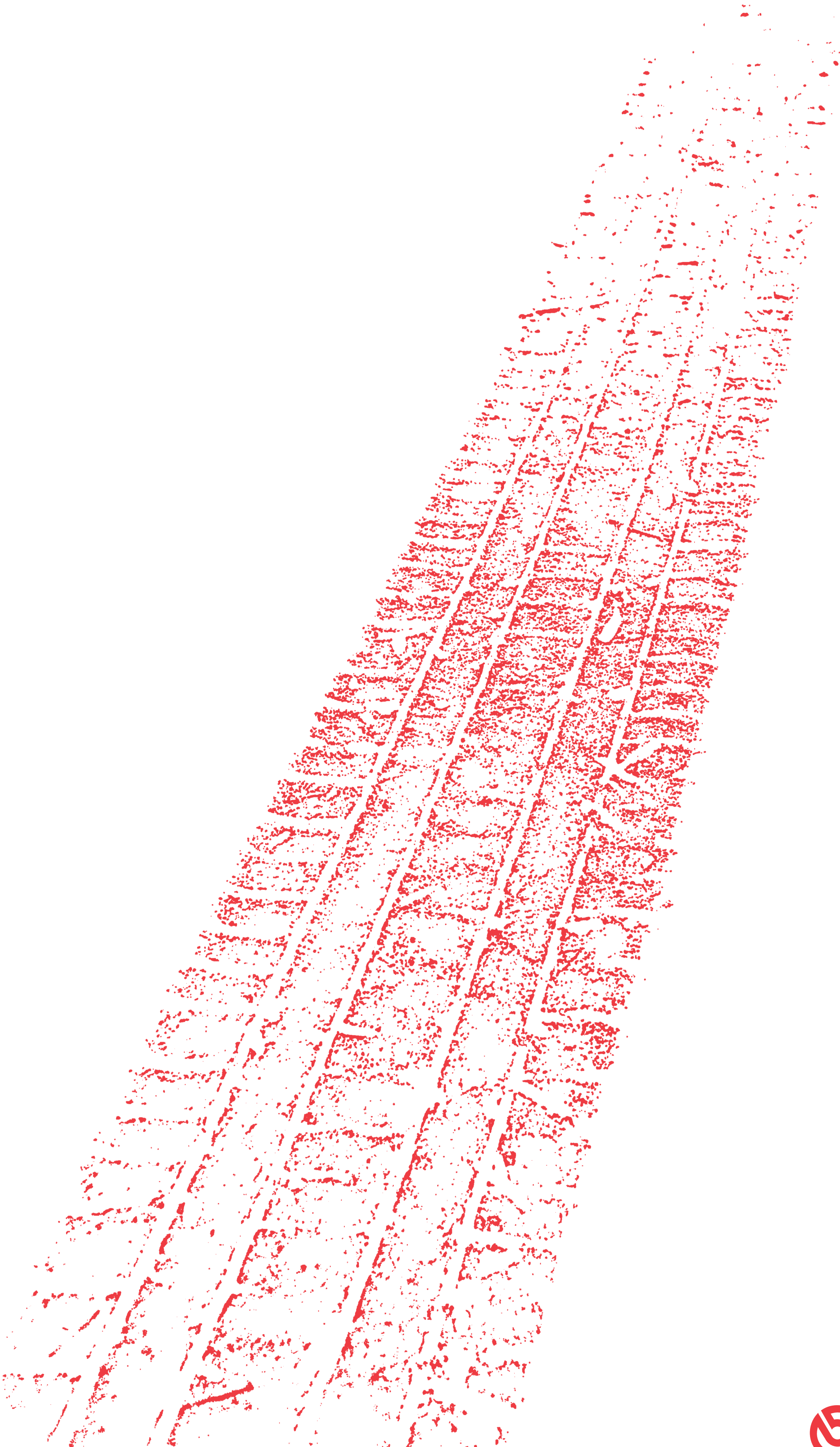
ANNUAL REPORT 2008

BREMBO IN THE WORLD



ANNUAL REPORT 2008

brembo

CALL TO SHAREHOLDERS' MEETING

The Shareholders are convened to the Ordinary Shareholders' Meeting to be held at the Company offices at Viale Europa 2, 24040 Stezzano (Bergamo) on **24 April 2009 at 11:00 a.m. CET** (first call) or, if necessary, on 27 April 2009, at the same place and time (second call), to resolve on the following

AGENDA

1. Presentation of the Financial Statements of Brembo S.p.A. for the year ended 31 December 2008, with the Directors' Report on Operations, the Report of the Board of Statutory Auditors, the Report of the Independent Auditors and additional documents as requested by law; ensuing resolutions.
2. Presentation of the Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2008, with the Directors' Report on Operations, the Report of the Board of Statutory Auditors and the Report of the Independent Auditors.
3. Recalculation of the total amount of the Directors' remuneration pursuant to Article 21 of the By-laws of Brembo S.p.A.; ensuing resolutions.
4. Approval of additional services and related fees to be assigned to the appointed independent auditors PricewaterhouseCoopers S.p.A., in charge of auditing and certifying the annual financial statements of Brembo S.p.A. and the 2008 consolidated financial statements for the Group; ensuing resolutions.
5. Approval of the "Ponte" 2009 incentives plan; ensuing resolutions.

Entitlement to attend General Meetings resides with shareholders in relation to which the Company receives at least 2 (two) business days prior to the scheduled date of the General Meeting, of the notice issued by the authorised intermediary pursuant to section 2370, paragraph 2, of the Italian Civil Code, certifying their share ownership.

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

The documentation concerning the items on the agenda will be filed at the registered office and at Borsa Italiana S.p.A. It will be published on the Corporate website, within the terms and according to the procedures provided for by current regulations. Shareholders have the right to request a copy.

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LETTER FROM THE CHAIRMAN

Shareholders,

We are leaving behind a year, 2008, that, mainly in the last quarter, showed early but strong signs of a recessionary crisis that has hit the entire global economic system. According to the latest estimates, global GDP grew by 3.3% in 2008, compared to an average of 5% between 2004 and 2007. In the euro-zone countries, the annualised growth rate was 0.7%, while it was 0.9% for the entire European Union; both areas recorded a 1.5% drop in GDP in the fourth quarter compared to the third quarter. In the United States, GDP grew by 1.1%, but in the fourth quarter it fell at an annualised 6.2%, the deepest decrease since 1982. Japan entered a recessionary phase during the year, recording a 0.7% drop in GDP. Even the most dynamic of the emerging countries suffered a sharp slowdown in growth.
Economists are not expecting an improvement in 2009. On the contrary, the International Monetary Fund estimates a fall in global GDP of between 0.5% and 1%. If this happens, it will be the first time since 1945.
The difficult economic situation has had a strong impact on the automotive industry. Despite continued growth in some of the emerging markets, new car, motorbike and commercial vehicle registrations fell sharply at the global level, mainly in the last quarter.

In this difficult and uncertain environment, 2008 was, for Brembo, a year of consolidation and further growth. In recent years, we have been implementing an extensive growth, reorganisation and renewal plan that is providing the results we expected and allowed us to increase revenues substantially again this year. For the first time ever, our revenues exceeded one billion euro. We earned a profit as well, despite making the highest amount of investments in the company's history.

We made investments to increase the production capacity of some of our plants (mainly in Italy, Poland and Brazil) to meet the needs of our long-time customers and customers with which we have been working for a certain time. But our main focus was the pursuit of our strategy of strengthening Brembo's presence in emerging markets and in areas where the automotive industry is experiencing the strongest growth.

Through our subsidiary Brembo China Brake Systems, we acquired a majority stake in China-based Nanjing Yuejin Automotive Brake System, a company in which we already held a minority interest and that manufactures and sells braking systems for cars and commercial vehicles. In India, we acquired 50% of KBX Motorbike Products from Bosch, bringing our ownership to 100%. In January 2009, we opened a new plant that manufactures disc-braking systems for India's scooter and motorbike market.

We also invested in high technology; in addition to strengthening our research and experimentation efforts aimed at developing highly innovative solutions for our products, in September 2008 Brembo reached an agreement with Daimler AG for the acquisition of 50% of Brembo Ceramic Brake Systems, a joint-venture operation that, until that date, had been owned in equal shares by both companies. Brembo Ceramic Brake Systems is a leader in the development and manufacture of high-performance carbon-ceramic brake discs that were previously used almost exclusively in braking systems for aerospace vehicles.

At the same time, Brembo began pursuing a strategy aimed at diversifying and seeking sales and production synergies with the aim of broadening the scope of its business. As part of this strategy, Brembo acquired a controlling interest in Italy's Sabelt, a leading manufacturer of racing seatbelts and infant-safety products, through a joint venture established for that purpose in February 2008. Then, in January 2009, through our subsidiary Brembo do Brasil we acquired the division of Brazil-based Sawem Industrial that specialises in the manufacture and sale of flywheels for the car industry.

As you can surmise from this brief summary, and even better from the pages that follow, 2008 was an important year for Brembo.

It was a year that allowed our Group, which for many years has been at the forefront of its industry, to continue along its path of economic consolidation and technological development. For this reason as well, despite a climate of strong uncertainty, Brembo continues to believe in its ability, in the talent and skill of its people, in the automotive market and in the opportunity to continue growing in the medium-long term. The year ahead is sure to be more difficult than the one we just left behind, but the will and commitment of Brembo's management and more than 5,800 employees are, as in the past, our best certainty.

The Chairman
Alberto Bombassei

COMPANY OFFICERS

The Shareholders' Meeting of the Parent Company Brembo S.p.A., held on 29 April 2008, passed a resolution in favour of the reappointment of Company Officers for the following three-year period (2008-2010). On 18 December 2008, the General Shareholders' Meeting appointed Mauro Pessi as Director, after his co-option by the Board of Directors on 6 June 2008 to replace Stefano Monetini to the position of Managing Director.

At 31 December 2008, Company Officers included:

Board of Directors

Chairman	Alberto Bombassei (1) (6)
Managing Director	Mauro Pessi (2) (6)
Directors	Cristina Bombassei (4) (6) (8)
	Giovanni Cavallini (3)
	Giancarlo Dallera (3)
	Giovanna Dossena (3)
	Umberto Nicodano (5)
	Pasquale Pistorio (3) (7)
	Giuseppe Roma (3)
	Pierfrancesco Saviotti (3)
	Matteo Tiraboschi (4) (6)

Board of Statutory Auditors

Chairman	Sergio Pivato
Auditors	Enrico Colombo
	Daniela Salvioni
Alternate Auditors	Gerardo Gibellini
	Mario Tagliaferri

INDEPENDENT AUDITORS	PricewaterhouseCoopers S.p.A. (9)
MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS	Corrado Orsi

COMMITTEES

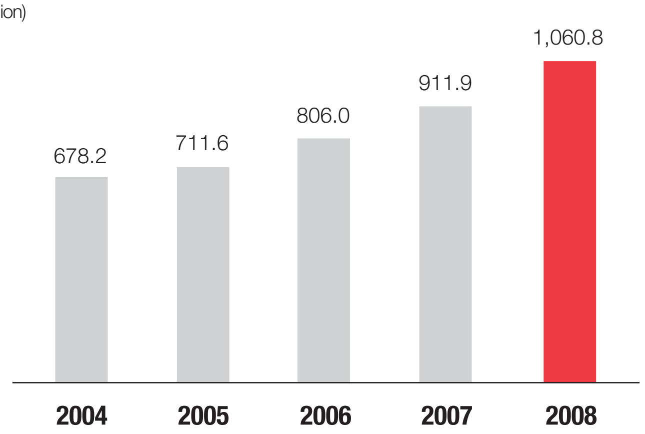
Audit Committee	Giuseppe Roma **(Chairman)** Giancarlo Dallera Giovanna Dossena
Remuneration Committee	Umberto Nicodano **(Chairman)** Giovanni Cavallini Pierfrancesco Saviotti
Supervisory Committee	Giovanna Dossena **(Chairwoman)** Giancarlo Dallera Alessandra Ramorino Pierfrancesco Saviotti

(1) The Chairman is the Company's legal representative and has powers of ordinary and special management, within the limits of the law and the By-laws.
(2) This Director has certain powers of ordinary management in Brembo S.p.A.
(3) Independent and non-executive Directors, as per Borsa Italiana Regulations for STAR segment, Art. 2.2.3. They also comply with independence requirements set out by Brembo S.p.A. Corporate Governance Manual.
(4) This Director also holds offices in several Group companies.
(5) Non-executive Directors.
(6) Executive Directors.
(7) This Director also holds the position of Lead Independent Director.
(8) This Director also holds the position of Executive Director in charge of overseeing the functioning of the Internal Control System.
(9) The Shareholders' Meeting held on 27 April 2007 extended the mandate until financial year 2012.

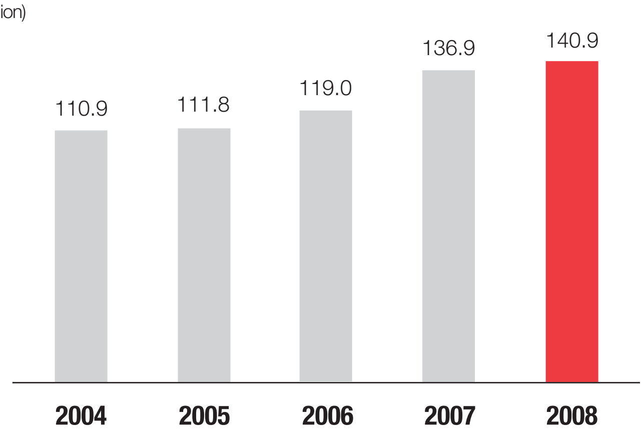
Brembo S.p.A. Registered offices: CURNO (Bergamo) - Via Brembo, 25
Share capital: €34,727,914.00 - Bergamo Register of Companies – Tax Code (VAT Code) No. 00222620163.

BREMBO: SUMMARY OF GROUP RESULTS

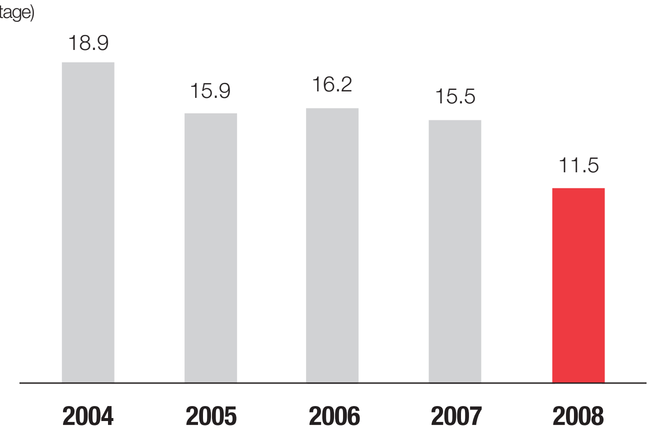
SALES OF GOODS AND SERVICES
(euro million)



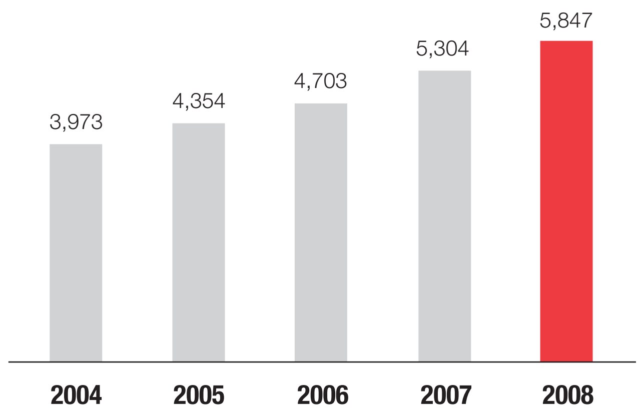
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PERSONNEL AT END OF YEAR
(No.)



Economic results

(euro thousand)	31.12.2004	31.12.2005	31.12.2006	31.12.2007	31.12.2008	% 2008/2007
Sales of goods and services	678,180	711,615	805,986	911,885	1,060,771	*16.3%*
Gross operating income	110,893	111,782	118,969	136,943	140,945	*2.9%*
% on sales	*16.4%*	*15.7%*	*14.8%*	*15.0%*	*13.3%*	
Net operating income	70,001	73,375	79,543	(1) 88,630	74,788	*-15.6%*
% on sales	*10.3%*	*10.3%*	*9.9%*	*9.7%*	*7.1%*	
Income before taxes	64,895	66,741	70,409	(1) 76,472	53,619	*-29.9%*
% on sales	*9.6%*	*9.4%*	*8.7%*	*8.4%*	*5.1%*	
Net income	39,554	40,511	42,945	(1) 60,764	37,512	*-38.3%*
% on sales	*5.8%*	*5.7%*	*5.3%*	*6.7%*	*3.5%*	

Financial results

(euro thousand)	31.12.2004	31.12.2005	31.12.2006	31.12.2007	31.12.2008	% 2008/2007
Net invested capital (2)	369,616	462,289	492,517	(1) 573,430	651,292	*13.6%*
Equity	202,122	242,063	270,564	(1) 313,994	291,010	*-7.3%*
Net financial debt (2)	142,804	193,075	193,290	235,885	337,443	*43.1%*

Personnel and investments

	31.12.2004	31.12.2005	31.12.2006	31.12.2007	31.12.2008	% 2008/2007
Personnel at end of year (No.)	3,973	4,354	4,703	5,304	5,847	*10.2%*
Turnover per employee (euro thousand)	170.7	163.4	171.4	171.9	181.4	*5.5%*
Investments (euro thousand)	92,255	95,821	84,147	116,865	148,283	*26.9%*

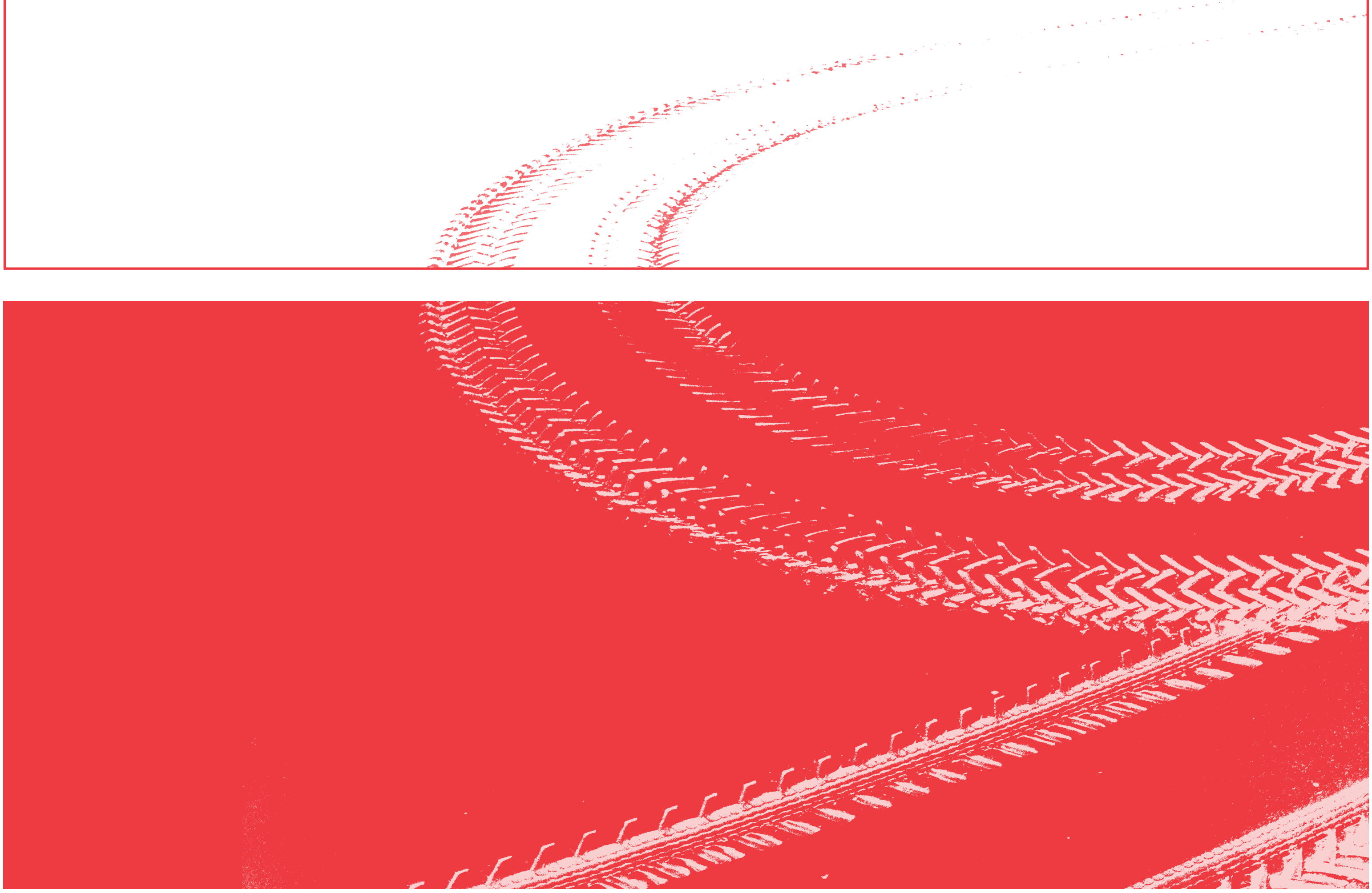
Main ratios

	31.12.2004	31.12.2005	31.12.2006	31.12.2007	31.12.2008
Net operating income/Sales	*10.3%*	*10.3%*	*9.9%*	*9.7%*	*7.1%*
Income before taxes/Sales	*9.6%*	*9.4%*	*8.7%*	*8.4%*	*5.1%*
Investments/Sales	*13.6%*	*13.5%*	*10.4%*	*12.8%*	*14.0%*
Net financial debt/Equity	*70.7%*	*79.8%*	*71.4%*	*75.1%*	*116.0%*
Interest expense/Sales	*0.6%*	*0.9%*	*1.2%*	*1.1%*	*1.8%*
Interest expense/Net operating income	*6.3%*	*8.6%*	*11.8%*	*11.2%*	*26.0%*
ROI	*18.9%*	*15.9%*	*16.2%*	*15.5%*	*11.5%*
ROE	*20.1%*	*17.3%*	*16.3%*	*19.6%*	*12.5%*

(1) For comparison purposes, certain amounts in the 2007 financial statements were revised upon completion of the purchase price allocation process for Brembo North America Homer Ltd. and Brembo Mexico Apodaca S.A. de C.V., which were acquired in November 2007.

(2) A breakdown of these items is provided in the reclassified Balance Sheet on page 37.

DIRECTORS' REPORT ON OPERATIONS



BREMBO AND THE MARKET

Macroeconomic Context and Currency Markets

For proper evaluation of Brembo's performance in 2008, it is important to consider the worldwide macroeconomic context, with particular reference to the markets in which the Group operates.
In the first six months of 2008, economic growth was driven primarily by emerging markets. Asia in particular grew considerably, though at a slower rate than in 2007. However, the last months of the year saw the crisis spread to the real economy, dragging all economic sectors into an increasingly deep and global recessionary trend. Financial markets showed a further deterioration in the last three months of 2008.
A decline in economic activity and a slowdown in demand on a global scale were followed by interest-rate cuts by banks in all world economies with the aim of attempting to combat these trends. In the United States, interest rates were cut to close to zero.
In September, after the bankruptcy of Lehman Brothers and concerns of the insolvency of other institutions, equity indices throughout the world posted sharp declines. To deal with this situation, finance ministers and the governors of central banks in G7 countries met in October to define a series of anti-crisis measures.

The US economy began to decline in the first six months of the year. However, in April and May, the increase in consumption, the driver of the US economic growth, at a rate that exceeded expectations, represented a positive sign. While the real estate market was the greatest risk factor, the automotive market also showed signs of trouble as the crisis hit the big three automakers, forcing them to deplete their cash reserves. The confidence of both consumers and enterprises slumped even deeper in the last quarter of 2008, prompting the major economic forecasting institutions to predict a significant decrease in GDP, and a further decrease in 2009.

In the last five months of the year, non-farm employment fell at a rate three times higher than that recorded between January and July. The decrease in net wealth had a negative impact on the spending decisions of American households and the increase in real income resulting from falling energy prices (the primary factor responsible for the decrease in inflation to 1.4% in November) does not appear to have boosted demand in October and November.
The crisis situation spread across Europe, where the level of corporate investments was strongly impacted by a fall in foreign demand and the crisis of the markets. Industrial production fell 1.6% between October and November and the confidence of businesses fell to record lows.
The fourth quarter witnessed a severe increase in concerns as to the deterioration of the labour market. In Italy in particular, where the GDP decreased progressively throughout 2008 and the industrial production index fell by about 6% in the last months of the year (compared to 1.6% for Europe as a whole), employment came to a standstill and the number of companies drawing on the ordinary redundancy fund rose sharply.

Europe was not the only mature market to have suffered the consequences of the crisis: in the last months of 2008, Japan, which had shown relative resistance until September, witnessed a worsening of its situation and was forced to revise its business investment forecasts due to a sharp decline in exports and credit. After falling in the last quarter of 2008, Japan's GDP is expected

to drop again in the first quarter of 2009 (to -0.5%), indicating a deepening of the recession in that country as well.
Unlike the beginning of the year, China and India also saw production slow considerably in the last part of 2008. Generally, almost all emerging countries were also affected by the crisis, although they still appear able to resist the downtrends in mature economies. The overall contribution of emerging countries to global GDP growth in 2009, in terms of percent change on the previous year, is forecast to be negative. Projections for the BRIC countries (Brazil, Russia, India and China) in the fourth quarter were revised downwards, marking a swift slowdown, especially for Russia and Brazil: the latest growth estimates prepared by Consensus Forecasts for 2009 call for +2.9% for Russia (compared to 6.7% in 2008) and +2.1% for Brazil (compared to 5.5% in 2008).

The drop in demand for commodities seems to be the primary factor behind the decline in crude oil prices to below USD 40 a barrel. This figure should be viewed in the context of the peak price of over USD 140 recorded in July. According to the most recent estimates, the attenuation of the effect of the previous supply surplus should drive the price of oil towards a recovery in 2009. In a like manner, also non-energy commodities and metal prices fell considerably.

The global condition described thus far caused inflation and consumer prices to drop in the major economies; according to the most recent forecasts, prices should continue to fall throughout 2009.

The automotive market is one of the sectors that was, and continues to be, hardest hit by the deterioration of the international macroeconomic situation. The sharp drop in sales that has also occurred on developing economies in recent months and the constant production cuts projected for 2009 are a clear sign of the fact that the automotive industry crisis is truly general in nature. The results posted over the past few months in Brazil, Russia, India and China, the same countries that drove the growth of the global car market in the first nine months of 2008, are sufficient evidence of this fact.

As for the currencies of the main countries in which Brembo operates on an industrial and commercial level, the appreciation of the euro against the US dollar that began at the end of 2005 and continued through 2006 and 2007 intensified in the early months of 2008, with the exchange rate reaching a record high of 1.5990 on 15 July. Subsequently, the dollar began gaining strength against the European currency – mainly in November – with the year-end exchange rate reaching 1.3917. In the last quarter of 2008, the pound sterling accelerated its fall against the euro, ending the year at 0.9525, whereas the Japanese yen gained strength once again against the euro, mainly in November and December, compared to the first nine months of the year. The Polish zloty continued its appreciation against the euro from the beginning of the year until 28 July 2008 (when the exchange rate stood at 3.2053). It then went on to depreciate constantly and close the year at 4.1535. The Brazilian real depreciated sharply against the euro in the last quarter of the year to close at 3.2436. The Mexican peso followed a similar trend, ending the year at 19.2333.

Group Activities and Reference Market

Today, Brembo operates in fourteen countries around the world, with the contribution of approximately 5,900 employees. The Group's operations are now conducted from 9 industrial-commercial facilities in Italy and 23 in other countries. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa), the United Kingdom (Coventry), the Slovak Republic (Zilina), Mexico (Puebla and Apodaca), Brazil (Betim), China (Nanjing and Beijing), India (Pune) and the United States (Homer). Other companies located in Sweden (Göteborg), France (Levallois Perret), Germany (Leinfelden-Echterdingen), the United Kingdom (London), the United States (Costa Mesa, California and Northville, Michigan) and Japan (Tokyo) carry out distribution and sales activities.

The focus on innovation, as well as technological and process development, factors that have always been fundamental to Brembo's philosophy, have made the Group an international long-time leader in the research, design and production of high-performance disc braking systems for a wide range of vehicles. Brembo operates on both the original-equipment market and in the aftermarket.

Brembo's range of products for the car application and the commercial vehicle application includes brake discs, brake callipers, the side-wheel module and increasingly often the complete braking system, including integrated engineering services. All of these back the development of new models produced by vehicle manufacturers.

Manufacturers of motorbikes are also offered brake discs, brake callipers, brake master cylinders, light-alloy wheels and complete braking systems.

In the car aftermarket, Brembo offers in particular a vast range of brake discs: over 1300 product codes allow the company to meet the needs of nearly all European vehicles.

Brembo's consolidated net sales amounted to €1,060,771 thousand, up 16.3% compared to the previous year. Gross sales amounted to €1,068,781 thousand, up 15.6%.

Information on the performance of the separate applications and their related markets is provided under the following headings.

Car Applications

In a highly uncertain global economic scenario, the world car market has shown its first decisive weakness on a global scale, suggesting that the crisis has now extended to emerging markets as well. Overall car registrations fell by 4.4% in 2008 and by 15.3% in the fourth quarter alone.

Registrations decreased by 8.4% in Western European markets in 2008 compared to 2007.

As for the primary markets in which Brembo operates, sales dropped sharply in Spain (-28.1%), the United Kingdom (-11.3%) and Italy (-13.5%). Sales in Germany and France, which had continued to grow in the first few months of the year, notwithstanding the decrease registered in the last quarter, are stable.

Eastern Europe recorded a combined increase of approximately 8% during the year.

The US market continued its downward trend in 2008, falling 18%. The Japanese market also decreased 4.4%.

The markets of Brazil and Argentina ended the year with total year-on-year growth of 14.2%, although they showed their first signs of weakness in the wake of the crisis affecting mature markets in the fourth quarter of 2008.

China, on the other hand, ended 2008 on a positive note, though it slowed drastically in the last quarter of the year, a situation that will likely intensify in coming months.

In this context, Brembo recorded sales of car applications of €660,806 thousand in 2008, representing 61.8% of total consolidated gross revenues, up 15.9% on 2007.

Motorbike Applications

Europe, the United States and Japan remain Brembo's three most important markets in the motorbike sector.
In Europe, in 2008 registrations showed an overall decrease of 6.8% compared to 2007 and fell by 18.5% in the fourth quarter alone compared to the same period of 2007.
Of the main European markets, Spain saw the most significant slowdown (-25%). The Italian market also declined, posting a drop in sales of approximately seven percentage points, whereas the UK market contracted by 4.4%. The only market that performed well was Germany, which grew by almost 12% in 2008 compared to 2007.
The US motorbike, scooter and ATV (All Terrain Vehicles) market shrank approximately 16% compared to 2007. Combined motorbike and scooter registrations decreased by 7.2%; taken separately, motorbike registrations fell by 10.2% and scooter registrations increased by 41.5%.
The Japanese market also weakened in 2008, recording a 23.7% decrease in registrations as a whole. Production also declined in 2008, falling by approximately 27% compared to 2007.

In this scenario, Brembo's gross sales of motorbike applications in 2008 amounted to €127,398 thousand, up 12.6% on 2007.

Commercial and Light Commercial Vehicle Applications

The overall market for commercial and industrial vehicles in Europe, one of Brembo's main markets of operation, declined 9% in 2008, reflecting the impact of the economic crisis in the second half of the year and marking the most significant contraction since 1993.
Registrations of light commercial vehicles (up to 3.5 tonnes) decreased by 10.4%. In the main markets of Western Europe, sales fell significantly in Spain (-39.7%) and slightly in the United Kingdom (-14.9%) and Italy (-8.7%). Germany and France, on the other hand, weakened slightly in the last quarter of the year, but remained stable compared to 2007. Brembo's Eastern Europe markets grew by approximately 5% during the year.
Registrations of commercial vehicles exceeding 3.5 tonnes also decreased in Europe, in 2008, falling 4% compared to 2007 largely due to a significant 21% decrease in registrations in Eastern Europe during the year. As for the major markets in which Brembo operates within this segment, sales decreased significantly in Spain (-29.4%) and slightly in Italy (-3.7%). The German market remained stable compared to 2007, while France and the UK grew (+9.6% and 13.1%, respectively).

In 2008, gross sales of commercial and industrial vehicle applications amounted to €177,772 thousand, up 8.3% compared to 2007.

Racing Applications

Brembo is present in the racing sector with three leading brands: Brembo Racing, with braking systems for race cars and motorbikes; AP Racing, with braking systems and clutches for race cars; Marchesini, with magnesium and aluminium wheels for racing motorbikes.

The results for 2008 confirm Brembo's technical and market leading position in car and motorbike racing in the most prestigious championships.

The racing business area recorded gross sales of €73,995 thousand, up 9.1% compared to 2007.

Passive Safety

Following the acquisition of Sabelt S.p.A. in the first quarter of 2008, Brembo now also operates in the passive safety industry. In the child safety segment (restraint systems for children's car seats), the Company supplies top-level clients. In the racing sector, it manufactures and markets seat belts and accessories for car races.

Gross sales for the passive safety business area were €20,552 thousand, accounting for 2.0% of consolidated gross sales.

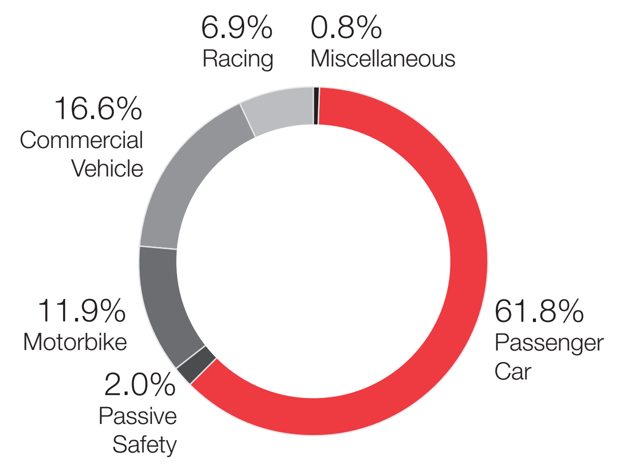
SALES BREAKDOWN BY APPLICATION AND GEOGRAPHICAL AREA

The two following tables respectively list gross sales broken down by application and by geographical area of destination[1].

Gross Sales Breakdown by Application

(euro thousand)	31.12.2008	%	31.12.2007	%	2008/2007	% 2008/2007
Passenger Car	660,806	*61.8%*	570,193	*61.7%*	90,613	*15.9%*
Motorbike	127,398	*11.9%*	113,163	*12.2%*	14,235	*12.6%*
Commercial Vehicle	177,772	*16.6%*	164,078	*17.7%*	13,694	*8.3%*
Racing	73,995	*6.9%*	67,805	*7.3%*	6,190	*9.1%*
Passive Safety	20,552	*2.0%*	–	–	20,552	–
Miscellaneous	8,258	*0.8%*	9,410	*1.1%*	(1,152)	*-12.2%*
Total	**1,068,781**	***100.0%***	**924,649**	***100.0%***	**144,132**	***15.6%***

Gross Sales Breakdown by Application
(percentage)

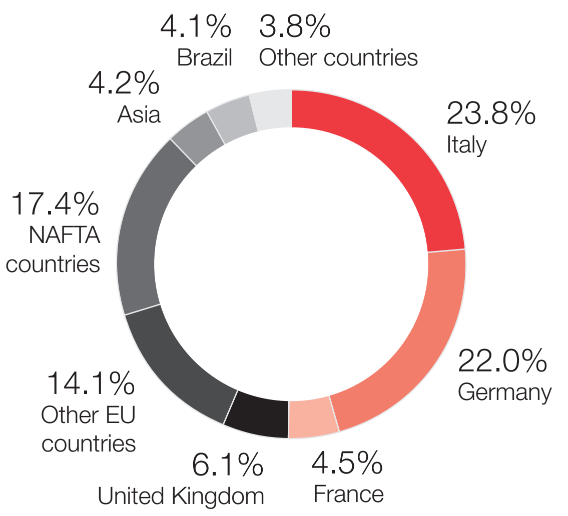


Gross Sales Breakdown by Geographical Area

(euro thousand)	31.12.2008	%	31.12.2007	%	2008/2007	% 2008/2007
Italy	254,860	*23.8%*	219,757	*23.8%*	35,103	*16.0%*
Germany	234,942	*22.0%*	231,275	*25.0%*	3,667	*1.6%*
France	48,568	*4.5%*	51,255	*5.5%*	(2,687)	*-5.2%*
United Kingdom	65,033	*6.1%*	65,804	*7.1%*	(771)	*-1.2%*
Other EU countries	151,205	*14.1%*	152,022	*16.4%*	(817)	*-0.5%*
NAFTA countries	185,944	*17.4%*	113,288	*12.3%*	72,656	*64.1%*
Asia	44,533	*4.2%*	34,018	*3.7%*	10,515	*30.9%*
Brazil	43,404	*4.1%*	35,832	*3.9%*	7,572	*21.1%*
Other countries	40,292	*3.8%*	21,398	*2.3%*	18,894	*88.3%*
Total	**1,068,781**	***100.0%***	**924,649**	***100.0%***	**144,132**	***15.6%***

(1) In line with CONSOB notice No. 980804143 of 27 October 1998 and as required by IAS 14, segment reporting is provided in the Notes to the Consolidated Financial Statements, in accordance with the same IAS 14.

Gross Sales Breakdown by Geographical Area
(percentage)



RESEARCH AND DEVELOPMENT

Since 2006, Brembo's research and development activities have been separated into two large product areas: discs and systems.

In the disc area, research and development activities are assigned to the Disc Technology Unit, which belongs to the Brake Disc Division and is currently managing various strategic projects.
Five of these are application development projects, each of which is for a different European or US car manufacturer. The projects involve a new disc concept ("co-cast" disc) developed by Brembo that went into standard production in 2007 for a first Italian customer. The new type of disc, which is eliciting much interest from the market, combines Brembo's expertise in cast-iron and cast aluminium to obtain a product that has high braking performance (thanks to the cast-iron braking surface) and is light-weight (thanks to the introduction of the aluminium hat).
To constantly improve comfort, research on the parameters that influence the acoustic performance of brake discs, and, in particular, the search for new alloys capable or reducing or eliminating the "whistling" effect, continues.

In the systems area, development work on the mechatronic projects involving electric parking brake systems continued according to plan. The projects relate to electromechanical braking systems with an electric button control managed by a control unit that converts the driver's request into a braking force applied to the brakes. Brembo's research projects were successfully presented to various customers during 2008, and a separate development project was started for a customer who was particularly interested in this type of application for commercial vehicles. However, the above-mentioned first application project was held back at the end of 2008, as declining commercial vehicle sales forced the customer to revise its product development plans.

As regards the parking brake system proposed for cars, no separate project has been initiated at present. Brembo's customers have, however, expressed interest in and appreciation for the proposal and, judging by the contacts made thus far, it is likely that requests to develop the system will be received in 2009. Both projects are being implemented with the collaboration of "non-traditional" development partners, and, in the coming years, will result in an evolution of Brembo's R&D structure. This will allow Brembo to present itself for the first time to vehicle manufacturers as a producer of electromechanically operated braking systems.
Lastly, product development activities also continued in the simulations field, where such activities are becoming more and more sophisticated, and in the materials field, where there are good prospects for the use of braking systems built with new, "non traditional" alloys, which will be tested during 2009.

The table in the next page summarises expenditure for 2008 on the main projects currently in progress, which benefit from subsidies under current legislation.

Activities carried out during 2008	Industrial research	Basic research	Pre-competition development	Total
(euro)				
Research project: *"Ultra-compact urban vehicle for sustainable efficient transport of people and goods* – Design idea MD28905 (formerly MD25266), Strategic Programme No. 10, MD No. 1621/Ric 18/7/2005 Design ideas N R P 2005-2007 *(actual amounts 2008 - last SoP at project-end)*	483,708		182,500	666,208
Research project: *Advanced high performance friction materials for high energy systems* – Design idea MD25204, Strategic Programme No. 7, MD No. 1621/Ric 18/7/2005 Design ideas N R P 2005-2007 *(programme values)*	200,000	680,000	730,000	1,610,000
OVERALL TOTAL	**683,708**	**680,000**	**912,500**	**2,276,208**

The results achieved in relation to the operations conducted are confirmed by the reports sent to the supervisory bodies for each provision and they are in line with the envisaged objectives. The research and innovation projects will be applied during the upcoming financial periods, in accordance with the Company's development plans.
The structural changes introduced with Italy's 2005 Finance Law combined with the high costs incurred by Brembo S.p.A. in 2008 for personnel working on Research and Development (€18,213 thousand) allowed the company to benefit from lower IRAP (regional tax on productive activities) charges (€710 thousand).
Italy's 2007 Financial Law (paragraph 280 of Article 1) and 2008 Financial Law (paragraph 66 of Article 1) establish the tax credit that is granted to companies in relation to costs incurred for industrial research and pre-competition development for the 2007-2009 period. The credit was set at 40% of costs associated with contracts with universities and public research bodies and 10% of other types of eligible costs. For 2008, against costs of €122 thousand for work with universities and €23,832 thousand mainly for research and development staff costs, Brembo S.p.A accrued tax credits of €2,432 thousand. In addition to this credit, which accrued in relation to actual costs incurred in 2008, a €211 thousand credit accrued upon presentation of Brembo S.p.A.'s 2008 unified tax form for additional costs incurred in 2007 in relation to overheads (10% of personnel expenses) and laboratory equipment expenses, as indicated by the ministerial instructions published after the approval of the 2007 Annual Report. Including this amount, Brembo recognized a total of €2,643 thousand in tax credits in its 2008 annual report.
The Brembo Group as a whole recorded a tax credit of €2,878 thousand for 2008.

Development Activities

As indicated in the Explanatory Notes, the development costs of projects involving the production of braking systems are recognised as assets only if they meet the criteria set forth in IAS 38 (Intangible Assets), which are as follows:

- the technical feasibility of the product can be demonstrated;
- the Group intends to complete the development project;
- the costs incurred for the project can be determined reliably;
- the costs recognised can be recovered through the future economic benefits expected from the development project.

INVESTMENTS

In executing a letter of intent signed on 6 September 2007, on 19 February 2008 Brembo S.p.A. and Sabelt S.p.A. signed an agreement aimed at integrating and developing their car and motorbike components and accessories businesses. Under the agreement, Brembo S.p.A.'s High Performance Kit business unit (braking systems for the car and motorbike upgrade market) and 100% of the shares in Sabelt S.p.A. held by shareholders Marsiaj and D'Ormea were transferred to Brembo Performance S.p.A., which was initially 100% owned by Brembo S.p.A. As part of the transaction, 100% of the interests in Brembo Performance North America Inc. and Brembo Performance Japan Co. Ltd. (companies formed by the Group in 2007) were transferred to Brembo Performance S.p.A. and these companies have transferred their respective high performance kits business units. Under the agreements, Brembo's ownership of Brembo Performance S.p.A., which was initially an equal shareholding (transfer execution date: 1 March 2008), increased to 70% as of 4 March 2008, as a result of the acquisition of a further 20% stake for a total amount of €6 million. The amount was funded using the available lines of credit.

Sabelt S.p.A. controls Belt & Buckle S.r.o., which is based in the Slovak Republic, and which also joined the Brembo Group.

On 4 February 2008, the company formalised its purchase of a controlling interest in the Chinese company Nanjing Yuejin Automotive Brake System Co. Ltd. (NYABS), based in Nanjing. The deal was concluded by the subsidiary Brembo China Brake Systems Co. Ltd., which purchased a 42.25% stake from Nanjing Automobile Corp. (NAC) for approximately USD 5.9 million. The Brembo Group now directly and indirectly holds 70% of the China-based company. The business licence, which made the transaction effective and entitled the Brembo Group to exercise control, was received in April 2008.

On 18 March 2008, Innova Tecnologies S.r.l. was incorporated, with registered offices in Bergamo. The company's activity includes the enhancement and promotion, as well as the construction, renovation, letting and sub-letting of real estate. Brembo S.p.A. has a 30% shareholding in the company.

On 23 September 2008, Brembo reached an agreement with Daimler AG to acquire 50% of Brembo Ceramic Brake Systems S.p.A., a joint venture that, prior to that date, had been owned in equal shares by the two companies. Based on the joint-venture agreement and within the framework of broader agreements with Daimler, the purchase price was set at €9 million.

On 27 October 2008, Brembo reached an agreement with Bosch Chassis Systems India Ltd. for the acquisition of 50% of KBX Motorbike Products Private Ltd. (based in Pune, India), a joint venture that, prior to that date, had been owned in equal shares by the two companies. The purchase price was €10.7 million. The acquisition procedure was completed on 18 November, following the fulfilment of applicable legal obligations in India.

Other investments in 2008 involved the consolidated companies and guaranteed revenue growth. The sum of €93,700 thousand was committed to all the operating units, of which €69,280 thousand in property, plant and equipment and €24,420 thousand in intangible assets.

Investments in property, plant and equipment related to the Parent Company Brembo S.p.A., mainly for increasing its production capacity to meet rising demand, especially in the car sector. In addition to the investments in plant, the Curno (Bergamo) facility was expanded for an expenditure of approximately €3,021 thousand.

The subsidiaries Brembo Spolka Zo.o. and Brembo Poland Spolka Zo.o. made further significant investments aimed at increasing production capacity totalling €3,379 thousand and €7,012 thousand, respectively, in addition to the investment of €4,339 thousand by Brembo do Brasil Ltda.

Development costs in 2008 amounted to €13,750 thousand and were incurred primarily by the parent company Brembo S.p.A.

Furthermore, the planned investments related to the Group's gradual implementation of the new Enterprise Resource Planning (ERP) system continued; the portion of the investment pertinent to financial year 2008 was €4,412 thousand.

RISK MANAGEMENT POLICY

Effective risk management is a key factor in maintaining the Group's value over time. The management of opportunities and risks is an integral part of Brembo's governance system and is not allocated to a separate organisational unit or function. Risks are monitored at meetings held on at least a monthly basis, where results, opportunities and risks are analysed for each business unit and geographical region in which Brembo operates. The meetings also focus on determining the actions required to mitigate any risks.

Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Manual, in the Organisation, Management and Control Model (as per Italian Legislative Decree 231/01) and in the reference layout for preparing accounting documents (as per Article 154-bis of Italy's Consolidated Finance Act).

The guidelines established by the Board of Directors to ensure proper risk management, which are enforced by the Executive Director charged with supervising the Internal Control System, are based on the principles of prevention, cost effectiveness and continuous improvement.

Brembo has developed a model for identifying and classifying risks that allows the company to identify and classify the risk categories on which it should focus. The model groups risk classes by type based on the managerial level or corporate function from which they originate or that is responsible for monitoring and managing them.

Internal Audit evaluates the effectiveness and efficiency of risk management and the overall internal control system on a regular basis and reports the results to the Internal Control Committee, the Chairman and the Managing Director.

Brembo has identified the following types of risks:

1. strategic risks;
2. operating risks;
3. financial risks;
4. legal and compliance risks.

The international model used by Brembo as a reference is the COSO (Committee of Sponsoring Organizations), which defines internal control as "a process, effected by an entity's Board of Directors, management, and all personnel, designed to provide reasonable assurance regarding the achievement of objectives regarding the effectiveness and efficiency of operating activities, the reliability of financial reporting and compliance with applicable laws and regulations".

The risks to which Brembo is exposed (classified into the above categories) are discussed below. The order in which they are discussed does not imply classification in terms of probability of occurrence or possible impact.

Strategic Risks

Brembo is exposed to risks associated with the evolution of technology, in other words, the risk that competing products will be developed that are technically superior because they are built based on innovative technologies. While this risk cannot be eliminated, Brembo minimises it by investing sizeable resources in research and development, with regard to both existing technologies as well as technologies that will likely be applied in the future, e.g., "mechatronics". For additional information,

see the "Research and Development" section in the Report on Operations.
Product and process innovations – those currently being used as well as those that may be used in production in the future – are patented to protect the Group's technological leadership.
Brembo targets the Luxury and Premium segments of the automotive sector and, in terms of geography, generates most of its sales from mature markets (Europe, North America and Japan).
To mitigate the risk of segment/market saturation, the Group has implemented a strategy aimed at diversifying into the geographical areas where the highest growth rates are reported and anticipated (China, India, Brazil and Russia) and is broadening its product range.
Investments in certain countries may be influenced by substantial changes to the local legislative framework, which may result in a change in the economic conditions in effect when the investment was made. For this reason, before making foreign investments, Brembo thoroughly reviews country risk over the short, medium and long term.

Operating Risks

The main operating risks to which Brembo is exposed are associated with raw materials (availability and price), the international economy, issues involving health, job safety and the environment and, to a lesser extent, the regulatory framework of the countries in which the Group operates.
Risks associated with raw materials include price increases and even limited availability. Brembo is exposed to risks resulting from its reliance on strategic suppliers who, if they were to unexpectedly discontinue their supplier relationships, could create problems for Brembo's production process and its ability to process customer orders on schedule. To mitigate this risk, the Purchasing Department identifies alternate suppliers to ensure the availability of critical materials.
Also, a procedure is being developed to improve the assessment of the financial stability of suppliers, an increasingly important consideration given the current economic situation. By diversifying its sources, Brembo can also reduce its risk exposure to price increases (a risk that is partially offset by reflecting price increases in sales prices).

Brembo decided to deal with the risk generated by the unfavourable international economic situation by adopting extraordinary measures aimed at bringing production into line with demand trends. Steps have been taken to cut the workforce at various plants in Italy and the Group's foreign companies. In Italy, the Company drew on the ordinary redundancy fund. Brembo has also taken steps to control costs not associated with sales and working capital and has slowed down or postponed some investment plans so as to limit the impact on its margins and financial position.

The Group is also exposed to risks associated with health, job safety and the environment, which may be summarised as follows:

- inadequate protection of employee health and safety, which can lead to serious accidents or work-related illnesses;
- environmental pollution resulting from sources such as uncontrolled emissions, inadequate waste disposal or the spreading of dangerous substances on the ground;
- partial or non-compliance with laws and regulations governing the sector.

The occurrence of these could result in substantial criminal and/or administrative penalties or pecuniary fines against Brembo. Furthermore, in particularly serious cases, the activities of public entities in charge of assessing the situation could interfere with Brembo's normal production activities, even causing production lines to halt or forcing the production facility to close.
Brembo manages this type of risk by carrying out ongoing and systematic evaluations of its exposure to specific risks and by reducing or eliminating those considered unacceptable. This procedure is organised within a Management System (which is compliant with international standards ISO 14001 and OHSAS 18001 and certified by an independent body) that covers health, job safety and environmental aspects.

Brembo implements the activities necessary to allow it to effectively monitor and manage these aspects while scrupulously complying with applicable laws.

Some examples of activities that are currently underway include the definition (and yearly review) of:

- "Management Plans" for Safety and the Environment that define the objectives to be achieved;
- "Supervisory Plans", which list the activities to be carried out under the laws governing the sector or regulations imposed by the Group (e.g., authorisation renewals, periodic controls, reports to public entities, etc.);
- "Audit Plans", which monitor the extent to which the System is being applied and encourage continuous improvement.

In summary, although accidents and mistakes can happen, the Group has implemented systematic rules and management procedures that allow it to minimise the number of accidents as well as the impact they may have. A clear-cut assignment of responsibility at all levels, the presence of independent internal control bodies that report to the company's highest officer and the application of the highest international management standards are the best way to guarantee the company's commitment to Health, Job Safety and the Environment.

Financial Risks

In conducting its business, the Brembo Group is exposed to various financial risks, including, in particular, the main components of market risk: interest rate fluctuations and fluctuations in the foreign currencies in which the company operates.
Financial risk management is the responsibility of the Parent Company's Central Treasury Department, which, together with the Administration, Finance and Control Department, evaluates all the company's main financial transactions and the related risk management policies.

Interest Rate Risk Management

Since most of the Group's financial debt is subject to variable interest rates, it is exposed to the risk of interest-rate fluctuations. To reduce this risk, the Group has entered into hedging contracts with counterparties considered to be financially reliable.
Specifically, Interest Rate Swap agreements are used to hedge approximately 20% of the Group's debt. Under these agreements, the Group receives a variable interest rate from the financial intermediary while paying a fixed rate.
The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates set through hedging contracts. A portion of Brembo's debt is therefore subject to fixed rates, meaning that about 30% of its net debt has fixed borrowing costs.

Exchange Rate Risk Management

As Brembo operates in international markets, it is exposed to exchange rate risks. To mitigate this risk, the Group uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged.
Other hedging instruments used by the company include forward contracts, which are also used to offset differences between receivables and payables. This policy reduces exchange risk exposure.

Further information on other types of financial risks is reported below:

- **credit risk:** the probability that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk arises mainly in relation to trade receivables. Most parties with which Brembo does business are leading car and motorbike manufacturers with strong credit standing; the current macroeconomic situation requires that Brembo continuously monitor the credit worthiness of its customers in order to anticipate situations where customers are unable to pay or must pay late.
- **liquidity risk:** Liquidity risk can arise from a company's inability to obtain the financial resources necessary to guarantee its operation. To decrease liquidity risk, the Central Treasury Department carries out the following main activities:
  - it constantly assesses financial requirements to ensure the appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);
  - obtains adequate credit lines;
  - optimises liquidity, where feasible, through cash-pooling arrangements;
  - ensures that the composition of net financial debt is adequate for the investments carried out;
  - ensures a proper balance between short- and long-term debt.

The Explanatory Notes, which include the information required by IFRS 7, provide additional details regarding risks and financial instruments.

Legal and Compliance risks

Brembo is exposed to risks arising from the failure to rapidly comply with changing laws and new regulations in the sectors and markets in which it operates. To mitigate this risk, each business unit stays abreast of relevant regulations, with the assistance of outside consultants, where necessary.
The Corporate Legal Department monitors the progress of existing and potential litigations and determines the most appropriate steps to take in managing them.

The Group works with dedicated personnel within the Quality Department regarding risks arising in relation to Employee Safety and Environmental Protection.
These risks are often associated with factors that are "external" to the Group, making it only partially possible to organise or define activities that can minimise their impact.

These "external" factors, which underlie some of the major risks facing the company, include:

- the complexity of laws and regulations;
- the lack of clarity of laws and regulations, which leaves too much room for interpretations;

• the uncertain, and often lengthy, period of time needed to obtain the necessary authorisations to allow production.

The risks associated with these issues mainly arise from the fact that the incorrect interpretation of a law or failure to recognise all the laws that govern a specific matter could lead to an unintentional lack of compliance on the part of the Group.
To minimise this risk, the Group makes a constant effort to research and obtain updated information about legislative matters, with the support of specialised companies and Confindustria (Italian Manufacturers' Association).

For information on compliance risks, including those arising as a result of Brembo's listing within Borsa Italia's Star Segment, see the Corporate Governance section in the Report on Operations.

Compliance risks include the reporting risk, which is the risk that the financial information reported by the Group is not sufficiently accurate and reliable. To improve its internal control system (especially with regard to subsidiaries) as well as the quality, promptness and comparability of information provided by its consolidated companies, Brembo has initiated a project aimed at deploying the same ERP application across all Group companies. The project began in 2006 and is scheduled for completion in 2010.

Risk Management: Insurance Coverage

Where available and financially feasible, the Group obtains insurance coverage to minimise financial impacts. To analyse its risk exposure and determine the appropriate coverage, the Group worked with Jardine Lloyd Thompson, which provides such service through its international organisation and handles any claims on behalf of the Group.

Brembo's changing needs through the years have been reflected in its insurance coverage, which has been optimised to significantly decrease the company's exposure, especially to possible damages arising from the sale of its products.
This has been achieved through risk management, which has allowed critical areas to be identified and analysed, such as the risks associated with countries whose laws are detrimental for manufacturers of consumer goods.

To summarise, all Brembo Group companies are covered against the following risks: liability insurance, product liabilities, product recalls, directors and officers liabilities, fire - all risks, fire - damages and interruption of operations. Additional coverage has been arranged locally based on the requirements of local legislation or collective labour contracts.

HUMAN RESOURCES AND ORGANISATION

A number of significant organisational initiatives took place during 2008 in order to make the changes necessary to bring the structures in line with market, leadership and internal coordination requirements.
In the first half of the year, the Systems Division enhanced its organisation and business area, establishing the Friction Material Technical Development area. Within the same Division, the Car Business Unit reviewed its internal organisation, which impacted on the product development and market coverage areas. The After Market Business Unit also enhanced and rationalised its market coverage structure. Based on the same business objectives, the Performance Group designated positions and processes to support innovative projects. Within the Group's Central Staff, a review also took place of the Quality Control and Environmental Management organisation, which has continued to provide support functions across the businesses. More generally, partnership and growth strategies were confirmed and consolidated in 2008 through a number of acquisitions and integration initiatives at national and international levels. A new Country General Manager for Brembo Japan was appointed within the framework of this consolidation. Finally, the first half of the year saw the appointment of the new Managing Director of Brembo S.p.A.

In the second half of the year, the organisation activities focused on the processes to integrate the companies just acquired and on further redefining the business sales structures, with the aim of structuring the opportunities arising from a localised market presence. In particular, the staff structures of Brembo North America have been strengthened through a reorganisation of the Finance Department, which now includes the financial control activities of Brembo North America Homer Inc. and Brembo Mexico Apodaca S.A. de C.V., companies which joined the Group in November 2007, following the acquisition of the Brake Division of Hayes Lemmerz. Similarly, the Human Resources function for Brembo North America has been defined, as a further step towards complete integration. A position has been identified for coordinating industrial activities and also liaising with the parent company, in order to effectively manage the integration and development of the industrial dimension of the Chinese associate Nanjing Yuejin Automotive Brake System (NYABS). As regards the Italian acquisitions, the integration process has followed the same guidelines, allowing the structure and responsibilities of Sabelt's administration and control activities, in particular, to be redefined. In the same manner, the expansion of international operations has led the Car Business Unit to redefine the structures and responsibilities covering the Far East and USA markets, with the introduction of the unit dedicated to the Korean market and identification of a function coordinating the opportunities for outsourcing within the new US structures. The After Market Business Unit is moving in the same direction and has defined a structure and responsibilities for the South East Asia Pacific area, which will operate in that location, not only with a view to developing the After Market, but also actively pursuing all types of opportunity. Finally, the second half of the year saw developments at senior management level in the Purchasing Department, Marketing Department, Commercial Vehicles Business Unit and After Market Business Unit.
Brembo's interest in human resources development and growth was reflected also in 2008 in the organisation of numerous training and development initiatives, designed to meet actual business needs and strengthen the technical and management skills of everyone working within the company.
As regards technical training linked to developing certain specialist skills, 2008 saw the conclusion of the training path related to the "six-sigma" method, which is also designed to identify possible savings within the company. This ended with a presentation to top management of the various projects completed. The projects and actual savings achieved resulted in a "green belt" diploma being awarded to the participants.

In addition, in order to develop staff expertise in using the ERP (Enterprise Resource Planning) systems which are now up and running, numerous initiatives have been implemented to create the necessary IT and system management skills. To meet training needs in the economic-financial and marketing fields, measures have been implemented to improve, on the one hand, understanding and management of the economic and structural foundations of the business and, on the other, strategies aimed at targeted market development.
On the workplace safety front, meetings were organised targeted at numerous organisational unit managers, designed to disseminate the guidelines and action to be taken to guarantee and improve the quality of employee health and the environment; this was accompanied by the development of a self-learning course for the company's entire workforce, explaining the fundamental principles of workplace safety.

As regards the development area, in order to support the use of the new Brembo Yearly Review (BYR) as a performance management tool, special training initiatives have been drawn up aimed primarily at middle management, designed to facilitate feedback and development discussions between manager and employee. As part of the same process, a large number of 360-degree appraisals have been organised, to optimise and make even more effective the management of individual performance and provide a further boost to self-development.

Additional knowledge management initiatives have been promoted in order to develop the skills already found within the company. "Brembo Academy", for example, has increased the internal training offer by providing courses with a full range of content, ranging from technical subjects to those linked to its own employees' development. It has been possible to attend these courses also by means of self-registration, a tool that has involved an ever-growing number of Brembo employees.
Finally, in order to enhance professional expertise in the area of innovation and implementation of new products for daily use, the space on the Intranet portal of the "Training and development" site has been expanded and a large number of operating tools developed and disseminated. These include "Casa Brembo", a manual drawn up in accordance with the contents of the Code of Ethics, which describes in considerable detail the company's principles, values and skills and provides practical operating guidance on appraising and developing one's own resources. The "Manual for Managers" has similarly been adopted. This is an operating tool which aims to guide the process when staff join or leave for other positions. Finally, the "Welcome Book" has been published on-line. This is a useful tool that provides new recruits with all the information useful for smoothing their introduction into the company.
As part of the process of liaison and cooperation with the overseas offices, in 2008 the "Training and Development" Intranet site was created, which can be consulted and used by overseas offices in China, Japan, India, Poland, Spain and the United States.
A total of 552 training initiatives were organised in 2008, including 271 courses and involving a total of 32,586 hours of training delivered and 4,177 participants.

The periodic climate survey, involving all the Group's offices and aimed at monitoring the company and job satisfaction levels of all employees, was concluded during the year. A very positive appraisal of the training activities developed by Brembo emerged from the results, which ranks the company favourably compared with a panel of leading companies on the job market taken as a benchmark.
As regards the Group's workforce, the number of employees rose during the year from 5,304 to 5,847, including 2,825 operating within Brembo S.p.A.

ENVIRONMENT, SAFETY AND HEALTH

As far as workplace, health and safety aspects are concerned, 2008 saw the enactment of legislative decree No. 81, which consolidated and replaced previous laws regulating the sector, including legislative decree No.626/94. Certain of the major innovations introduced have had a greater impact on Brembo. For example, the provision whereby organisation and management models that follow international standard OHSAS 18001, when adopted and effectively implemented, are deemed as possibly exempting the company from the administrative responsibility under legislative decree 231/01.

Brembo, which has applied this standard for a number of years, has taken its cue from this new legislation to further refine its organisational model, also in view of its increasing internationalisation. The decision was hence taken to review the internal management system and create two separate levels of procedures designed, on the one hand, to define guidelines that can be applied to the whole Group, regardless of where the production site is located, and, on the other, to organise the individual plant's operations in practical terms, also taking account of the specific legislative and non-legislative circumstances in each country.

The first level adopts the "World" procedures, issued at central level by the Quality Control and Environmental Management, which define the reference standard applicable to all the Group's sites; the second level, on the other hand, regards the "Site" procedures, prepared by the Safety & Environment Manager of each individual plant in accordance with the standard defined by the world procedures, but also defining the specific operating procedures that the site wishes to adopt in terms of organisation and practice. This arrangement is designed to assure that the existing management system performs in a fully effective and efficient manner.

Another topic of focus in 2008 was the application of the REACH regulation, based on EC European Regulation No. 1907/2006, which introduced a system of registration, evaluation and authorisation for chemical substances circulating throughout the European Union. In order to be able to continue to operate, those parties involved in the chemical substances procurement chain (manufacturers, importers, distributors and end users), have to register a dossier with the European Agency, informing the other stakeholders in the chemical substance industry and the authorities of all the data relating to the chemical substances treated. If such substances are not registered within the specified time limits, they will no longer be able to be marketed and used on European soil.

The ultimate aim of the regulation is to assure the free circulation of substances whilst, at the same time, ensuring an adequate level of protection for human health and the environment. Brembo has taken steps to comply with this new directive and the main measures introduced on site include:

- initial involvement and raising awareness of the suppliers;
- creation of an internal "Reach Team" in charge of managing and coordinating all the activities for which Brembo is responsible;
- analysis of the potential business risks associated with this matter (linked, for example, with the interruption in supplies of materials that have not been pre-registered) and definition of any corrective actions;
- monitoring of activities carried out by the suppliers regarding compliance with the regulation.

All these activities have allowed the important innovations provided for under the directive to be managed most effectively.

BREMBO STRUCTURE

Compared to 31 December 2007, the Group's structure changed as follows:

- Under the integration agreement signed on 19 February 2008 between Brembo S.p.A. and Sabelt S.p.A., Brembo S.p.A.'s High Performance Kit business unit (braking systems for the car and motorbike upgrade market) and 100% of the shares in Sabelt S.p.A. (owned by Marsiaj and D'Ormea) were transferred into Brembo Performance S.p.A. As previously mentioned, as part of the transaction, 100% of the interests in Brembo Performance North America Inc. and Brembo Performance Japan Co. Ltd. (companies formed by the Group in 2007) have also been transferred to Brembo Performance S.p.A. and these companies have transferred their respective high performance kits business units. The investment in Brembo Performance S.p.A. was initially 50-50; on 4 March 2008 Brembo's interest increased to 70%. Sabelt S.p.A. controls Belt & Buckle S.r.o., which is based in the Slovak Republic, and which also joined the Brembo Group.

- In January 2008, Brembo S.p.A. fully subscribed the capital increase of the subsidiary Brembo China Brake Systems Co. Ltd. for a total amount of USD 3 million. The transaction was carried out in preparation of the agreement signed on 4 February 2008, whereby the company acquired the controlling interest in the Chinese investee company Nanjing Yuejin Automotive Brake System Co. Ltd. (NYABS), based in Nanjing. The acquisition was concluded by the subsidiary Brembo China Brake Systems Co. Ltd., which acquired a 42.25% stake from NAC (Nanjing Automobile Corp.) at a price of about USD 5.9 million, whereas a 27.75% stake was already owned by Brembo S.p.A. The Brembo Group thus directly and indirectly holds 70% of the Chinese company. The business licence, which made the transaction effective and entitled the Brembo Group to exercise control, was received in April 2008.

- On 18 March 2008, Innova Tecnologies S.r.l. was incorporated, with registered offices in Bergamo. The company's activity includes the enhancement and promotion, as well as the construction, renovation, letting and sub-letting of real estate. The company is 30% held by Brembo S.p.A.

- On 23 September 2008, Brembo reached an agreement with Daimler AG to acquire 50% of Brembo Ceramic Brake Systems S.p.A., a joint venture that, prior to that date, had been owned in equal shares. Based on the joint-venture agreement and within the framework of broader agreements with Daimler, the price was set at €9 million.

- On 27 October 2008, Brembo reached an agreement with Bosch Chassis Systems India Ltd. for the acquisition of 50% of KBX Motorbike Products Private Ltd. (based in Pune, India), a joint venture that, prior to that date, had been owned in equal shares by the two companies. The purchase price was €10.7 million. The acquisition procedure was completed in November, following the fulfilment of legal obligations in India.

- 100% **AP RACING LTD.** Coventry, UK
- 100% **BREMBO DEUTSCHLAND GMBH** Leinfelden-Echterdingen, Germany
- 67.74% **BREMBO CHINA BRAKE SYSTEMS CO. LTD.** Beijing, China
- 99.99% **KBX MOTORBIKE PRODUCTS PRIVATE LTD.** Pune, India
- 27.75% **NANJING YUEJIN AUTOMOTIVE BRAKE SYSTEM CO. LTD.** 42.25% Nanjing - China

- 70% **BREMBO PERFORMANCE S.P.A.** Curno, Italy
  - 100% **BREMBO PERFORMANCE NORTH AMERICA INC.** Dover, USA
  - 100% **BREMBO PERFORMANCE JAPAN CO. LTD.** Tokyo, Japan
  - 100% **SABELT S.P.A.** Turin, Italy
    - 100% **BELT & BUCKLE S.R.O.** Zilina, Slovak Republic

- **MARCHESINI S.P.A.** 100% Jerago con Orago, Italy
- **BREMBO CERAMIC BRAKE SYSTEMS S.P.A.** 100% Stezzano, Italy
- **SOFTIA S.R.L.** 40% Erbusco, Italy
- **INNOVA TECNOLOGIE S.R.L.** 30% Almenno San Bartolomeo, Italy
- **PETROCERAMICS S.R.L.** 20% Milan, Italy

BREMBO S.P.A.

- 100% **BREMBO INTERNATIONAL S.A.** Luxembourg, Luxembourg
  - 100% **BREMBO SPOLKA ZO.O.** Czestochowa, Poland
  - 100% **BREMBO POLAND SPOLKA ZO.O.** Dabrowa Gornicza, Poland
  - 100% **BREMBO SCANDINAVIA A.B.** Göteborg, Sweden
  - 100% **BREMBO UK LTD.** London, UK
  - 100% **BREMBO PARTICIPATIONS B.V.** Amsterdam, The Netherlands
  - 100% **BREMBO JAPAN CO. LTD.** Tokyo, Japan
  - 99.99% **BREMBO DO BRASIL LTDA.** Betim, Brazil
  - 76% **BREMBO RASSINI S.A. DE C.V.** Puebla, Mexico
  - 68% **CORPORACION UPWARDS 98 S.A.** Zaragoza, Spain
  - 10% **INTERNATIONAL SPORT AUTOMOBILE S.A.R.L.** Levallois Perret, France
  - 5.80% **FUNDIMAK S.A. DE C.V.** Puebla, Mexico
  - 1.20% **FUJI CO.** Tokyo, Japan
  - 5.32% **BREMBO NORTH AMERICA INC.** 94.68% Northville, USA
    - **BREMBO NORTH AMERICA HOMER INC.** 100% Wilmington - USA
    - 0.01% **BREMBO MEXICO APODACA S.A. DE C.V.** 99.99% Apodaca Nuevo Leòn, Mexico

This table complies with Art. 125 of Consob Resolution No. 11971 dated 14 May 1999.

BREMBO'S CONSOLIDATED PERFORMANCE

The main indicators of Brembo's consolidated balance sheet, income statement and cash flow statement are listed below.

Operating results

(euro thousand)	31.12.2008	31.12.2007	Change	% 2008/2007
Sales of goods and services	**1,060,771**	**911,885**	**148,886**	**16.3%**
Cost of sales, operating costs and other net charges/income (1)	(709,018)	(602,173)	(106,845)	17.7%
Personnel expenses	(210,808)	(172,769)	(38,039)	22.0%
GROSS OPERATING INCOME	**140,945**	**136,943**	**4,002**	**2.9%**
% on sales	*13.3%*	*15.0%*		
Depreciation, amortisation and other write-downs	(66,157)	(48,313) (2)	(17,844)	36.9%
NET OPERATING INCOME	**74,788**	**88,630** (2)	**(13,842)**	**-15.6%**
% on sales	*7.1%*	*9.7%*		
Net interest income (expense)	(19,422)	(9,909)	(9,513)	96.0%
Interest income (expense) from investments	(1,747)	(2,249)	502	-22.3%
INCOME BEFORE TAXES	**53,619**	**76,472** (2)	**(22,853)**	**-29.9%**
% on sales	*5.1%*	*8.4%*		
Taxes	(17,383)	(14,878) (2)	(2,505)	16.8%
INCOME BEFORE MINORITY INTERESTS	**36,236**	**61,594** (2)	**(25,358)**	**-41.2%**
% on sales	*3.4%*	*6.8%*		
Minority interests	1,276	(830)	2,106	-253.7%
NET INCOME FOR THE YEAR	**37,512**	**60,764** (2)	**(23,252)**	**-38.3%**
% on sales	*3.5%*	*6.7%*		
Basic earnings per share/Diluted earnings per share (euro)	**0.57**	**0.91**		

(1) This item derives from the sum of the following items carried in the income statement in accordance with the IAS layout: "Other revenues and income", "Costs for capitalised internal works", "Raw materials, consumables and goods" and "Other operating costs".

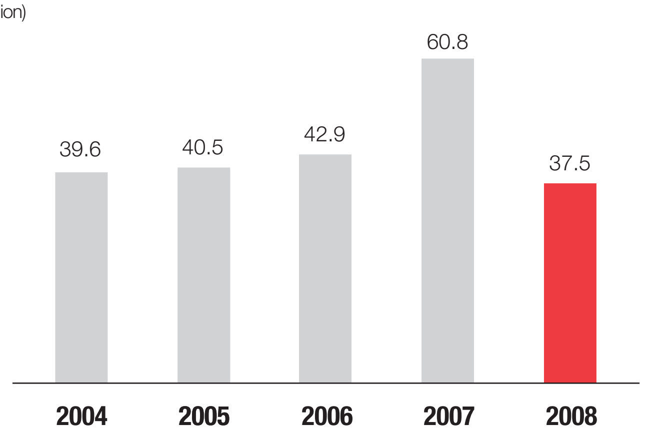
(2) For comparison purposes, certain amounts in the 2007 financial statements were revised upon completion of the purchase price allocation process for Brembo North America Homer Ltd. and Brembo Mexico Apodaca S.A. de C.V., which were acquired in November 2007.

Brembo recorded strong growth in the first half of 2008 as a result of acquisitions as well as an expansion of its existing business. During the second half of the year and especially in the fourth quarter, the consequences of the international financial crisis that began in the summer 2007 impacted the Group's markets of operation, resulting in a significant decrease in the demand for car and commercial vehicle applications. Most automotive manufacturers planned long periods of idleness around the Christmas holidays. Brembo decided to deal with the difficult economic situation by adopting extraordinary measures aimed at adjusting production levels to meet demand. These measures included reducing staff at the Group's facilities in Italy and its companies abroad. In Italy, the Company also drew on the ordinary redundancy fund.

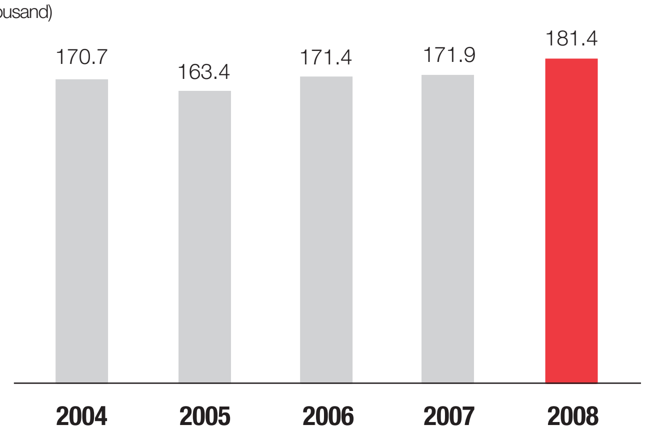
Measures were also implemented to control costs (other than those related to sales) and working capital, and certain investments were postponed to limit the impact on margins and net debt.
Net sales in 2008 amounted to €1,060,771 thousand, up 16.3% compared to 2007. However, the two periods are not directly comparable due to changes in the consolidation area resulting from acquisitions completed in 2008, which are listed below together with an indication of the net sales of the acquired companies: Sabelt Group, net sales €20,004 thousand; NYABS (China), net sales €9,684 thousand; BCBS, net sales €817 thousand; KBX (India), net sales €2,649 thousand. Brembo North America Homer Ltd. and Brembo Mexico Apodaca S.A. de C.V., acquired in November 2007, contributed €63,549 thousand and the Frenco S.A. business line contributed €2,406 thousand in net sales. On a like-for-like basis in terms of consolidation area, net sales increased 5.5%.

Sales of commercial-vehicle and car applications increased by an annualised 8.3% and 15.9%, respectively, compared to 2007, thanks to an upward trend in the first half of 2008 that offset the drop in the second half.
Racing segment sales increased 9.1% during the year and, despite the difficult market situation, grew even in the second half of the year, confirming Brembo's technical and market leadership in the most prestigious car and motorbike championships.
Motorbike application sales rose 12.6%, performing particularly well in the first half of the year before flattening in the second half.

NET INCOME FOR THE YEAR
(euro million)



TURNOVER PER EMPLOYEE
(euro thousand)



From a geographical standpoint, most of the sales growth was concentrated in the NAFTA area (+64.1%), due in part to the Group's recent acquisitions, and in Europe.
Germany and Italy remain the Group's primary markets and accounted for 45.8% of total sales in 2008.
The cost of sales and other net operating costs totalled €709,018 thousand, with a 66.8% ratio to sales, against 66.0% of the previous year.
Development costs capitalised as intangible assets amounted to €13,740 thousand compared to €12,499 thousand in 2007.
Personnel expenses amounted to €210,808 in 2008, or 19.9% of sales, an increase compared to 18.9% in 2007.
It is important to note that 2007 had benefited from the curtailment effect on employees' leaving entitlement under the new legislation and that, in 2008, no non-recurring costs associated with corporate reorganisation were incurred.
At 31 December 2008, workforce numbered 5,847 (5,304 at 31 December 2007). On a like-for-like consolidation basis, the Group's workforce declined by 205 employees.

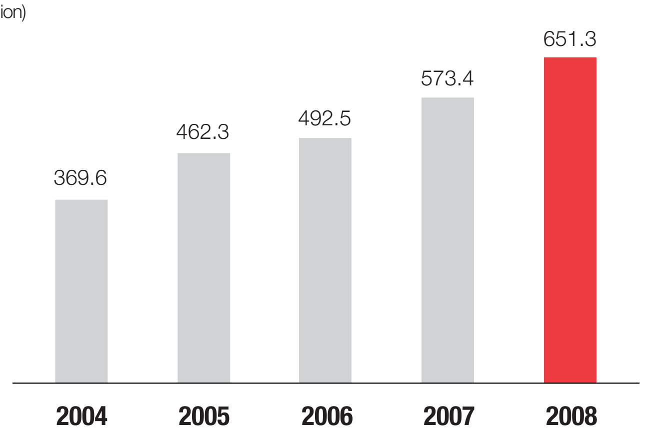
Gross operating income in 2008 was €140,945 thousand (13.3% of sales) compared to €136,943 thousand in 2007 (15.0% of sales).

Net operating income amounted to €74,788 thousand, compared to €88,630 thousand for 2007, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €66,157 thousand, (€48,313 thousand in 2007). The increase in the item is primarily attributable to greater depreciation due to significant investments in specific plant and machinery and the write-down of development costs due to the cancellation of various projects.

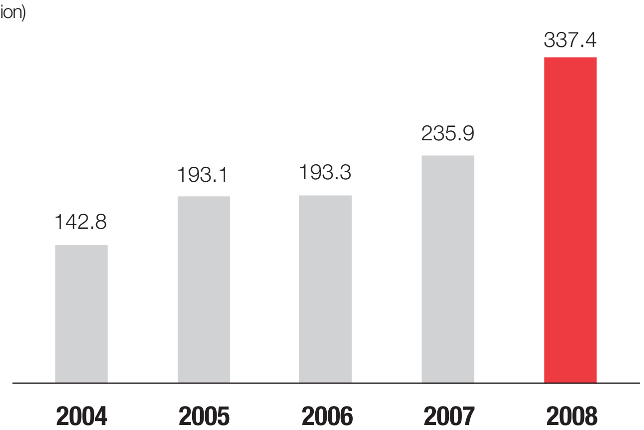
Net interest expense amounted to €19,422 thousand (€9,909 thousand in 2007) and consist of net exchange losses of €6,346 thousand (gains of €1,208 thousand, in 2007) and net interest expense of €13,076 thousand (€11,117 thousand in the previous year). The increase in interest expense is primarily due to the higher average level of debt.

The item "Charges from investments" comprises investments valued using the equity method, but mainly consists of the write-down of the shareholding (5.8%) in Fundimak S.A. de C.V. (valued using the cost method and adjusted for impairment). The investment in Fundimak had already been written down for €2,500 thousand at 31 December 2007, following the

NET INVESTED CAPITAL
(euro million)



NET FINANCIAL DEBT
(euro million)



write-down by Fundimak of impaired assets relating to one of its subsidiaries. In the absence of factors or information that would indicate a recovery and considering the problematic nature of Brembo's relationship with the company's minority shareholder, Brembo decided to write off the investment by recognising a further write-down of €1,882 thousand.

Income before taxes amounted to €53,619 thousand, with a ratio to sales of 5.1%, compared to €76,472 thousand in 2007 (8.4% ratio to sales).
Taxes for 2008, calculated based on the rates established by applicable laws, are estimated at €17,383 thousand (€14,878 thousand for 2007). A tax rate of 32.4% was applied, compared to 19.5% for 2007, which was favourably impacted by the tax benefit attributable to subsidiary Brembo Poland Spolka Zo.o. and by the changes to the 2008 Financial Law applicable to Italian companies.

Net income amounted to €37,512 thousand, net of losses of minority interests totalling €1,276 thousand.

Capital and Financial Position

(euro thousand)	31.12.2008	31.12.2007		Change
Property, plant and equipment	354,204	335,811	(1)	18,393
Intangible assets	108,379	74,474	(1)	33,905
Net financial assets	15,049	24,249	(1)	(9,200)
(a) Total intangible assets, property, plant and equipment	*477,632*	*434,534*	(1)	*43,098*
				9.9%
Inventories	197,573	166,059		31,514
Trade receivables	189,096	196,610		(7,514)
Other receivables and current assets	44,263	37,526		6,737
Current liabilities	(235,529)	(235,543)	(1)	14
Provisions/deferred taxes	(21,743)	(25,756)	(1)	4,013
(b) Net working capital	*173,660*	*138,896*	(1)	*34,764*
				25.0%
(c) NET INVESTED CAPITAL (a)+(b)	**651,292**	**573,430**	(1)	**77,862**
				13.6%
(d) Equity	*291,010*	*313,994*	(1)	*(22,984)*
(e) Employees' leaving entitlement and other funds for personnel	*22,839*	*23,551*		*(712)*
Medium/long-term net financial debt	193,937	122,414		71,523
Short-term net financial debt	143,506	113,471		30,035
(f) Net financial debt	*337,443*	*235,885*		*101,558*
				43.1%
(g) COVERAGE (d)+(e)+(f)	**651,292**	**573,430**	(1)	**77,862**
				13.6%

(1) For comparison purposes, certain amounts in the 2007 financial statements were revised upon completion of the purchase price allocation process for Brembo North America Homer Ltd. and Brembo Mexico Apodaca S.A. de C.V., which were acquired in November 2007.

The Group's balance sheet reflects reclassifications of consolidated accounting statements. In detail:

- property, plant and equipment also include "Non-current assets held for sale and discontinued operations";
- net financial assets include "Shareholdings valued using the equity method", "Other financial assets, "Receivables and other non-current assets", "Deferred tax assets", "Current financial assets and derivatives" and " Other non-current liabilities";
- current liabilities are made up of "Trade payables", "Tax payables" and "Other current liabilities";
- net financial debt includes current and non-current payables to banks and other financial liabilities, net of cash and cash equivalents and derivative assets and liabilities.

Net invested capital at 31 December 2008 amounted to €651,292 thousand, compared to €573,430 thousand at 31 December 2007, with an increase of €77,862 thousand.
The Group's net debt increased from €235,885 thousand at 31 December 2007 to €337,443 thousand at 31 December 2008, mainly due to acquisitions of new companies and increases in the stakes held in investee companies.

The Notes to the Consolidated Financial Statements provide detailed information on the financial position and specifically its asset and liability items, as well as any loans disbursed to Group companies during the year.

Cash Flow Statement

(euro thousand)	31.12.2008	31.12.2007
Cash and cash equivalents at beginning of year	**(95,311)**	**(71,788)**
Consolidated net income for the year before taxes	**53,619**	**76,472** (1)
Depreciation, amortisation/Impairment losses	66,157	48,313 (1)
Capital gains/losses	(3,027)	(2,162)
Write-ups/Write-downs of shareholdings	1,759	2,253
Financial portion of provisions for payables for personnel	663	620
Long-term provisions for employee benefits	1,080	(2,649)
Income from shareholdings	(12)	0
Other provisions net of utilisations	6,636	1,438 (1)
Net working capital generated by operations	**126,875**	**124,285** (1)
Paid current taxes	(12,040)	(31,304)
Uses of long-term provisions for employee benefits	(2,940)	(3,067)
(Increase) reduction in current assets:		
Inventories	(20,086)	(19,005)
Financial assets	(11,445)	23
Trade receivables and receivables from companies valued using the equity method	21,799	(14,443)
Receivables from others and other assets	(208)	1,251 (1)
Increase (reduction) in current liabilities:		
Trade payables and payables to companies valued using the equity method	(28,758)	25,067
Payables to others and other liabilities	(2,156)	4,605
Translation differences on current assets	(14,702)	1,009 (1)
Net cash flows from / (for) operating activities	**56,339**	**88,421** (1)
Investments in:		
Intangible assets	(24,420)	(20,076)
Property, plant and equipment	(69,280)	(61,970)
Financial fixed assets - shareholdings	(30)	0
Acquisition of Hayes Lemmerz USA	0	(15,894) (1)
Acquisition of Hayes Lemmerz MX	0	(18,925) (1)
Acquisition of Brembo Ceramic Brake Systems S.p.A.	(14,081)	0
Acquisition of Nyabs	(4,402)	0
Acquisition of Sabelt Group	(9,549)	0
Acquisition of KBX	(10,700)	0
30% capital gain on the disposal of the HPK business line	3,524	0
Capital contributions to consolidated companies by minority shareholders	49	0
Cost price for disposal, or reimbursement value of fixed assets	15,045	5,764
Net cash flows from / (for) investing activities	**(113,844)**	**(111,101)** (1)
Dividends paid in the year	(19,775)	(16,028)
Dividends received in the year	12	0
Acquisition of own shares	(7,924)	(3,512)
Loans and financing granted by banks and other financial institutions in the period	101,885	36,237
Repayment of long-term loans	(19,843)	(17,540)
Net cash flows from / (for) financing activities	**54,355**	**(843)**
Total cash flow	**(3,150)**	**(23,523)**
Cash and cash equivalents of acquired companies	**(2,811)**	**0**
Cash and cash equivalents at end of year	**(101,272)**	**(95,311)**

(1) For comparison purposes, certain amounts in the 2007 financial statements were revised upon completion of the purchase price allocation process for Brembo North America Homer Ltd. and Brembo Mexico Apodaca S.A. de C.V., which were acquired in November 2007.

PERFORMANCE OF BREMBO COMPANIES

The following figures were taken from the financial statements prepared by the companies in accordance with IAS/IFRS and approved by the respective Boards of Directors.

BREMBO S.P.A.
CURNO (ITALY)

Activities: analysis, design, development, application, production, assembly and sale of braking systems, light alloy casting for various sectors, including the car and motorbike industries.

Financial year 2008 ended with sales of €645,139 thousand, up 7.0% compared to €603,049 thousand in 2007. The increase was mainly due to the good performance of sales of car and motorbike applications in the first half of the year. Over 70% of revenues was earned on foreign markets.
As part of the deal to acquire Sabelt S.p.A., effective from 1 February 2008, the High Performance Kit division (braking systems for the car and motorbike upgrade market) was transferred into Brembo Performance S.p.A. This transaction led Brembo to realise a capital gain of €11,745 thousand, which was recognised in equity reserve items.
The property located in San Giovanni Bianco (Bergamo) was sold in June 2008, resulting in a capital gain of €1,174 thousand.
The item "Other revenues and income" also included a research grant in the form of tax credit amounting to €2,643 thousand.
Gross operating income went from €71,090 thousand in 2007 to €73,569 thousand in 2008. Net operating income, after accounting for depreciation and amortization of €36,672 thousand, was €36,897 thousand compared to €41,503 thousand for the previous year.
With reference to financial operations, net interest expense amounted to €13,766 thousand, compared to €8,292 thousand for 2007; the increase was mainly due to the higher indebtedness arising from the large investments made during the year.
Income from shareholdings amounting to €7,702 thousand refer to dividends distributed by the subsidiaries AP Racing Ltd and Brembo International S.A. Brembo wrote down its shareholdings in Brembo Performance S.p.A. by €4,366 thousand.
The sum of €9,814 thousand was allocated for income tax, for the expected amounts for IRES (corporate income tax) and IRAP (regional business tax), and a ratio of 37.1% to pre-tax income. In 2007, the allocation amounted to €12,394 thousand, with a ratio of 30.5%.
Net income for the year was €16,653 thousand, compared to €28,236 thousand for 2007.
At 31 December 2008, the workforce numbered 2,825, a 1% decrease compared to 2,852 at 31 December 2007.

Companies Consolidated on a Line-by-line Basis

AP RACING LTD.
COVENTRY (UNITED KINGDOM)

Activities: production and sale of braking systems and clutches for racing vehicles.

AP Racing is the market leader in the production of brakes and clutches for racing cars and motorbikes.
The company designs, assembles and sells cutting-edge, high-tech products throughout the world for the main Formula 1, GT, Touring and Rally teams. It also produces and sells original equipment brakes and clutches for prestige car manufacturers.
Net sales in 2008 amounted to GBP 29,446 thousand (€36,979 thousand), compared to GBP 28,188 thousand (€41,183 thousand) at 31 December 2007. In 2008, the company reported

net income of GBP 3,939 thousand (€4,947 thousand), slightly higher than GBP 3,473 thousand in 2007 (€5,075 thousand).
At 31 December 2008, the workforce numbered 124, one less than at year-end 2007.

BELT & BUCKLE S.R.O.
ZILINA (SLOVAK REPUBLIC)

Activities: processing of seatbelts for childrens' seats and jumpsuits for the racing industry.

Fully owned by Sabelt S.p.A., this company joined the Brembo Group on 1 March 2008.
It engages in the sewing of seatbelts for children and jumpsuits for the racing industry manufactured by the parent company, Sabelt.
Net sales at 31 December 2008 amounted to SKK 113,924 thousand (€3,643 thousand) and net income was SKK 287 thousand (€9 thousand).
The workforce numbered 76 at 31 December 2008.

BREMBO CERAMIC BRAKE SYSTEMS S.p.A.
STEZZANO (ITALY)

Activities: design, development, production and sale of ceramic carbon brake discs.

The company was formed in 2004, as a joint venture of Brembo S.p.A. and the German company Daimler AG. It designs, develops, manufactures and sells braking systems in general and, specifically, ceramic carbon brake discs for the original equipment of top-performance cars. The company also carries out research and development of new materials and applications. The company has been fully owned by Brembo S.p.A. since 23 September 2008, pursuant to the agreements reached with Daimler AG.

Net sales at 31 December 2008 amounted to €29,602 thousand, with a net income of €1,293 thousand; in 2007 net sales were €15,112 thousand, with a net income of €300 thousand.
Sales increased sharply in 2008 (+96%) thanks to the combined effect of a strong increase in volume (+150%) and lower sales prices, as planned.
The company continued to pursue the investment policies put in place in 2007 aimed at aligning production capacity with demand.
The workforce at 31 December 2008 numbered 124, a higher number compared to 82 at year-end 2007.

BREMBO CHINA BRAKE SYSTEMS CO. LTD.
BEIJING (CHINA)

Activities: production and sale of brake discs for cars.

The company operates in the industrial area of Beijing. It was formed in 2005 and is owned 67.74% by Brembo S.p.A. and 32.26% by Simest, a public-private merchant bank that promotes the internationalisation of Italian companies.
In January 2008, Brembo S.p.A. unilaterally subscribed a capital increase of USD 3 million, which permitted it to increase its stake in the company. At the end of April 2008, Brembo China acquired a 42.25% stake in Nanjing Yuejing Automotive Brake System Co. Ltd.
Net sales at 31 December 2008 amounted to CNY 139,926 thousand (€13,687 thousand), compared to CNY 111,482 thousand (€10,700 thousand) in 2007. Loss for the year at 31 December 2008 amounted to CNY 920 thousand (€90 thousand), down approximately 90% compared to a loss of CNY 9,881 thousand (€948 thousand) in 2007.
At 31 December 2008, workforce numbered 15, 21 less than at December 2007.

BREMBO DEUTSCHLAND GMBH

LEINFELDEN – ECHTERDINGEN (GERMANY)

Activities: purchase and resale of vehicles, technical and sales services.

Fully owned by Brembo S.p.A., the company was registered with the Stuttgart Register of Company on 23 January 2007, and engages mainly in purchasing cars for test purposes.
The company provides technical, sales and quality-assurance services to Brembo S.p.A. customers in Germany. It operates out of its new headquarters in Stuttgart, with the objective of encouraging and simplifying communication between Brembo S.p.A. and its German customers during the various phases of planning, purchase, development and project management.
At 31 December 2008, net sales amounted to €67 thousand, and net income was €2 thousand.
It has no employees.

BREMBO DO BRASIL LTDA.

BETIM (BRAZIL)

Activities: production and sale of brake discs for original equipment and the aftermarket.

The company is headquartered in Betim, Minas Gerais, and promotes the presence of Brembo in the South American original-equipment market for car braking systems.
Net sales for 2008 amounted to BRL 115,758 thousand (€43,279 thousand) and net income to BRL 4,828 thousand (€1,805 thousand). In 2007, sales amounted to BRL 102,933 thousand (€38,627 thousand) and net income was BRL 4,729 thousand (€1,774 thousand).
The workforce at 31 December 2008 numbered 283, 64 more than at year-end 2007.

BREMBO INTERNATIONAL S.A.

LUXEMBOURG (LUXEMBOURG)

Activities: holding company.

The company operates as a development holding aimed at strengthening financial activity and developing brand awareness. It holds a majority stake in Brembo Group's foreign companies.
Fully owned by Brembo S.p.A., the company ended 2008 with net income of €16,670 thousand, mainly due to the payment of dividends by Brembo Spolka Zo.o., Brembo Scandinavia AB and Corporación Upwards '98 S.A.
The company's income from shareholdings amply offsets the loss resulting from an additional write-down of its investment in Fundimak S.A. DE C.V.

BREMBO JAPAN CO. LTD.

TOKYO (JAPAN)

Activities: sale of braking systems for the racing sector and original equipment for cars.

Brembo Japan Co. Ltd. is Brembo's commercial company that handles the Japanese racing market. Through the Tokyo office, it also provides primary technical support to the OEM customers in the area.
It also renders services to the Brembo Group companies operating in Japan.
During the first half of 2008, it transferred its High Performance Kit division to Brembo Performance Japan Co. Ltd., as part of the previously mentioned process of integrating its operations with Sabelt's.
As a result, the company's net sales in 2008, which amounted to JPY 662,186 thousand (€4,347 thousand), fell 27.8% compared to the 2007 figure of JPY 917,062 thousand (€5,688 thousand).

Net income decreased 52.6% from JPY 41,971 thousand (€260 thousand) in 2007 to JPY 19,912 thousand (€131 thousand) in 2008.
At 31 December 2008, the workforce numbered 11, seven fewer than at year-end 2007.

BREMBO NORTH AMERICA INC.
WILMINGTON (USA)

Activities: sale of brake discs for the aftermarket and of braking systems for the racing sector.

Brembo North America Inc., which is based out of Northville (Michigan), markets and sells brake discs for the car aftermarket and (from its Moresville offices) high-performance braking systems for racing cars and motorbikes. The company is backed by technical staff from Brembo S.p.A. and the local offices, in the development and supply of new solutions in terms of materials and design for the US market.
In July 2008, the company combined its headquarters and technical and sales offices, previously located in various states, in the Detroit area, where new offices of 4,500 sqm are also under construction, scheduled for completion by the end of 2009.
The state of Michigan granted Brembo a tax credit, valued at USD 3,500 million, over 10 years. Furthermore, to support the project, the City of Albion approved a tax cut estimated at USD 1,800 million over 12 years, and the City of Plymouth guaranteed USD 1,000 thousand in tax deductions on construction costs, in addition to an expedited approval process. Lastly, the MEDC (Michigan Economic Development Corporation) will provide professional training assistance with a value of approximately USD 500 thousand through the Economic Development Job Training programme.
During the first half of 2008, Brembo North America Inc. transferred its High Performance Kit division to Brembo Performance North America Inc., which was formed in October 2007.
Net sales for 2008 amounted to USD 22,059 thousand (€14,998 thousand), a decrease of 29.1% compared to the previous year when net sales were USD 31,105 thousand (€22,692 thousand).
Net loss at 31 December 2008 was USD 1,522 thousand (€1,035 thousand), compared to a net loss of USD 974 thousand (€711 thousand) for 2007.
The workforce numbered 32 at 31 December 2008, 22 fewer than at year-end 2007.

BREMBO NORTH AMERICA HOMER INC.
WILMINGTON (USA)

Activities: production and sale of brake discs and drums for the original equipment of cars.

The company, 100% owned by Brembo North America Inc., produces and sells brake discs and drums for the North American car and light commercial vehicle market. The products are manufactured for the main carmakers and several component manufacturers operating in the United States.
The company operates through the Homer and Northville headquarters, in the state of Michigan.
It joined the Brembo Group on 9 November 2007, following Brembo North America Inc.'s acquisition of the Brakes Division of Hayes Lemmerz International Inc.
Sales at 31 December 2008 amounted to USD 68,023 thousand (€46,250 thousand), with net income of USD 1,178 thousand (€801 thousand).
The workforce numbered 118 at 31 December 2008, eight fewer than at 31 December 2007.

BREMBO MEXICO APODACA S.A. DE C.V.
APODACA NUEVO LEÓN (MEXICO)

Activities: production and sale of brake discs and drums for the original equipment market.

The company joined the Brembo Group on 9 November 2007, following the acquisition of the Brakes Division of Hayes Lemmerz International Inc. by Brembo North America Inc., which holds a 100% stake. It assumed the new name of Brembo Mexico Apodaca S.A. de C.V. on 17 January 2008. Sales at 31 December 2008 amounted to USD 38,709 thousand (€26,319 thousand) and net income was USD 1,072 thousand (€729 thousand).
The company manages a production unit that at 31 December 2008 employed a staff of 99, seven fewer than at 31 December 2007.

BREMBO PARTICIPATIONS B.V.
AMSTERDAM (THE NETHERLANDS)

Activities: originally a financial holding, the company is currently in liquidation.

Wholly owned by Brembo International S.A., Brembo Participations B.V. ended 2008 with a loss of €178 thousand, compared to €29 thousand at year-end 2007. Liquidation procedures were initiated for the company in January 2006 and are still underway.

BREMBO PERFORMANCE S.p.A.
CURNO (ITALY)

Activities: design, manufacturing, and sale of components and accessories for road and racing cars and vehicles.

At 31 December 2008, the company was 70% held by Brembo S.p.A.

As part of the integration agreements with Sabelt S.p.A., on 1 February 2008 the High Performance Kit division of Brembo S.p.A. was transferred into the company; effective from 1 March 2008, 100% of the shares in Sabelt S.p.A. were also transferred into the company.
In April 2008, Brembo Performance S.p.A. acquired 100% of Brembo Performance North America Inc. and Brembo Performance Japan Co. Ltd. The company will operate in the production and sale of passive safety components (seat belts, seats, protective racing wear, child safety systems) and special car and motorbike accessories.
Net sales at 31 December 2008 amounted to €8,812 thousand. The company reported a loss of €1,912 thousand at 31 December 2008, mainly due to the sizeable write-down of its investment in Sabelt S.p.A.
The workforce numbered 21 at 31 December 2008.

BREMBO PERFORMANCE JAPAN CO. LTD.
TOKYO (JAPAN)

Activities: production, and sale of components and accessories for road and racing cars and motorbikes.

Fully owned by Brembo Performance S.p.A., the company was formed on 6 November 2007. Its activities are related to the performance upgrade of cars and motorbikes in Japan and the Asia area.
The High Performance Kit division of Brembo Japan Co. Ltd. was transferred into the company during the first half of 2008.
Net sales at 31 December 2008 amounted to JPY 475,959 thousand (€3,124 thousand) and net income was JPY 45,829 thousand (€301 thousand).
The workforce numbered 8, at 31 December 2008.

BREMBO PERFORMANCE NORTH AMERICA INC.
DOVER (USA)

Activities: design and sale of components and accessories for road and racing cars and motorbikes.

Fully owned by Brembo Performance S.p.A., the company was formed on 10 October 2007. The High Performance Kit division of Brembo North America Inc. was transferred into the company during the first half of 2008.
Net sales at 31 December 2008 amounted to USD 1,402 thousand (€953 thousand) and loss was USD 283 thousand (€192 thousand).
The workforce at 31 December 2008 numbered five.

BREMBO POLAND SPOLKA ZO.O.
DABROWA GÓRNICZA (POLAND)

Activities: production and sale of brake discs for cars and commercial vehicles.

The company has a foundry, fully operational since July 2006, for the production of cast-iron discs destined for use in its own production plant or by other Group companies.
Net sales amounted to PLN 384,720 thousand (€109,377 thousand) in 2008, compared to PLN 401,618 thousand (€106,160 thousand) in 2007. The decrease was due to the general market situation.
Net income at 31 December 2008 was PLN 19,318 thousand (€5,492 thousand), with a sharp decrease compared to PLN 77,943 thousand (€20,603 thousand) for 2007.
The workforce numbered 698 at 31 December 2008, compared to 844 at year-end 2007.

BREMBO RASSINI S.A. DE C.V.
PUEBLA (MEXICO)

Activities: production and sale of brake discs for cars.

The company, held by Brembo (76%) and the Mexican Group Sanluis (24%), manufactures and distributes original equipment and aftermarket brake discs for cars. The original-equipment customers are European and Japanese carmakers with plants in North America; aftermarket products are largely distributed (through Brembo North America Inc.) on the US imported cars and Sports Utility Vehicles (SUVs) markets.
The plant is located in Puebla, an industrial town about 100 kilometres south of Mexico City.
The results of the subsidiary were affected by the difficult relations between Brembo and its minority-interest shareholder following the acquisition of the Brakes Division of Hayes Lemmerz International Inc. by Brembo North America Inc.
In January 2009, the company launched a restructuring plan that will reduce the workforce by 160 employees.
Net sales for 2008 amounted to MXN 629,300 thousand (€38,618 thousand), compared to MXN 628,127 thousand (€41,931 thousand) in 2007.
Net loss amounted to MXN 67,475 thousand (€4,141 thousand) at 31 December 2008, compared to a net income of MXN 39,178 thousand (€2,615 thousand) in 2007.
The workforce at 31 December 2008 was 217, compared to 236 in 2007.

BREMBO SCANDINAVIA A.B.
GÖTEBORG (SWEDEN)

Activities: promotion of the sale of car brake discs.

The company promotes the sale of brake discs for the automotive sector, destined exclusively for the aftermarket.
Net sales amounted to SEK 5,973 thousand (€621 thousand) in 2008, compared to SEK 6,001 thousand (€649 thousand) in 2007.
Net income decreased to SEK 1,637 thousand (€170 thousand) from SEK 2,156 thousand (€233 thousand) in 2007.
There was 1 employee on the payroll at 31 December 2008, unchanged from 2007.

BREMBO SPOLKA ZO.O.
CZESTOCHOWA (POLAND)

Activities: production and sale of braking systems for commercial vehicles.

The plant located in Czestochowa produces brake discs and braking systems for the original equipment of commercial vehicles.
Net sales for 2008 amounted to PLN 361,990 thousand (€102,915 thousand), compared to PLN 389,996 thousand (€103,088 thousand) in 2007. The decrease was due to the general market situation.
Net income for 2008 was PLN 36,433 thousand (€10,358 thousand), with a decrease compared to PLN 49,456 thousand (€13,073 thousand) in 2007.
At 31 December 2008, the workforce numbered 467, compared to 512 at year-end 2007.

BREMBO UK LTD.
LONDON (UNITED KINGDOM)

Activities: sale of brake discs for the aftermarket.

The company sells aftermarket discs in the UK.
Net sales went from GBP 1,200 thousand (€1,753 thousand) at 31 December 2007 to GBP 903 thousand (€1,134 thousand) at 31 December 2008, down 24.7%. Net loss for the year was GBP 47 thousand (€59 thousand), compared to a net income of GBP 37 thousand (€54 thousand) for 2007.
The workforce numbered 2 at 31 December 2008, unchanged compared to 31 December 2007.

CORPORACIÓN UPWARDS ‘98 S.A.
ZARAGOZA (SPAIN)

Activities: production and sale of brake discs and drums for cars, distribution of the brake shoe kits and pads.

The company is phasing out productive activities, to focus mainly on sales activities.
Net sales for 2008 were €35,097 thousand, compared to €37,224 thousand for 2007. Net income amounted to €121 thousand, down compared to €872 thousand in 2007.
The workforce numbered 156 at 31 December 2008, compared to 161 at 31 December 2007.

KBX MOTORBIKE PRODUCTS PVT. LTD.
PUNE (INDIA)

Activities: production and sale of braking systems for motorbikes.

The joint-venture is based in Pune, India, and is held in equal stakes by Brembo S.p.A. and the Indian company Bosch Chassis Systems India Ltd.
Since November 2008, the company has been fully held by Brembo S.p.A.
In 2008, net sales amounted to INR 1,042,517 thousand (€16,366 thousand), with a net income of INR 73,634 thousand (€1,156 thousand).
The workforce at 31 December 2008 numbered 225.

MARCHESINI S.p.A.
JERAGO CON ORAGO (ITALY)

Activities: design and sale of lightweight alloy wheels for motorbikes.

The company has an important position in the design, manufacturing, and marketing of light-alloy wheels for road and racing motorbikes.
Net sales for 2008 were €5,783 thousand, compared to €4,941 thousand in 2007.
Net income amounted to €461 thousand in 2008, compared to €158 thousand in 2007.
The Jerago facility was disposed of during the year, resulting in a capital gain of €537 thousand.
The workforce at 31 December 2008 numbered 16, five more than at year-end 2007.

NANJING YUEJIN AUTOMOTIVE BRAKE SYSTEM CO. LTD.
NANJING (CHINA)

Activities: production and sale of braking systems for cars and commercial vehicles.

The company, a joint venture between Brembo S.p.A. and the Chinese group Nanjing Automobile Corp., was formed in 2001. The Brembo Group acquired control over the company in late April 2008.
Net sales at 31 December 2008 amounted to CNY 133,913 thousand (€13,099 thousand), with a net income of CNY 5,478 thousand (€536 thousand).
At 31 December 2008, workforce numbered 251.

SABELT S.P.A.
TURIN (ITALY)

Activities: design, manufacture, assembly and sale of accessories and components for the car industry, including footwear and articles of apparel in general for the racing market.

Fully owned by Brembo Performance S.p.A., the company joined the Brembo Group on 1 March 2008. Its operating offices are located in Moncalieri (Turin), Italy.
At 31 December 2008, net sales amounted to €26,705 thousand, with a loss of €810 thousand.
The workforce numbered 72, at 31 December 2008.

Companies Valued Using the Equity Method

INNOVA TECNOLOGIE S.R.L.
ALMENNO SAN BARTOLOMEO (ITALY)

Activities: development, promotion, construction, renovation, leasing and sub-leasing of real estate

The company was formed on 18 March 2008, has its registered office in the Province of Bergamo, and is 30% owned by Brembo S.p.A.

PETROCERAMICS S.R.L.
MILAN (ITALY)

Activities: research and development of innovative technologies for the production of technical and advanced ceramic materials, geomaterial processing and rock mass characterisation.

Brembo S.p.A. acquired 20% of this company by subscribing a capital increase in November 2006.
Net sales for 2008 amounted to €1,113 thousand, with a net income of €144 thousand. Net sales for 2007 were €945 thousand and net income amounted to €276 thousand.
Over 70% of the company's sales are services rendered to the Brembo Group.

SOFTIA S.R.L.
ERBUSCO (ITALY)

Activities: Internet-oriented information technology management.

The company is 40%-owned by Brembo. It operates in the sector of information technology and develops software products for effective communication between the ERP software environments and the Internet.
In 2008, net income amounted to €86 thousand, compared to €84 thousand in 2007.

Other Group Companies

FUNDIMAK S.A. DE C.V.
PUEBLA (MEXICO)

Activities: production and sale of brake discs.

Brembo International S.A. holds 5.8% of Fundimak S.A. de C.V., a subsidiary of the Mexican Group Sanluis.
Fundimak S.A. de C.V., through the subsidiary Rassini Frenos, has a cast-iron foundry in Puebla that supplies unfinished discs to Brembo Rassini S.A. de C.V.
Further information is available in the section "Brembo's Consolidated Performance".

INTERNATIONAL SPORT AUTOMOBILE S.A.R.L.
LEVALLOIS PERRET (FRANCE)

Activities: sale of products for racing cars and motorbikes.

International Sport Automobile S.a.r.l. is 10% held by Brembo International S.A. The company engages in the distribution of products for racing cars and motorbikes on the French market.

TRANSACTIONS WITH RELATED PARTIES

Detailed information on the company's transactions with related parties is provided in the specific section of the Explanatory Notes to the Consolidated Financial Statements (Note 31). During the year under review, no atypical or unusual transactions were carried out with related parties. Furthermore, commercial transactions with related parties other than the Group companies were conducted at arm's length conditions and the total amount was not material.

FURTHER INFORMATION

The Ordinary Shareholders' Meeting of the Parent Company Brembo S.p.A. held on 29 April 2008 passed resolutions on:

- the approval of Brembo S.p.A. 2007 Annual Report;
- the distribution of a gross dividend of €0.28 per outstanding share at ex-coupon date, made on 5 May 2008;
- the authorisation to buy back and dispose of up to 1.44 million own shares, to be carried out during the 18-month period after the date of the General Shareholders' Meeting, at a strike price not below the par value of €0.52 and not above €15;
- the renewal of Brembo S.p.A.'s Board of Directors, which is made up of: Alberto Bombassei (Chairman), Cristina Bombassei (Executive Director), Stefano Monetini (Executive Director), Matteo Tiraboschi (Executive Director), Giovanni Cavallini (Independent Director), Giancarlo Dallera (Independent Director), Pasquale Pistorio (Independent Director), Giuseppe Roma (Independent Director), Pierfrancesco Saviotti (Independent Director), Giovanna Dossena (Non-executive Director), Umberto Nicodano (Non-executive Director);
- the renewal of the Board of Statutory Auditors, made up of: Sergio Pivato (Chairman), Enrico Colombo and Daniela Salvioni (Auditors), Gerardo Gibellini and Mario Tagliaferri (Alternate Auditors).

Also on 29 April 2008, Brembo's Board of Directors met and appointed the Committees required by law and by Brembo's Corporate Governance Manual.

On 6 June 2008, the Board of Directors of Brembo S.p.A. appointed Mauro Pessi Managing Director of the Company and assigned him the associated powers, following the conclusion of collaboration with Stefano Monetini on 31 May 2008.

Buy-back Plan for Brembo S.p.A. Shares

A further 1,060,000 own shares were purchased in 2008 as part of the buy-back plan. At 19 March 2009, the company held a total of 1,440,000 own shares, representing 2.16% of the share capital, for an overall value of €11,435,811 at a weighted average price of €7.94 per share.
The Shareholders' Meeting held on 18 December 2008 approved a new plan for the buy-back and sale of own shares under which Brembo can buy up to 2,680,000 of its own shares (4.01% of share capital). The maximum potential expenditure to purchase these shares is 26,800,000. The authorisation is valid for a period of 18 months from 18 December 2008.
The minimum and maximum price of purchase were set at €0.52 (fifty-two cents) and €10.00 (ten euro), respectively. Purchases of own shares can be undertaken on regulated markets, in one or more instalments.

Three-year Incentive Plan

On 24 March 2006, the Board of Directors approved the 2006-2007-2008 three-year Incentive Plan for the Executive Directors and top managers of Brembo S.p.A. and its subsidiaries. The goal of the plan is to promote and encourage the attainment of increasingly ambitious performance objectives, also in excess of forecast results.
The plan is addressed to 34 people, who are best placed to impact the Group's performance. Results obtained in each of the financial years (2006, 2007 and 2008) covered under the plan have been evaluated during the period of reference (1 January 2006 - 31 December 2008), culminating with an assessment of performance throughout the period as a whole. The final results at 31 December 2008 have been analysed, based on the procedures whereby the incentive matures as detailed in specific regulations.
The performance indicators identified are sales and operating free cash flow.
Brembo Group's overall financial commitment under the Plan was €6.9 million.

On 28 April 2006, the General Shareholders' Meeting approved the incentive plan, confirming in particular that it can be applied to the Chairman of Brembo S.p.A.

Reconciliation Statement of Parent Company's Equity/Net Income With Consolidated Equity/Net Income

The reconciliation of equity and net income for the year, as listed in the Parent Company's financial statements, and the equity and net income for the year, recognised in the Consolidated Financial Statements, reveals that the Group equity at 31 December 2008 was €94,834 thousand higher than the figure reported in the Brembo S.p.A. Financial Statements. Consolidated income for the year, amounting to €37,512 thousand, was €20,859 thousand higher than that of Brembo S.p.A.

(euro thousand)	Net income 2008	Equity at 31.12.2008	Net income 2007	Equity at 31.12.2007
Brembo S.p.A.	**16,653**	**184,101**	**28,236**	**183,095**
Consolidation adjustments:				
Elimination of equity of consolidated companies	37,167	367,997	46,985	334,924
Goodwill and other allocated surplus	(2,362)	19,174	0	0
Elimination of intra-Group dividends	(25,548)	0	(11,536)	0
Book value of consolidated shareholdings	4,366	(266,647)	0	(192,179)
Valuation of shareholdings in associate companies using the equity method	125	(530)	247	(2,691)
Elimination of intra-Group income	1,785	(4,732)	454	(6,889)
Other consolidation adjustments	4,050	(8,353)	(2,792)	(2,266)
Equity and net income attributable to Minority Interests	1,276	(12,075)	(830)	(12,591)
Total consolidation adjustments	**20,859**	**94,834**	**32,528**	**118,308**
GROUP CONSOLIDATED	**37,512**	**278,935**	**60,764**	**301,403**

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2008

- Brembo has expanded its operations in Brazil by acquiring a business unit that manufactures and markets flywheels for the automotive industry from the Brazilian company Sawem Industrial Ltda. The acquisition of the unit, which was undertaken through the subsidiary Brembo do Brasil Ltda., entailed an investment of BRL 8,200 thousand (approximately €2,800 thousand), without the assumption of debt, and was financed using the Brazilian company's cash. The sales generated in 2008 by the business unit acquired amounted to BRL 15,000 thousand (approximately €5,000 thousand) and have a strong potential for growth. From a technology and production standpoint, the new products coordinate well with Brembo's present operations, particularly the foundry and mechanical processing phases of the disc production cycle.
- The KBX new plant in India was inaugurated on 20 January 2009. The facility is devoted to the manufacturing of disc braking systems for applications in scooters and motorbikes with displacements between 125 and 250cc for the Indian market. Located in Pune, approximately 160 km to the south of Mumbai, the capital of the Indian automotive industry, the facility extends over approximately 5,000 sqm of floor space, stands on grounds of 15,000 sqm and employs a staff of 220. On the above occasion Brembo also presented its new brand "BRECO", an acronym for "Brembo Company", designed to be specifically devoted to braking systems for scooters and motorbikes with small and medium displacements (up to 250cc) for the BRIC countries (Brazil, Russia, India and China) and other Southeast Asian nations (ASEAN).
- A plan to restructure the Mexican subsidiary Brembo Rassini S.A. de C.V., which entails a decrease in its workforce of approximately 160 employees, was also launched in January.
- Effective 1 January 2009, the subsidiary Brembo North America Homer Inc. was merged into Brembo North America Inc.
- In Italy, the Company has initiated the procedure for the extension of the ordinary redundancy fund to all white-collar staff, beginning in March.

No other significant events occurred after the end of 2008 and up to 19 March 2009.

FORESEEABLE EVOLUTION

In January and February 2009, car registrations in Europe continued the downtrend of recent months, resulting in a decline of approximately 22%, compared to the same period of 2008. Projections for the coming months do not show signs of recovery. The production levels of most car manufacturers are far below those of last year.

In this context, Brembo has reported a sharp reduction in orders and, consequently, continues to take extraordinary measures to adjust production volumes to demand.

The Company continues to take action aimed at containing all costs not associated with sales, decreasing inventory, ensuring that terms of payment are respected by clients and controlling investments.

CORPORATE GOVERNANCE

(Approved by the Board of Directors on 19 March 2009)

Principles, Sources and Company Macrostructure

Principles

Brembo's System of Corporate Governance was implemented also in financial year 2008, fully complying with the provisions of the "Corporate Governance of Listed Companies" and the requirements for companies listed on the STAR segment.
Brembo bases its conduct on rigorous principles, ethics, compliance with rules, responsibility and transparency. This provides a basis for the company's intangible capital, which consists of its brand, its reputation and the set of values shared by employees and collaborators that guides the actions of a socially responsible company.
With this objective, Brembo has implemented its Corporate Governance model, bringing it in line with the Corporate Governance Manual of Borsa Italiana S.p.A. (March 2006 edition), highlighting ethical aspects and voluntarily adopting the principles of corporate social responsibility.

The Corporate Governance Report, which has been published in Brembo's website (www.brembo.com, in the Investor Relations section), was submitted to Borsa Italiana (the Italian Stock Exchange) within the terms established by law.

Internal Sources

Beside the applicable industry regulations, Brembo's internal sources include:

1) **Corporate Governance Manual** (which acknowledges the Code of Corporate Governance of Borsa Italiana S.p.A., March 2006 Edition, and integrates Brembo's Corporate Governance Code) approved in its fifth edition by the Board of Directors on 26 March 2008 (the document is available for consultation on the website: www.brembo.com - Investor Relations section - Corporate Governance). The following documents are an integral part of Brembo's Corporate Governance Manual:
   a) The current version of the Company *By-laws,* approved by the Extraordinary Shareholders' Meeting of 27 April 2007;
   b) *Rules for the Remuneration Committee*, approved by the Remuneration Committee on 27 April 2007;
   c) *Rules for the Audit Committee* updated 23 March 2007;
   d) *Rules for the Lead Independent Director* approved on 27 September 2007;
   e) *Instructions for the Management of Significant Transactions and Transactions in Conflict of Interest,* approved by the Board of Directors on 14 October 2002, in their first edition, as instructions for the management of transactions with related parties; first extension by resolution of the Board of Directors of 31 July 2006; second extension by resolution of the Board of Directors of 23 March 2007;
   f) *Regulations of the Shareholders' Meetings,* approved by the Ordinary Shareholders' Meeting held on 3 May 2000.

2. **Instructions governing the Board of Directors of Brembo S.p.A.,** drawn up by the Legal & Corporate Affairs Department on 23 March 2005.
3. **Instructions governing the Shareholders' Meeting of Brembo S.p.A.,** drawn up by the Legal & Corporate Affairs Department on 28 February 2005.
4. **Appointment of the Investor Relator,** resolution passed by the Board of Directors on 12 November 2004.

5. **Handling of Price-Sensitive Information and Disclosure of Documents and Information,** approved by the Board of Directors on 17 March 2005.
6. **Delegation of Powers of Brembo S.p.A.,** approved by the Board of Directors on 14 November 2005 and subsequently extended by resolutions of the Board of Directors on 14 November 2006 and 13 November 2008.
7. **Internal Dealing Procedure of Brembo S.p.A.,** approved by the Board of Directors during the meetings held on 19 December 2002, 13 February 2004 and 24 March 2006 (available on the website at www.brembo.com – Investor Relations section – Corporate Governance).
8. **Code of Ethics of Brembo S.p.A.,** approved by the Board of Directors on 11 November 2002 and distributed to all Company employees, and subsequently amended by the Board of Directors on 26 March 2008 (available on the website at www.brembo.com – Investor Relations section – Corporate Governance).
9. **Organisational, Management and Control Model**, approved by the Board of Directors on 11 February 2005 and subsequently extended by resolutions of the Board of Directors on 29 July 2005, 23 March 2007, 26 March 2008 and 29 August 2009 (available on the website at www.brembo.com – Investor Relations section – Corporate Governance).
10. **Procedures for setting up and updating the Register of Insiders**, updated 24 March 2006.

The above-mentioned documents are available at Brembo's Legal & Corporate Department and Investor Relations Office. Any additional information can be requested from the Company's Investor Relations Office (ir@brembo.it).

Corporate Macrostructure

The Brembo macrostructure is outlined in the By-laws in the applicable version approved by the Extraordinary Shareholders' Meeting of 27 April 2007, acknowledging the changes deriving from the reform of corporate law and opting to maintain the so-called "Traditional Model". In detail, the amendments to the By-laws approved by the above-mentioned Extraordinary Shareholders' Meeting held on 27 April 2007 were aimed to bring them in line with the provisions of Legislative Decree No. 303 of 29 December 2006, amending Legislative Decree No. 262 of 28 December 2005, with specific reference to the adoption of:

- a list-based mechanism for the appointment of the Board of Directors, in order to ensure the appointment of one Board member from minority lists;
- the procedures for the appointment of the Manager in charge of the Company's financial reports;
- a list-based mechanism for the appointment of the Board of Auditors, in order to ensure the appointment of a member from minority lists, to be also appointed as Chairman of the Board of Auditors, in compliance with the regulatory framework of reference.

In addition:

- At 31 December 2008, the number of ordinary shares issued by the company was 66,784,450, each with voting rights. The company Nuova FourB S.r.l. (with registered offices in Bergamo) holds 37,744,753 shares, corresponding to 56.52% of Share Capital. However, also pursuant to Art. 2497-bis of the Italian Civil Code, this company plays no role in the management and coordination of Brembo S.p.A.; Brembo S.p.A. also holds 1,440,000 own shares, corresponding to 2.16% of Share Capital;

- Brembo S.p.A. directs, coordinates and controls its subsidiaries, as listed in the 2008 Report on Operations, either directly or through Brembo International S.A. and Brembo Performance S.p.A.;
- the requirements pursuant to Art. 2497-bis of the Italian Civil Code have been complied with;
- there are no syndicate agreements or other Shareholder agreements in existence;
- the Board of Directors holds exclusive responsibility for the extraordinary and ordinary operations of the Company, with the exception of the responsibilities that are reserved for the Shareholders' Meeting, in accordance with Italian laws and the Company By-laws;
- on 26 March 2008, Brembo S.p.A.'s Corporate Governance Manual was amended. The Manual entrenches the provisions of the Corporate Governance Code of Borsa Italiana S.p.A. (edition of 26 March 2006), whereby the limit of nine years in the last twelve years set by the Code of Borsa Italiana S.p.A. (March 2006 edition) for Directors is also applied to Auditors;
- measures were implemented to ensure the proper setting up and smooth functioning of Corporate Organs, the Audit Committee and the Remuneration Committee, as well as the appointment of the Lead Independent Director, always in compliance with the recommendations of the Corporate Governance Code of Borsa Italiana S.p.A. (edition of 26 March 2006). The Nominations Committee was not established, due to the fact that candidates for the office of Company Director are nominated by the Shareholders' Meeting, pursuant to Italian law. The Supervisory Committee (pursuant to Legislative Decree 231/01) was set up on 30 July 2004.

Implementation of Corporate Governance

General Shareholders' Meeting

The Shareholders' Meeting held on 29 April 2008 deliberated on the Annual Financial Statements of Brembo S.p.A. for the year ended 31 December 2007, the Directors' Report on Operations, the Statutory Auditors' Report and the Independent Auditors' Report.
The Shareholders' Meeting also: examined the Consolidated Financial Statements; resolved upon the plan for the purchase and sale of own shares; extended the audit and certification engagement and fee conferred on PricewaterhouseCoopers S.p.A.; renewed the appointment of company officers, at the end of their period of office, using the list voting system.

The following points apply to the procedure adopted to appoint the Corporate Bodies:

- the quorum for presenting lists set by Consob for Brembo S.p.A. is 2.5%;
- no minority list was presented, therefore the members of the Board of Directors and Board of Statutory Auditors were drawn from the majority list presented by the shareholder NuovaFourB S.r.l.;
- all the documentation prescribed in the By-laws and legislation was filed with the registered office and has been published on the website, within the terms specified therein.

A Shareholders' Meeting was held on 18 December 2008 to resolve on the appointment of a member of the Board of Directors pursuant to Art. 2386 of the Italian Civil Code, further

to the Board's co-opting on 6 June 2008 of the Director Mauro Pessi, following the resignation of the Managing Director Stefano Monetini.
The Shareholders' Meeting of 18 December 2008 confirmed the appointment of the Director Mauro Pessi. The Shareholders' Meeting also approved the new plan for the purchase and sale of own shares.

Relations with Shareholders and Institutional Investors

The company takes special care in monitoring relations with shareholders, institutional and private investors, financial analysts and the financial community in general, scrupulously respecting mutual roles and periodically organising meetings both in Italy and abroad.
In 2008, the company held more than 100 meetings with its institutional investors and financial analysts and participated in ten roadshows in Milan (five), London (four), and Frankfurt (one).
Particular attention is also placed on private shareholders, who are mailed a quarterly newsletter containing the latest results approved and updates on the Group's performance.
Disclosure of inside (or price-sensitive) information is regulated by the relevant section in Brembo's Corporate Governance Manual, which adopts in full the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market.
Specifically, in compliance with the procedure for handling reserved and price-sensitive information, the company undertakes to prepare a report for the financial community. This report is to be characterised by timeliness, continuity and consistency, and will comply with the principles of correctness, transparency, and equal access to information.
Any and all information of significance for shareholders is disclosed and made available for consultation in a specific section of the corporate website (www.brembo.com – Investor Relations), in both Italian and English.
The Investor Relations office is entrusted to a specific structure, managed by Chief Financial Officer of Brembo S.p.A., Corrado Orsi, who works in close collaboration with the Chairman.
All requests by investors may be sent to the Investor Relator by email (ir@brembo.it), telephone (+39.035.6052145) or by fax (+39.035.6052518).

Internal Dealing

The transparency of transactions in financial instruments issued by the Company, carried out directly or through third-party intermediaries by so-called Insiders (i.e. persons who, by reason of their role within the company, have regular access to inside information) or persons closely related thereto (so-called "Internal Dealing") are currently regulated by article 114 of the Consolidated Finance Law (TUF) and CONSOB's Rules for Issuers (articles 152-sexies et seq).
Brembo's Code of Conduct on Internal Dealing, in force since 2003, was updated during 2006, to comply with the new requirements.
In accordance with statutory provisions, all transactions effected by Insiders in shares issued by the company for an amount exceeding €5,000 per year, must be disclosed to the market. Moreover, such transactions are prohibited in the 15-day black-out periods preceding Board of Directors' meetings called to approve interim and annual financial results.

In 2008, two disclosures were made pursuant to the aforesaid Code. These disclosures are available for consultation on the corporate website.

Board of Directors

The Board of Directors of Brembo S.p.A., appointed by the Shareholders' Meeting of 29 April 2005 and in office until the Shareholders' Meeting called to approve the 2007 financial statements, was composed of 11 directors, including four executive Directors (Alberto Bombassei, Cristina Bombassei, Stefano Monetini, Matteo Tiraboschi), four non-executive and independent Directors (Paolo Biancardi, Giovanni Cavallini, Giancarlo Dallera, Giuseppe Roma) and three non-executive Directors (Giovanna Dossena, Andrea Gibellini, Umberto Nicodano). All non-executive Directors and Directors who qualify as independent complied with the requirements set out by the Brembo S.p.A. Corporate Governance Manual and by Art. 148, paragraph 3 of Legislative Decree 58/98. All the Directors met the requirements of personal integrity, professional standing and respectability imposed by Italian laws and regulations.
Bruno Saita was Secretary to the Board of Directors.

The Board of Directors of Brembo S.p.A., appointed by the Shareholders' Meeting of 29 April 2008 and in office until the Shareholders' Meeting called to approve the 2010 financial statements, is still composed of eleven directors, including four executive Directors (Alberto Bombassei, Cristina Bombassei, Mauro Pessi[1], Matteo Tiraboschi), six non-executive and independent Directors (Giovanni Cavallini, Giancarlo Dallera, Giovanna Dossena, Pasquale Pistorio, Giuseppe Roma, Pierfrancesco Saviotti) and one non-executive Director (Umberto Nicodano). All the non-executive directors and those who qualify as independent comply with the requirements set out by the Brembo S.p.A. Corporate Governance Manual and by Art. 148, paragraph 3 of Legislative Decree 58/98. All the Directors meet the requirements of personal integrity, professional standing and respectability imposed by Italian laws and regulations.
Bruno Saita was re-confirmed as Secretary to the Board of Directors.

The Board of Directors met nine times in 2008, at the company's registered office and/or administrative office. In accordance with the By-laws, each director is informed prior to the Board Meeting about all items on the agenda through a detailed, analytical report, which outlines the information (in descriptive and numerical terms) that directors need to pass the respective resolutions with full knowledge of the facts.
The two tables in the following page indicate, in accordance with Brembo's Corporate Governance Model, the details of the current Directors' appointments, the number of any appointments in other companies, the dates on which Board meetings were held in 2008 and the Directors' rate of attendance.

1 The Shareholders' Meeting of 29 April 2008 appointed Director Stefano Monetini; following his resignation, the Board of Directors co-opted Director Mauro Pessi on 6 June 2008.

Name	Non-executive	Independent	Executive	Other offices
Bombassei Alberto Chairman			x	5
Bombassei Cristina			x	1
Cavallini Giovanni	x	x		2
Dallera Giancarlo	x	x		5
Dossena Giovanna	x	x		2
Nicodano Umberto	x			5
Pessi Mauro			x	–
Pistorio Pasquale	x	x		4
Roma Giuseppe	x	x		3
Saviotti Pierfrancesco	x	x		3
Tiraboschi Matteo			x	4

Meetings of the Board of Directors - 2008

Date of meeting	% of attendance
14. 02. 2008	73%
26. 03. 2008	100%
29. 04. 2008	87%
14. 05. 2008	100%
20. 05. 2008	100%
06. 06. 2008	87%
29. 08. 2008	87%
13. 11. 2008	100%
18. 12. 2008	93%

In addition to the functions attributed to it by law and by the Company By-laws, the Board of Directors is also responsible for the functions envisaged by the Brembo Corporate Governance Manual approved on 23 March 2007. Thus, it is specifically responsible for analysing and sharing annual budgets and strategic plans.
During the year changes were introduced to the Board of Directors' overall remuneration, as approved by the Shareholders' Meeting on 29 April 2008[2].

Chairman of the Board of Directors and Managing Director

On 29 April 2008, the Board of Directors confirmed the appointment of Alberto Bombassei as Chairman of Brembo S.p.A. through to the end of the term of the entire Board. The Chairman is the company's legal representative.

On 29 April 2008, the Board of Directors also appointed Stefano Monetini as Managing Director of the company through to the end of the term of the entire Board. Following his resignation, on 6 June 2008 the Board co-opted Director Mauro Pessi, appointing him Managing Director of the company, with legal representation within the scope of the powers vested in him. Following confirmation of his appointment by the Shareholders' Meeting on 18 December 2008, the Board of Directors, which met on the same day, vested him with the same powers of representation and management conferred with the meeting of 6 June 2008.

2 The financial statements provide details on the remuneration of Directors.

Both the Chairman and the Managing Director have properly carried out their tasks and functions. Delegated organs and persons report to the Board of Directors on their activities, on a quarterly basis.

Delegation of Powers

On 29 April 2008, the Board of Directors granted the Chairman and Managing Director the specific powers listed below.
The Board vested the Chairman, Alberto Bombassei, with broad powers in respect of strategic orientation, the preparation and proposal of guidelines for international expansion, and the Group's financial and restructuring policies.
The Chairman is also invested with the other powers for the purchase and disposal of real estate, representing the company before trade unions, contracting loans and financing repayable in no more than 36 months, and the granting and registration of mortgages.
In accordance with guidelines issued by the Chairman, the Managing Director, Mauro Pessi, who also retains his post as General Manager from an organisational standpoint, is vested with responsibilities for the implementation and management of corporate policy in respect of Business Units, Divisions, all group companies and the management of the human resources supporting operations.
Therefore, the Board retains the power to decide, among other issues, on the purchase and sale of shareholdings in other companies (M&As), the issuance of guarantees to third parties by Brembo S.p.A., and responsibilities regarding annual budgets and strategic plans.
The General Manager, the Division Business Unit Directors and other Central Staff are granted limited powers for ordinary management, in relation to the performance of their respective offices and powers regularly registered with the Company Register of Bergamo.
Information regarding the exercise of powers was submitted during the Board of Directors' meetings held on 14 February 2008, 14 May 2008, 29 August 2008, and 13 November 2008.

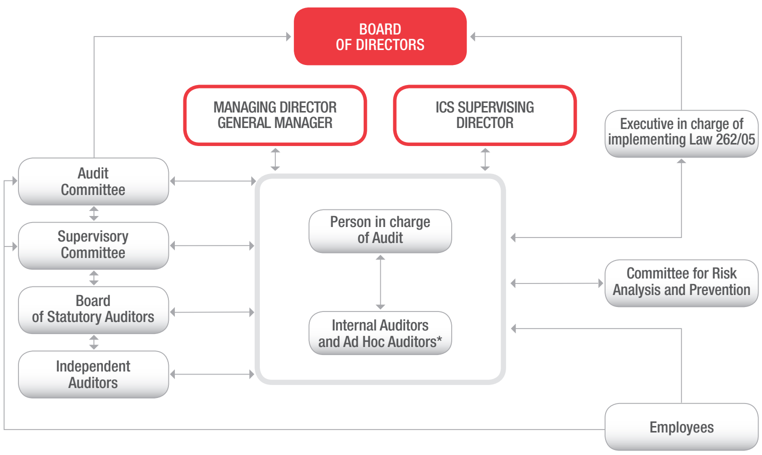
Transactions with Related Parties

On 23 March 2007, the Board of Directors had amended the instructions for the management of transactions with related parties effected by the company, with a view to bringing the same in line with the provisions of Article 150 of Legislative Decree No. 58/98. The instructions also included procedures for the Board of Directors' written and oral reports to the Board of Auditors in respect of all inter-company transactions and transactions with parties other than related parties, that are significant or entail a potential conflict of interests.
Reports on related party transactions were made at the Board meetings of 14 February 2008, 14 May 2008, 29 August 2008 and 13 November 2008.
Due to their purpose and nature, such transactions were not considered outside of the company's normal course of business; furthermore, they did not present any critical issues, were within the range of market values for similar transactions and were not material in amount.

Internal Control System

Brembo's internal control system complies with the principles set out in Borsa Italiana's Corporate Governance Code (fully acknowledged by Brembo's Corporate Governance Manual) and is organised as follows:

INTERNAL CONTROL SYSTEM



* Selected on a case-by-case basis based on the relevance of their professional expertise to the problems at hand.

Board of Directors

The Board of Directors defines the general guidelines within the internal control system, so that the main risks pertaining to Brembo S.p.A. and Group companies are properly identified, as well as adequately measured, managed and monitored. It also sets criteria to ensure that such risks are compatible with sound and proper management of the company.

The Board of Directors carries out an annual appraisal that the internal control procedures are adequate, effective and operating efficiently. For 2008, the Board of Directors expressed its assessment and respective guidelines in the meeting of 19 March 2009, based on the reports received from the Executive Director in charge of overseeing the functioning of the Internal Control System, the Chairman of the Audit Committee, the Chairman of the Supervisory Committee and the Internal Auditor.

Audit Committee

In 2008, the Audit Committee, made up of the Directors Giuseppe Roma (Chairman), Giovanna Dossena and Giancarlo Dallera, continued its activities. The Committee operated with the same composition of non-executive and independent Directors whose role is to submit proposals and provide advice. On 23 March 2007, the Board of Directors assessed as adequate the audit expertise of two members of the Audit Committee, Giovanna Dossena and Giuseppe Roma, since they are enrolled in the Registry of Auditors.

In 2008, the Audit Committee held five fully minuted meetings (6 February 2008; 17 March 2008; 12 May 2008; 16 July 2008; 4 November 2008) in which:

a) it expressed its opinion on the proper use of the accounting standards and their consistency in the Group for purposes of preparing the consolidated financial statements, based on the information provided by the Manager in charge of the company's financial reports and by the independent auditors;
b) on the request of the executive director appointed for the purpose, it expressed opinions on specific aspects regarding identification of the main risks facing the company, as well as the design, implementation and management of the internal control system;

c) examined the working plan prepared by the Internal Auditor as well as the periodic reports drawn up;
d) assessed the proposals put forward by auditing firm to obtain the audit engagement, the work program for carrying out the audit and the results thereof as set out in the independent auditors' report and their letter of recommendations;
e) oversaw the effectiveness of the audit process;
f) reported to the Board of Directors on the work carried out and the adequacy of the Internal Control System for 2008, through reports presented by the Chairman of the Committee on 29 August 2008 and 19 March 2009, at the time of approval of the interim and annual reports.

In particular, in each meeting the Audit Committee analysed:
- the work carried out by the Internal Audit;
- the progress of the work concerning Law 262/05 in Brembo S.p.A. and its extension to Group companies;
- the CFO's disclosures regarding significant transactions and those which are in a potential conflict of interest under existing company rules, expressing a specific opinion.

The Executive Director in charge of overseeing the functioning of the Internal Control System was invited to attend these meetings and the Chairman of the Board of Statutory Auditors also attended, either directly or through his representative.
The Manager in charge of the company's financial reports, the Compliance Officer, audit firm representatives and the Head of the Legal & Corporate Department also attended the meetings for the discussion of specific items on the agenda.

Executive Director in Charge of Overseeing the Functioning of the Internal Control System

On 23 March 2007, the Board of Directors identified an Executive Director in charge of overseeing the functioning of the Internal Control System, in the person of Cristina Bombassei.
This Director submitted for the examination of the Audit Committee on 10 March 2009 and the Board of Directors on 19 March 2009 the main risks identified for the company during 2008, a process involving the company's entire management structure in risk self-assessment, with the support of the Internal Auditor and the Internal Audit Department. The Executive Director informed the Internal Auditor on the monitoring work to be carried out on the improvement plans defined by management.
The Director also proposed that Brembo's risk assessment systems be adapted to comply with new legislation arising from the adoption of European Directives 2003/51/EC and 2004/109/EC, which amended the Italian Civil Code and Consolidated Finance Law (TUF) and introduced a specific obligation to indicate the "main risks and uncertainties" in the financial statements.

Internal Auditor

On 23 March 2007 the Board of Directors, on the proposal of the Executive Director in charge of overseeing the functioning of the Internal Control System and having consulted with the Audit Committee, appointed the Internal Auditor, in the person of Alessandra Ramorino.
The Internal Auditor is the same person as the Internal Audit Director, is a member of Brembo S.p.A.'s Supervisory Committee, is not responsible for any operational area and does not report hierarchically to any operational area manager.
The Internal Auditor has had direct access to all information required to perform her duties, has reported on her work at each

Audit Committee meeting and has attended some meetings of the Board of Statutory Auditors.
On 19 March 2009, the Board of Directors was provided with appropriate information on the results of the work carried out by the Internal Auditor for 2008, through the annual report on the adequacy of the Internal Control System.

Internal Audit

The Internal Audit function reports hierarchically to the Chairman of Brembo S.p.A. and in operational terms to the Audit Committee. As part of its work, Internal Audit maintains constant relations with all the institutional control bodies and with function Managers.

During 2008, Internal Audit was carried out based on the approved three-year audit plan, in line with the actions agreed during the year with the Chairman and Audit Committee. The audit plan includes risk assessments, using the Control Risk Self Assessment method, organisational audits of all Group companies, audits of conformity with law no. 262/05 and legislative decree no. 231/01, operating audits on specific areas of activity and ethics audits on the basis of specific reports received.
Internal Audit activities have continued to be oriented towards risk prevention, the determination of direct action to be taken to eliminate anomalies and irregularities and to support the company in the pursuit of pre-set operating targets.

Legislative Decree 231/01

Pursuant to Legislative Decree 231/2001, on 30 July 2004 the Board of Directors appointed the Supervisory Committee for the first time and on 12 November 2004 approved the first edition of its Organisation, Management and Control Model (hereunder the "Model"), subsequently updated with new editions; the most recent version is available on Brembo's corporate website.
The Supervisory Committee is currently composed of three non-executive and independent directors - Giovanna Dossena (Chairwoman), Giancarlo Dallera and Pierfrancesco Saviotti - and by the Internal Auditor, Alessandra Ramorino.
All specific activities falling under the responsibility of the Supervisory Committee were conducted in compliance with applicable regulations.
The Supervisory Committee held four meetings (6 February 2008; 12 May 2008; 16 July 2008; 13 November 2008), which analysed the Model's solidity and functionality requisites, the procedures for its implementation and the supervisory activities performed.

In detail:
- as part of its analysis of the Model's solidity and functionality requisites, the Supervisory Committee reported on the need to update the Model; the Model was subsequently updated during the meetings of the Board of Directors on 26 March 2008 and 29 August 2008;
- audit activities have been carried out in order to check that the Model is being implemented effectively, with the support of the Internal Audit Department, based on the Supervisory Committee's action plan;
- the work on supervising the Model has involved the analysis of reports received by the Supervisory Committee and an analysis of the flow of information contained in the half-year Report to the Supervisory Committee.

In addition, work continued during 2008 designed to ensure that Brembo has an effective Organisation, Management and Control Model in operation.

More specifically the following additional initiatives were carried out:

- distribution of the new versions of the Model to Group Companies, recommending that individual companies adopt their own Organisation, Management and Control Model;
- training, aimed at top management in Brembo S.p.A. and the contact persons in Group Companies;
- review of partial updating of the risk assessment for sensitive processes of the Model, involving all top management and their operational contacts;
- issue by the Chairman of Brembo S.p.A., on 2 April 2008, of the first attestation on the Organisation, Management and Control Model as required by Borsa S.p.A.

During the year, there were no reports of breaches of regulations subject to the penalties provided for in Legislative Decree 231/2001.

Savings Law No. 262/05:

Pursuant to Law 262/05, the Board of Directors meeting of 29 April 2008 appointed Corrado Orsi, who also serves as Brembo's Chief Financial Officer, as Manager in charge of the company's financial reports.

In Brembo S.p.A. an update was carried out for the processes mapped as in the approved procedure and, at the same time, work started on mapping and updating the administrative procedures and related procedures/instructions in the Group's main companies.

Again during 2008, the Internal Audit Department carried out tests on the application of the key controls envisaged in the proposed administrative processes and related procedures/instructions for Brembo S.p.A. and for certain Group companies.

On conclusion of the tests, Internal Audit reported to the Compliance Officer all the recommendations and points for improvement that emerged.

Appropriateness of the Internal Control and Risk Management System

In the reports of 29 August and 19 March 2009, the Chairman of the Audit Committee expressed the following opinion on Brembo's Internal Control System:

"Based on the work carried out and planned by the Company's Internal Audit and the meetings held with the Internal Auditor, as well as with the Executive Director in charge of overseeing the functioning of the Internal Control System, we are in a position to confirm that the risk prevention activity is carried out systematically in the different business areas of the company and is being gradually extended also to operations of the foreign subsidiaries.

The Parent Company is providing constant guidelines to all Subsidiaries and Associate Companies regarding rationalisation of the procedures and reliability of the processes.

Internal Audit activities also aim at ensuring that control and compliance objectives are shared within each operating sector, with a view to constantly improving efficiency and transparency in individual behaviour".

Remuneration Committee

The Remuneration Committee, reappointed by resolution of the Board of Directors on 23 March 2007, was composed of non-executive and independent Directors Giovanni Cavallini and Giancarlo Dallera, and non-executive Director Umberto Nicodano (Chairman) until 29 April 2008.

Following the renewal of company boards by the Shareholders' Meeting on 29 April 2008, the Remuneration Committee was

re-appointed by resolution of the Board of Directors meeting on the same day and now consists of the non-executive and independent Directors Giovanni Cavallini and Pierfrancesco Saviotti and the non-executive Director Umberto Nicodano (Chairman).
In 2008, the Remuneration Committee held 6 meetings, on 24 January, 26 March, 14 May, 6 June, 29 October and 13 November 2008, respectively.

Board of Statutory Auditors

The Board of Statutory Auditors appointed by the Shareholders' Meeting of 29 April 2005 consisted of the following members: Sergio Mazzoleni (Chairman), Enrico Cervellera and Andrea Puppo (Auditors), Giuseppe Marangi and Mario Tagliaferri (Alternate Auditors). All of them comply with statutory and regulating requirements, as well as the Corporate Governance Manual.
Following the renewal of the appointments by the General Shareholders' Meeting held on 29 April 2008, the Board of Statutory Auditors is now made up of the following members: Sergio Pivato (Chairman), Enrico Colombo and Daniela Salvioni (Auditors), Gerardo Gibellini and Mario Tagliaferri (Alternate Auditors). All of them comply with statutory and regulating requirements, as well as the Corporate Governance Manual.
In 2008, the Board of Statutory Auditors held four meetings and participated in all meetings of the Board of Directors.

Lead Independent Director

Up to the end of the term of office of the previous Board of Directors the role of Lead Independent Director was performed by the non-executive and independent Director Giancarlo Dallera. During the Board of Directors meeting of 26 March 2008, he reported on the results of the evaluation performed on the composition, size and operation of the Board and its committees, pursuant to Art. 1.3 g) of the Corporate Governance Manual.
Following the renewal of the appointments by the Shareholders' Meeting held on 29 April 2008, the Lead Independent Director was appointed by the Board of Directors on the same day in the person of the non-executive and independent Director Pasquale Pistorio, who met with the other independent directors on 29 August 2008 to analyse the operation of the Board and assess suggestions for improvements.

Privacy

In accordance with the "Personal Data Protection Code", as per Legislative Decree 196 of 30 June 2003, Brembo S.p.A. has drafted and updated the prescribed "Security Planning Document" and has implemented all the measures prescribed therein. These measures were extended also to its subsidiaries with registered offices in Italy.
More in detail, the company planned and carried out the necessary initiatives at the organisational, technical, and training levels.
In compliance with the provisions of the Rules for Issuers, data pertaining to trading in own shares by the members of the management and control boards in 2008 are provided in the following page.

Movements in Brembo's Shares Held by Members of the Management and Control Boards

	Shares at 31.12.2007	Shares purchased	Shares sold	Shares at 31.12.2008	Ownership position	Ownership method
Alberto Bombassei	0	0	0	0	N/a	N/a
Alberto Bombassei (Nuova FourB)	37,744,753	0	0	37,744,753	F	I
Paolo Biancardi (*)	0	0	0	0	N/a	N/a
Cristina Bombassei	5,320	0	0	5,320	F	D
Giovanni Cavallini	0	0	0	0	N/a	N/a
Giancarlo Dallera	8,000	30,000	0	38,000	F	D
Giovanna Dossena	0	0	0	0	N/a	N/a
Andrea Gibellini (*)	0	0	0	0	N/a	N/a
Stefano Monetini (*)	0	0	0	0	N/a	N/a
Umberto Nicodano	0	0	0	0	N/a	N/a
Mauro Pessi (1)	0	0	0	0	N/a	N/a
Pasquale Pistorio	0	0	0	0	N/a	N/a
Giuseppe Roma	0	0	0	0	N/a	N/a
Pierfrancesco Saviotti	0	0	0	0	N/a	N/a
Matteo Tiraboschi	0	0	0	0	N/a	N/a
Board of Statutory Auditors						
Sergio Pivato	0	0	0	0	N/a	N/a
Enrico Colombo	0	0	0	0	N/a	N/a
Daniela Salvioni	0	0	0	0	N/a	N/a
Sergio Mazzoleni (*)	0	0	0	0	N/a	N/a
Enrico Cervellera (*)	0	0	0	0	N/a	N/a
Andrea Puppo (*)	0	0	0	0	N/a	N/a

Legend: D = direct control
I = indirect control (through third parties, subsidiaries or trustees)
F = full ownership
N/a = not applicable

It should be noted that the Shareholders' Meeting of 29 April 2008 renewed the appointments to the corporate boards, therefore the table set out above considers the person's movements whilst in office. In some circumstances indicated with (*) possession at 31 December 2008 is not indicated, but rather possession at the end of the term of office, i.e. 29 April 2008.

(1) He also holds the position of General Manager in Brembo S.p.A.

INFORMATION CONCERNING THE BREMBO S.P.A. DIVIDEND PROPOSAL

To conclude the separate Financial Statements of Brembo S.p.A. for the year ended 31 December 2008, based also on the examination of our Report and the Explanatory Notes to the Financial Statements, in which we outlined strategic lines and performance, we submit for your approval our proposal for distributing the entire net income amounting to €16,653,451, as follows:

– to the undistributable reserve established under Article 6, paragraph 2 of Italian Legislative Decree 38/2005 €1,203,890;
– to the undistributable reserve established under Article 2426 (8-bis) of the Italian Civil Code €572,668;
– to the Shareholders a gross dividend of €0.225 per ordinary share outstanding at ex-coupon date, consequently excluding own shares;
– the balance to the extraordinary reserve.

It is also proposed that dividends should be paid as of 7 May 2009, ex-coupon 4 May 2009.

Curno, 19 March 2009

Chairman of the Board of Directors
The Chairman
Alberto Bombassei

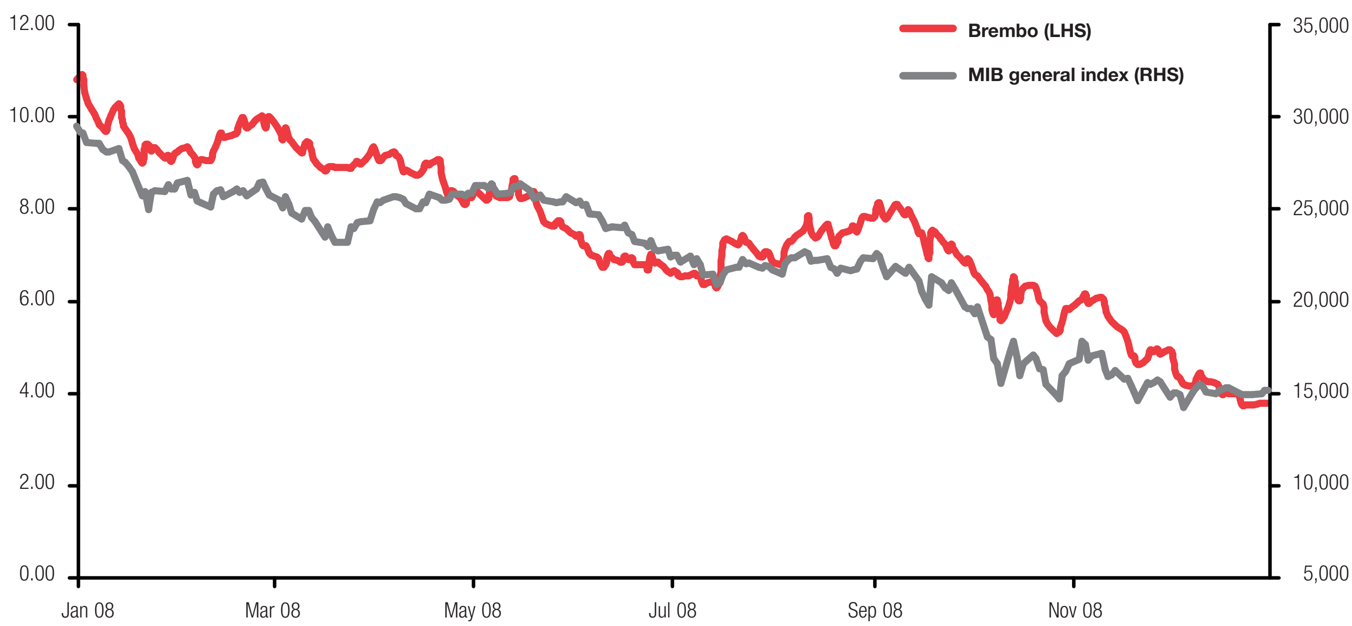
BREMBO S.P.A. STOCK PERFORMANCE

The macroeconomic scenario in 2008 had a negative effect on stocks across all industrial and financial sectors. This included the automotive industry (DJ Stoxx600 Automobiles & Parts), which ended the year down but in line with the rest of the market.

The year was particularly difficult for the car components sector (Bloomberg Auto Parts & Equipment Index), which, at -62%, performed worse than the major indexes and the automotive industry index.

Brembo's stock followed the trend set by the car components sector, underperforming Italy's SPMIB index (-49% for the year) with a loss of 65% for the year and 43% for the second quarter alone. Brembo's stock price decreased from €10.76 to €3.76 during the year, slightly underperforming the sector index in the first half before recording a significant improvement and overperforming the sector by almost 10% in the first weeks of November.

Brembo performance relative to Mib General Index



Source: Thomson Financial Datastream

In recent months, car market news has indicated a marked drop in demand, a significant increase in inventories and a consequent sharp decrease in production. The situation is even worse for luxury vehicles, where "long only" investors have reduced their holdings and the market as a whole has preferred to take on a defensive position. While Brembo's stock did not benefit from the rebounds seen in recent months, it suffered from a combination of lower liquidity and higher volatility due to a steady flow of particularly worrisome news about the automotive industry.

An overview of stock performance of Brembo S.p.A. is given below and compared with that of the previous year.

	31.12.2008	31.12.2007
Share capital (euro)	34,727,914	34,727,914
No. of ordinary shares	66,784,450	66,784,450
Equity (excluding net income for the year) (euro)	167,447,405	154,859,301
Net income for the year (euro)	16,653,451	28,235,853
Net Earnings per Share (euro)	0.249	0.422
Trading price (euro)		
Minimum	3.72	9.10
Maximum	10.86	12.36
Year end	3.76	10.76
Stock Exchange capitalisation (euro million)		
Minimum	248	608
Maximum	725	825
Year end	251	719
Gross dividend per share(*)	0.225 (*)	0.280

(*) To be approved by the Shareholders' Meeting convened on 24 April 2009.

The three main shareholders of Brembo S.p.A at 27 February 2009 were:

	% ownership
Nuova FourB Srl	56.52%
Goodman & Company Investment Counsel Ltd.	2.483%
Insight Investment Management (Global) Ltd.	2.03%

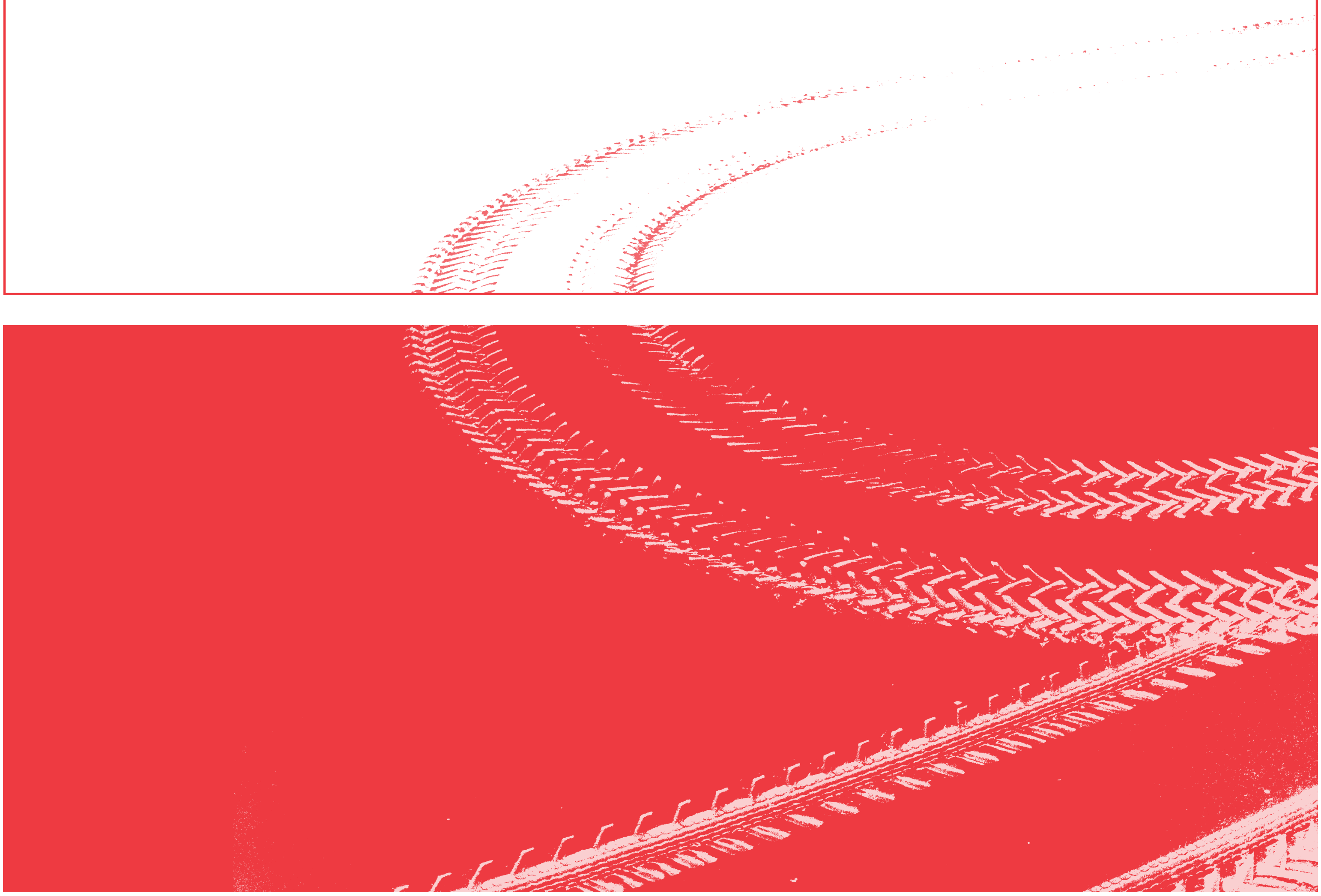
Brembo S.p.A. is not subject to direction and coordination by any companies or entities (such as the majority shareholder Nuova FourB S.r.l.) pursuant to Article 2497 of the Italian Civil Code.

Further information and updates regarding stock performance and recent corporate information are provided on Brembo's website at: www.brembo.com, Investor Relations section.

Investor Relator: Corrado Orsi.

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

PALMARES
2008



BREMBO Braking Systems
CARS

Formula 1	Ferrari (Constructor) - F2008
F3 Euroseries	Nico Hülkenberg - ART Grand Prix
GP2	Giorgio Pantano - Campos Grand Prix
GP2 Asia	Roman Grosjean - ART Grand Prix
World Series by Renault	Gedo Van Der Garde - Tech 1 Racing
Formula Master	Chris Van Der Drift - JD Motorsport
F Nippon	Tsugio Matsuda - Lawson Impul
Superleague Formula	Davide Rigon - Beijing Guoan
NASCAR Sprint Cup	Jimmie Johnson - Hendricks Motorsports Chevrolet
NASCAR Busch Series	Clint Bowyer - Richard Childress Racing Chevrolet
NASCAR Craftsman Truck Series	Johnny Benson - Bill Davis Racing Toyota
24 Hours of Le Mans	
LMP1	Capello / Kristensen / McNish - Audi Sport North America - Audi R10 TDI
LMGT1	Brabham / Garcia / Turner - Aston Martin Racing - Aston Martin DBR9
Le Mans Series	
LMP1	Rockenfeller / Prémat - Audi Sport Joest - Audi R10 TDI
LMGT2	Robert Bell - Virgo Motorsport - Ferrari F430 GT
American Le Mans Series	
LMP1	Luhr / Werner - Audi Sport North America - Audi R10 TDI
FIA GT	
GT1	Bartels / Bertolini - Vitaphone - Maserati MC12
GT2	Bruni / Vilander - AF Corse - Ferrari 430 GT2
Speed World Challenge Drivers' & Manufacturers' Championship	
TC	Peter Cunningham - RealTime Acura - RealTime Acura TSX
GT	Randy Pobst - K-PAX Racing (Constructor) - K-PAX Racing Porsche
Rally	
Production world rally championship	Andreas Aigner - Mitsubishi Lancer Evo IX
Intercontinental rally challenge	Vouilloz Nicolas - Peugeout (Constructor) - Peugeot 207 S2000
European rally championship	Rossetti Luca - Peugeot 207 S2000

AP RACING Braking Systems and Clutches

CARS

		Brakes	Clutches
Single Seater Formula			
Formula 1	Lewis Hamilton - Mclaren Mercedes		•
	Ferrari (Constructor) - F2008		•
IRL	Scott Dixon - Chip Ganassi Racing		•
Indy 500	Scott Dixon - Chip Ganassi Racing		•
GP2	Giorgio Pantano - Racing Engineering		•
A1 GP	Team Switzerland	•	•
F Nippon	Tsugio Matsuda - Lawson Impul	•	
Formula 3			
British	Jaime Alguersuari - Carlin Motorsport	•	•
Nascar			
Sprint Cup	Jimmie Johnson - Hendrick Motorsport	•	
Camping World East	Matt Kobyluck - Chevrolet	•	
Late Model			
Big 8 Series	Jeremy Miller - Ford	•	
ASA Kwik Trip Midwest Tour	Dan Fredrickson - Chevrolet	•	
PASS South Series	Alex Haase - Chevrolet	•	
FASCAR Triple Crown	Brian Finney - Chevrolet	•	
24 Hours of Le Mans			
Le Mans 24Hr GT1 Class	Brabham / Turner / Garcia - AM Racing - Aston Martin DB9R		•
Le Mans 24Hr LMP2 Class	Verstapen / Merksteijn - Van Merksteijn - Porsche RS Spyder	•	
Le Mans Series			
LMS GT1 Class	Moreau / Goueslard - Luc Alphand Adventures - Corvette C6-R	•	•
LMS LMP2 Class	Verstapen / Merksteijn - Van Merksteijn - Porsche RS Spyder	•	
American Le Mans Series			
LMP2 Class	Dumas / Berhard - Penske Racing - RS Spyder Porsche	•	
GT1 Class	Magnussen / O'Connell - Corvette Racing - C6-R Corvette	•	•
GT			
FIA GT1 Class	Bartels / Bertolini - Vitaphone Racing - Maserati MC12		•
Grand Am GT Class	Collins / Edwards - Banner Racing - Pontiac GXP.R GT	•	
Japanese Super GT / GT 500 Class	Motoyama / Trehryer - Nismo GT-R	•	•
	Petronas Toyota - Toyota SC430	•	•
Touring Car			
British	Fabrizio Giovanardi - VX Racing - Vauxhall Vectra	•	•
DTM	Timo Scheider - Audi Sport - Rosberg A4	•	
WTC	Yvan Muller - Oreca - Leon Tdi	•	
Rally			
WRC	Sebastien Loeb - Xsara WRC		•
Middle East Championship	Nasser Al-Attiyah - STi Subaru Impreza	•	

BREMBO Braking Systems
MOTORBIKES

MotoGp World Championship	Valentino Rossi - Yamaha
250cc World Championship	Marco Simoncelli - Gilera
125cc World Championship	Mike Dimeglio - Derbi
Superbike World Championship	Troy Bayliss - Ducati
Superstock World Championship	Brandon Roberts - Ducati
SBK AMA	Ben Spies - Suzuki
SBK UK	Shane Byrne - Ducati
Enduro E3 World Championship	Samuli Aro - Ktm
Motocross MX1 World Championship	David Philippaerts - Yamaha
Motocross MX2 World Championship	Tyla Rattray - Ktm
Motocross MX3 World Championship	Sven Breugelmans - Ktm
Supermotard S1 World Championship	Bernd Hiemer - Ktm
Supermotard S2 World Championship	Adrien Chareyre - Husqvarna

MARCHESINI Wheels

MOTORBIKES

MotoGp World Championship	Valentino Rossi - Yamaha
250cc World Championship	Marco Simoncelli - Gilera
125cc World Championship	Mike Dimeglio - Derbi
Superbike World Championship	Troy Bayliss - Ducati
SBK UK	Shane Byrne - Ducati
AMA Supermoto Lites	Brandon Currie - Yamaha
AMA Supermoto Unlimited	Steve Drew - KTM
Italian Speed Championship (CIV)	Luca Scassa - MV Agusta
Spanish Speed Championship (CEV)	Carmelo Molares Gomez - Team La Glisse
Endurance World Championship	Philippe / Lagrive / Da Costa - Suzuki

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

BREMBO: CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

Consolidated Balance Sheet at 31 December 2008

Assets

(euro thousand)	Notes	31.12.2008	31.12.2007 (*)	Change
NON-CURRENT ASSETS				
Property, plant, equipment and other equipment	1	354,204	327,327	26,877
Development costs	2	40,662	33,055	7,607
Goodwill and other indefinite useful life assets	2	43,265	28,461	14,804
Other intangible assets	2	24,452	12,958	11,494
Shareholdings valued using the equity method	3	830	15,374	(14,544)
Other financial assets (investments in other companies and derivatives)	4	305	2,915	(2,610)
Receivables and non-current assets	5	426	738	(312)
Deferred tax assets	6	14,571	14,344	227
TOTAL NON-CURRENT ASSETS		**478,715**	**435,172**	**43,543**
CURRENT ASSETS				
Inventories	7	197,573	166,059	31,514
Trade receivables	8	189,096	196,610	(7,514)
Other receivables and current assets	9	44,263	37,526	6,737
Financial current assets and derivatives	10	56	777	(721)
Cash and cash equivalents	11	45,617	53,524	(7,907)
TOTAL CURRENT ASSETS		**476,605**	**454,496**	**22,109**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS		**0**	**8,484**	**(8,484)**
TOTAL ASSETS		**955,320**	**898,152**	**57,168**

(*) Revised data following the purchase price allocation process relating to a business combination.

Equity and Liabilities

(euro thousand)	Notes	31.12.2008	31.12.2007 (*)	Change
GROUP EQUITY				
Share capital	12	34,728	34,728	0
Other reserves	12	97,187	120,030	(22,843)
Retained earnings / (losses)	12	109,508	85,881	23,627
Profit / (loss) for the year	12	37,512	60,764	(23,252)
TOTAL GROUP EQUITY		**278,935**	**301,403**	**(22,468)**
MINORITY INTERESTS		**12,075**	**12,591**	**(516)**
TOTAL EQUITY		**291,010**	**313,994**	**(22,984)**
NON-CURRENT LIABILITIES				
Non-current payables to banks	13	107,673	38,498	69,175
Other non-current financial payables and derivatives	13	86,264	84,788	1,476
Other non-current liabilities	14	1,139	8,335	(7,196)
Provisions	15	5,011	3,096	1,915
Provisions for employee benefits	16	22,839	23,551	(712)
Deferred tax liabilities	6	16,732	22,660	(5,928)
TOTAL NON-CURRENT LIABILITIES		**239,658**	**180,928**	**58,730**
CURRENT LIABILITIES				
Current payables to banks	13	180,501	161,033	19,468
Other current financial payables and derivatives	13	8,622	6,654	1,968
Trade payables	17	178,926	186,120	(7,194)
Tax payables	18	3,765	2,439	1,326
Other current payables	19	52,838	46,984	5,854
TOTAL CURRENT LIABILITIES		**424,652**	**403,230**	**21,422**
TOTAL EQUITY AND LIABILITIES		**955,320**	**898,152**	**57,168**

Consolidated Operating Results at 31 December 2008

(euro thousand)	Notes	31.12.2008	31.12.2007 (*)	Change
Sales of goods and services	20	**1,060,771**	**911,885**	**148,886**
Other revenues and income	21	19,167	12,729	6,438
Costs for capitalised internal works	22	13,740	12,499	1,241
Raw materials, consumables and goods	23	(532,067)	(449,856)	(82,211)
Other operating costs	24	(209,858)	(177,545)	(32,313)
Personnel expenses	25	(210,808)	(172,769)	(38,039)
GROSS OPERATING INCOME		**140,945**	**136,943**	**4,002**
Depreciation, amortisation and impairment losses	26	(66,157)	(48,313)	(17,844)
NET OPERATING INCOME		**74,788**	**88,630**	**(13,842)**
Net interest income (expense)	27	(19,422)	(9,909)	(9,513)
Interest income (expense) from investments	28	(1,747)	(2,249)	502
INCOME BEFORE TAXES		**53,619**	**76,472**	**(22,853)**
Taxes	29	(17,383)	(14,878)	(2,505)
INCOME BEFORE MINORITY INTERESTS		**36,236**	**61,594**	**(25,358)**
Minority interests		1,276	(830)	2,106
GROUP NET INCOME FOR THE YEAR		**37,512**	**60,764**	**(23,252)**
BASIC/DILUTED EARNINGS PER SHARE	30	**0.57**	**0.91**	

(*) Revised data following the purchase price allocation process relating to a business combination.

Consolidated Cash-Flow Statement for the Year Ended 31 December 2008

(euro thousand)	31.12.2008	31.12.2007 (*)
Cash and cash equivalents at beginning of year	**(95,311)**	**(71,788)**
Consolidated net income for the year before taxes	**53,619**	**76,472**
Depreciation, amortisation/Impairment losses	66,157	48,313
Capital gains/ losses	(3,027)	(2,162)
Write-ups/Write-downs of shareholdings	1,759	2,253
Financial portion of provisions for payables for personnel	663	620
Long-term provisions for employee benefits	1,080	(2,649)
Income from shareholdings	(12)	0
Other provisions net of utilisations	6,636	1,438
Net working capital generated by operations	**126,875**	**124,285**
Paid current taxes	(12,040)	(31,304)
Uses of long-term provisions for employee benefits	(2,940)	(3,067)
(Increase) reduction in current assets:		
inventories	(20,086)	(19,005)
financial assets	(11,445)	23
trade receivables and receivables from companies valued using the equity method	21,799	(14,443)
receivables from others and other assets	(208)	1,251
Increase (reduction) in current liabilities:		
trade payables and payables to companies valued using the equity method	(28,758)	25,067
payables to others and other liabilities	(2,156)	4,605
Translation differences on current assets	(14,702)	1,009
Net cash flows from / (for) operating activities	**56,339**	**88,421**
Investments in:		
intangible assets	(24,420)	(20,076)
property, plant and equipment	(69,280)	(61,970)
financial fixed assets - shareholdings	(30)	0
acquisition of Hayes Lemmerz USA	0	(15,894)
acquisition of Hayes Lemmerz MX	0	(18,925)
acquisition of Brembo Ceramic Brake Systems S.p.A.	(14,081)	0
acquisition of "Nyabs"	(4,402)	0
acquisition of Sabelt Group	(9,549)	0
acquisition of "KBX"	(10,700)	0
30% capital gain on the disposal of the "HPK" business line	3,524	0
capital contributions to consolidated companies by minority shareholders	49	0
Price for disposal, or reimbursement value of fixed assets	15,045	5,764
Net cash flows from / (for) investing activities	**(113,844)**	**(111,101)**
Dividends paid in the year	(19,775)	(16,028)
Dividends received in the year	12	0
Acquisition of own shares	(7,924)	(3,512)
Loans and financing granted by banks and other financial institutions in the year	101,885	36,237
Repayment of long-term loans	(19,843)	(17,540)
Net cash flows from / (for) financing activities	**54,355**	**(843)**
Total cash flows	**(3,150)**	**(23,523)**
Cash and cash equivalents of acquired companies at acquisition date	**(2,811)**	**0**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(101,272)**	**(95,311)**

(*) Revised data following the purchase price allocation process relating to a business combination.

Statement of Changes in Consolidated Equity

(euro thousand)	Share capital	Other reserves	Retained earnings	Hedging reserve
Balance at 1 January 2007	**34,728**	**107,612**	**71,708**	**1,152**
Allocation of profit for the previous year		4,219	22,698	
Payment of dividends				
Reclassification of Brembo S.p.A.'s FTA reserve		9,737	(9,737)	
Change in reserves from application of IAS 39				60
Change in translation adjustment reserve		1,974 (*)		
Acquisition of own shares		(3,512)		
Net income (loss) for the year				
Balance at 31 December 2007	**34,728**	**120,030** (*)	**84,669**	**1,212**
Allocation of profit for the previous year		9,742	32,527	
Payment of dividends				
Gain on disposal of the "HPK" business line		3,524		
Acquisition of NYABS				
Acquisition of Sabelt Group			(7,444)	
Non-proportional capital contributions to consolidated companies		127		
Change in reserves from application of IAS 39				(1,456)
Acquisition of own shares		(7,924)		
Change in translation adjustment reserve		(28,312)		
Net income (loss) for the year				
Balance at 31 December 2008	**34,728**	**97,187**	**109,752**	**(244)**

Hedging reserves are net of the related tax effect.

(*) Revised data following the purchase price allocation process relating to a business combination.

Profit for the year	Group equity	Net income (loss) of Minority Interests	Share capital and reserves of Minority Interestes	Equity of Minority Interests	Equity
42,945	**258,145**	**1,254**	**11,165**	**12,419**	**270,564**
(26,917)	**0**	(1,254)	1,254	**0**	**0**
(16,028)	**(16,028)**			**0**	**(16,028)**
	0			**0**	**0**
	60		1	**1**	**61**
	1,974 (*)		(659)	**(659)**	**1,315** (*)
	(3,512)			**0**	**(3,512)**
60,764 (*)	**60,764** (*)	830		**830**	**61,594** (*)
60,764 (*)	**301,403** (*)	**830**	**11,761**	**12,591**	**313,994** (*)
(42,269)	**0**	(830)	830	**0**	**0**
(18,495)	**(18,495)**		(1,280)	**(1,280)**	**(19,775)**
	3,524			**0**	**3,524**
	0		2,265	**2,265**	**2,265**
	(7,444)		250	**250**	**(7,194)**
	127		(78)	**(78)**	**49**
	(1,456)			**0**	**(1,456)**
	(7,924)			**0**	**(7,924)**
	(28,312)		(397)	**(397)**	**(28,709)**
37,512	**37,512**	(1,276)		**(1,276)**	**36,236**
37,512	**278,935**	**(1,276)**	**13,351**	**12,075**	**291,010**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

Brembo's Activities

In the vehicle industry components sector, the Brembo Group is active in the research, design, production, assembly and sale of disc braking systems, wheels and light alloy and metal casting, in addition to mechanical processes in general.

The extensive product range consists of high-performance brake callipers, brake discs, wheel-side modules, complete braking systems and integrated engineering services. All of these complement the development of new models placed on the market by vehicle manufacturers. Brembo's products and services are used in the automotive industry, for light commercial and heavy industrial vehicles, motorbikes and racing competitions. Following the acquisition of Sabelt, the Group now also operates in the passive safety industry.

Production currently takes place in Italy, Spain, Poland, the United Kingdom, the United States, Mexico, Brazil, China and India. Products are also marketed through companies located in Japan, Sweden, the United States and the United Kingdom.

Form and Content of the Consolidated Financial Statements

Introduction

The Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2008 have been prepared in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2008, issued by the International Accounting Standard Board (IASB) and endorsed by EC Regulations. IFRS means all international accounting standards and all interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

The Financial Statements comprise the Balance Sheet, the Income Statement, the Statement of Changes in Equity, the Cash Flow Statement and these Explanatory Notes, which include a list of the main accounting standards adopted and other explanatory notes, in accordance with the requirements of IFRS. The Consolidated Financial Statements include the Financial Statements of the Parent Company, Brembo S.p.A., at 31 December 2008, and the Financial Statements of the companies controlled by Brembo S.p.A. pursuant to IFRS (IAS 27).

Basis of Preparation and Presentation

The Consolidated Financial Statements were prepared on the basis of financial statements for the year ended 31 December 2008, drafted by the Boards of Directors or, when available, of financial statements approved at the Shareholders' Meetings of the relevant consolidated companies, appropriately adjusted to align them with Group classification criteria and accounting principles.

The Consolidated Financial Statements have been prepared in accordance with the general principle of providing a true and fair presentation of the Group's assets and liabilities, financial position, results and cash flow, based on the following general assumptions: going concern, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting and comparative information.
The administrative period and the closing date for preparing the Consolidated Financial Statements correspond to the ones for the financial statements of the Parent Company and all the consolidated subsidiaries.
The Consolidated Financial Statements are presented in euro, which is the functional currency of the Parent Company, Brembo S.p.A., and all amounts are rounded to the nearest thousand unless otherwise indicated.

As further specified below, for comparison purposes, certain amounts in the 2007 financial statements were revised upon completion of the purchase price allocation process for the business combination of Brembo North America Homer Ltd. and Brembo Mexico Apodaca S.A. de C.V., which were acquired in November 2007.

Preparing financial statements in compliance with the applicable accounting standards requires management to make estimates that may have a significant effect on the items reported in the accounts. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the current circumstances and given the information available at the reporting date. Actual results may differ from these estimates. Estimates and associated assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which such estimates are revised. Decisions made by company management that have a significant impact on the financial statements and estimates, with a significant risk of material adjustments to the book value of assets and liabilities in the next accounting period, are discussed in the notes to the individual financial statement entries. Estimates are mainly used in reporting provisions contingencies, inventory obsolescence, depreciation and amortisation, write-downs of assets, employee benefits, taxes and other provisions and in determining the fair value of financial instruments, especially derivatives, the useful life of certain fixed assets and purchase price allocation processes for business combinations.
The fair value of financial instruments traded in active markets is based on price quotations at the reporting date. The fair value of financial instruments that are not traded in active markets (such as derivative contracts) is determined using specific valuation techniques. Specifically, as indicated below, the fair value of Interest

Rate Swaps (IRS) is determined using the discounted cash flow technique, and the fair value of forward foreign exchange contracts is determined by reference to projected forward exchange rate curves applicable to such financial instruments. The fair value of other derivatives is determined using the forward curves of the indexes specified in the related contracts.

The Group made the following choices in relation to the presentation of the financial statements:

- for the Balance Sheet, there is separate disclosure of current and non-current assets, assets held for sale and current and non-current liabilities. Current assets, which include cash and cash equivalents, are those assets which will be realised, sold or consumed within the Group's normal operating cycle; current liabilities are obligations that will be liquidated within the Group's normal operating cycle or within twelve months of the close of the accounting period;
- in the Income Statement, expense and income items are stated based on their nature;
- for the Cash Flow Statement, the indirect method was used, as indicated in IAS 7.

The financial statements presented herein comply with CONSOB resolution No. 15519 of 27 July 2006.

Changes in Accounting Standards

The valuation and measurement criteria used are based on IFRS and relevant interpretations in force as of 31 December 2008 and endorsed by the European Union.

Accounting standards and interpretations effective from 1 January 2008 and endorsed:

- IFRIC 11 - IFRS2 (Group and Treasury Share Transactions), applicable to accounting periods starting in 2008. It explains how to apply IFRS 2 (Share-based Payment) to relevant agreements involving an entity's own equity instruments or equity instruments of an entity in the same group (e.g. equity instruments of its parent company); it does not currently apply to the Group.
- IFRIC 14 – IAS 19 (Defined Benefit Assets and Minimum Funding Requirements), applicable from 1 January 2008. Its adoption did not have an impact on the 2008 financial statements.
- On 13 October 2008, the IASB issued an amendment to IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments: Disclosures) that, in certain circumstances, permits reclassification of some financial instruments out of the "fair value through profit or loss" category. The amendment also allows loans and receivables to be reclassified from the "available-for-sale" category to the "held-until-maturity" category if the company has the intention and ability to hold the financial asset for the foreseeable future. The amendment is effective from 1 July 2008. Its adoption did not have an impact on the 2008 financial statements, as the Group did not exercise any of the options presented.

Accounting standards and interpretations effective from 1 January 2008 but not yet endorsed:

- IFRIC 12 (Service Concession Arrangements), applicable from 1 January 2008 but not yet endorsed by the European Union. The situations addressed by the standard do not apply to the Group.

Accounting standards and interpretations not yet effective:

- On 30 November 2006, the IASB issued IFRS 8 (Operating Segments), which has replaced IAS 14 (Segment Reporting) from 1 January 2009. The new financial reporting standard requires that segment reports be based on the elements used by management to make operating decisions. As such, it requires that operating segments be identified on the basis of internal reporting, which is regularly reviewed by management with the aim of allocating resources to different segments as well as for performance analyses. IFRS 8 has been endorsed by the European Union and the Brembo Group is currently assessing the impact of applying such standard.
- On 29 March 2007, the IASB issued a revised version of IAS 23 (Borrowing Costs), effective from 1 January 2009. The new version removes the option that allows entities to immediately recognise in their income statements borrowing costs attributable to assets that normally take a substantial amount of time to become ready for use or sale. The standard will apply prospectively to borrowing costs associated with assets capitalised from 1 January 2009. The standard has been endorsed by the European Union.
- On 6 September 2007, the IASB issued a revised version of IAS 1 (Presentation of Financial Statements), effective from 1 January 2009. The new version requires entities to present all changes in equity resulting from transactions with shareholders in a statement of changes in equity. Transactions with other parties (comprehensive income) must be presented in a single statement of comprehensive income or in two separate statements (an income statement and a statement of comprehensive income). Changes in equity resulting from transactions with non-shareholders may not be reflected in the statement of changes in equity. The adoption of this standard will have no effect on the financial statements. The standard has been endorsed by the European Union.
- On 17 January 2008, the IASB issued an amendment to IFRS 2 (Vesting Conditions and Cancellations), based on which only service and performance conditions can be considered vesting conditions in the measurement of share-based payment plans. The amendment also clarifies that all cancellations, whether by the entity or counterparty, should receive the same accounting treatment. The amendment is effective from 1 January 2009; the standard has been endorsed by the European Union. The standard does not apply to the Group, at present.
- On 14 February 2008, the IASB issued an amendment to IAS 32 (Financial Instruments: Presentation) and IAS 1 (Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation). The amendment requires that entities classify puttable financial instruments and instruments that impose an obligation on the entity to deliver to another party a pro-rata share of the net assets of the entity as equity instruments. The standard has been endorsed by the European Union.

- On 10 January 2008, the IASB issued a revised version of IFRS 3 (Business Combinations) and amended IAS 27 (Consolidated and Separate Financial Statements). The main revisions to IFRS 3 included the removal of the requirement of measuring every asset and liability at fair value at each step in a step acquisition. In these cases, goodwill is measured as the difference between the value of the equity interest before the acquisition, the consideration transferred and the net assets acquired. Furthermore, if the acquirer purchases less than 100% of the acquiree, the non-controlling interest can either be measured at fair value or using the method specified in IFRS 3 prior to the revision. The revised version also requires that all costs associated with the business combination be expensed and that all liabilities that are subject to contingencies be recognised at the acquisition date. In the amendment to IAS 27, the IASB established that the effects of changes in ownership interests that do not result in a loss of control must be accounted for as equity transactions and therefore recognised in equity. Furthermore, when a parent disposes of its controlling interest in a company but retains an ownership interest, the residual investment must be measured at fair value, with any gains or losses on the disposal recognised in the income statement. Lastly, the amendment to IAS 27 requires that all losses attributable to minority shareholders be allocated to their interest in the equity of the subsidiary, even when such losses exceed the minority interest. At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for the standard and amendment to be applied. Amendments should be applied as of 1 July 2009.
- IFRIC 13 (Customer Loyalty Programmes), applicable from 1 January 2009 but not yet endorsed by the European Union.
- IFRIC 15 (Agreements for the Construction of Real Estate), applicable from 1 January 2009 but not yet endorsed by the European Union.
- On 3 July 2008, the IFRIC issued interpretation IFRIC 16 (Hedges of a Net Investment in a Foreign Operation). The interpretation eliminated the possibility for an entity to apply hedge accounting for a hedge of foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. The interpretation also clarifies that, in the case of the hedge of an interest in a foreign operation, the hedging instrument may be held by any entity in the Group and, if the interest is disposed of, the amount to be reclassified from equity to the income statement must be determined by applying IAS 21 (The Effects of Changes in Foreign Exchange Rates). The interpretation is applicable from 1 January 2009 and has been endorsed by the European Union.
  At the reporting date, the interpretation is not deemed as having material impact on the Group's financial statements.
- IFRIC 17 (Agreements for the Construction of Real Estate), applicable from 1 July 2009 but not yet endorsed by the European Union.
- IFRIC 18 (Customer Loyalty Programmes), applicable from 1 July 2009 but not yet endorsed by the European Union.

- On 22 May 2008, the IASB issued a collection of improvements to IFRS. Those that will require a change in the presentation, recognition and measurement of items in the financial statements are listed below; those that will require terminology or editorial changes with insignificant accounting effects are not included:
  - IFRS 1 (First-time Adoption of International Financial Reporting Standards): the amendment will be applicable from 1 July 2009.
  - IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations): the amendment, which will be applicable from 1 January 2010, essentially establishes that if a disposal plan results in loss of control, all of the subsidiary's assets and liabilities must be reclassified as held for sale, even if the entity retains a minority interest in the subsidiary after the disposal.
  - IAS 1 (Presentation of Financial Statements), revised in 2007: applicable from 1 January 2009, the amendment essentially requires that financial assets and liabilities not designated as held for trading be classified as either current or non-current in the balance sheet.
  - IAS 16 (Property, Plant and Equipment): applicable from 1 January 2009, the amendment essentially establishes that entities whose ordinary activities comprise renting must reclassify assets that are no longer rented and become available for sale to inventories; the proceeds from the sale of such assets must be recognised as revenue. Amounts paid for building or purchasing assets for rental to third parties and proceeds from the sale of such assets must be classified as cash flows from operating activities (not from investing activities).
  - IAS 19 (Employee Benefits): the amendment, which shall be applied prospectively from 1 January 2009 to all changes in benefits subsequent to the same date, clarifies the definition of positive and negative past service costs and establishes that when a plan reduces benefits, only the reduction relating to future service can be recognised immediately in the income statement, while any reduction relating to past service is considered a negative past service cost. The Board also changed the definition of short-term and long-term benefits and amended the definition of return on plan assets to require that this item be disclosed net of any plan administration costs that have not been reflected in the measurement of the defined benefit obligation.
  - IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance): the amendment, which must be applied prospectively from 1 January 2009, requires that benefits of government loans issued at a below-market interest rate be treated as government grants and recognised as set out in IAS 20.
  - IAS 28 (Investments in Associates): the amendment, which must be applied (only prospectively) from 1 January 2009, establishes that any impairment loss recognised for investments valued using the equity method should not be allocated to the separate assets (in particular, goodwill) that make up the carrying value of the investment, but instead should be allocated to the entire value of the investment. Accordingly, if the conditions are met for a subsequent reversal of the impairment, the reversal must be fully recognised.

- IAS 28 (Investments in Associates) and IAS 31 (Interests in Joint Ventures): applicable from 1 January 2009, the amendments require additional disclosures for investments in associates and joint ventures measured at fair value in accordance with IAS 39. IFRS 7 (Financial Instruments: Disclosures) and IAS 32 (Financial Instruments: Presentation) were also amended accordingly.
- IAS 29 (Financial Reporting in Hyperinflationary Economies): the previous version of IAS 29 did not reflect that certain assets and liabilities could be measured on the basis of a current value rather than a historical value. The amendment addressing this possibility must be applied from 1 January 2009.
- IAS 36 (Impairment of Assets): applicable starting 1 January 2009, the amendment requires additional disclosures when the recoverable amount of a cash generating unit is determined using discounted cash flows.
- IAS 38 (Intangible Assets): applicable from 1 January 2009, the amendment addresses the recognition of promotional and advertising costs. It also establishes that, when expenditure is incurred to provide future economic benefits, but no intangible asset is recognised, such expenditure must be recognised as an expense: in the case of goods, when the entity has the right to access those goods; in the case of services, when the entity receives those services. The standard was also amended to allow companies to use the "unit of production" method to determine amortisation of intangible assets with a finite useful life.
- IAS 39 (Financial instruments: Recognition and Measurement): applicable from 1 January 2009, the amendment clarifies how the revised effective interest rate should be calculated for a financial instrument at the termination of a fair value hedge. It also clarifies that the rule restricting the designation of financial instruments as at fair value through profit or loss should not apply to derivative financial instruments that cease or begin to qualify for hedge accounting. Lastly, to avoid conflicts with the new IFRS 8 (Operating Segments), the amendment removes references to the designation of hedging instruments at the segment level.
- IAS 40 (Investment Property): the amendment, which must be applied prospectively from 1 January 2009, establishes that property under construction is within the scope of IAS 40 (not IAS 16). At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for the application of the improvements outlined above.

Consolidation Criteria

Subsidiary companies

Subsidiaries are companies in which the Group has the power to govern, either directly or indirectly, the administrative and operating decisions and obtain the related benefits. Generally, the Group is presumed to have control when it acquires, directly or indirectly, more than 50% of a company's voting rights, also considering potential rights that are immediately exercisable or convertible.

Controlled entities are consolidated on a line-by-line basis in the consolidated accounts from the date control begins until the date control is transferred outside the Group. The carrying value of subsidiaries is eliminated against the Group's share of Equity in those companies, less income for the period. Minority interests in Equity and income for the year of consolidated companies are classified under "Minority Interests" in the Balance Sheet and in the Income Statement.

Associate companies

Associate companies are entities over which the Group has significant influence but does not have control. Generally, the Group is presumed to have a considerable influence when it acquires, directly or indirectly, from 20% to 50% of the company's voting rights.

Equity investments in associate companies are accounted for using the equity method. Based on this method, equity investments are initially stated at cost and then adjusted to reflect changes in the Group's share of Equity in the associate company. The Group's share of the profit or loss of associate companies is recognised separately in the Group's Income Statement from the date significant influence begins until the date significant influence ceases.

Joint ventures

Joint ventures are entities in which the Group has joint control over the economic activities based on a contractual agreement. Joint control exists when the strategic, financial and operating decisions of an entity require the unanimous consent of the parties exercising control.

Investments in joint ventures are accounted for using the equity method and are included in the consolidated accounts from the date joint control begins until joint control ceases.

Business Combinations

Business combinations (established after the date of transition to IFRS) are accounted for using the purchase accounting method described in IFRS 3.

The value of the entity included in the aggregation is the sum of the fair value of the assets acquired and liabilities assumed, including potential liabilities.

The cost of a business combination, identified as the fair value at the date control is assumed of the assets acquired, liabilities assumed and equity instruments issued for the business combination purposes, including any directly attributable costs, is therefore recognised as the fair value at the acquisition date of the assets, liabilities and contingent liabilities that can be identified at acquisition. Any excess of cost of the acquisition over the Group's share of the fair value of the identifiable assets, liabilities and potential liabilities at acquisition are recognised as goodwill. Any negative differences are charged directly to the Income Statement. If the initial cost of a business combination can only be determined provisionally, adjustments to the initial provisional values must be made within twelve months of the acquisition date. Minority interests are recognised on the basis of the fair value of the net assets acquired.

If a business combination involves more than one transaction, with successive share purchases, each transaction

is treated separately using the cost of the transaction and fair value information on the assets, liabilities and potential liabilities at the date of each transaction to determine the amount of any differences.
When the Group obtains control of a company through a subsequent share purchase, the previously held interests are accounted for based on the fair value of identifiable assets, liabilities and contingent liabilities, at the date control is acquired.

Intragroup Transactions

All balances and transactions among consolidated companies, including unrealised income, are eliminated. Unrealised losses on intragroup transactions are eliminated unless they indicate an impairment of the asset transferred.
Unrealised gains and losses on transactions with associate companies or joint ventures are eliminated in proportion to the Group's interest in such entities.

Transactions with Minority Shareholders

In accordance with the accounting policy used by the Group (Economic Entity Model), the impact of transactions with minority shareholders is recognised directly in equity.

Conversion of the Financial Statements of Foreign Companies

The financial statements of the Group Companies included in the Consolidated Financial Statements are denominated in the currency used in the primary market in which they operate (functional currency). The Group Consolidated Financial Statements are denominated in euro, which is the functional currency of the Parent Company Brembo S.p.A.
At year end, the assets and liabilities of subsidiaries, associate companies and joint ventures whose functional currency is not the euro are translated into the currency used to prepare the consolidated Group accounts at the exchange rate prevailing at that date. Income Statement items are translated at the average exchange rate for the period (as it is considered to represent the average of the exchange rates prevailing on the dates of the individual transactions). The differences arising from the translation of initial Equity at end-of-period exchange rates and the differences arising as a result of the different method used for translating the result for the period are recognised under a specific heading of Equity. If consolidated foreign companies are subsequently sold, accumulated conversion differences are reported on the Income Statement.
The goodwill arising from business combinations is accounted for as an asset of the acquired company.

The following table shows the exchange rates used in the translation of financial statements denominated in currencies other than the Group's functional currency (euro).

Euro against other currencies	31.12.2008	Average 2008	31.12.2007	Average 2007
US Dollar	0.718546	0.679923	0.679302	0.729518
Japanese Yen	0.007928	0.006564	0.006063	0.006202
Swedish Krona	0.091996	0.103979	0.105915	0.108089
Slovak Krona	0.033194	0.031977	0.029777	0.029608
Polish Zloty	0.240761	0.284304	0.278280	0.264332
Mexican Peso	0.051993	0.061366	0.062287	0.066755
Pound Sterling	1.049869	1.255835	1.363605	1.461008
Brazil Real	0.308299	0.373874	0.383027	0.375267
Indian Rupee	0.014785	0.015699	0.017235	0.017673
Chinese Renminbi	0.105312	0.097817	0.093002	0.095978

Consolidation Area

The list of consolidated subsidiaries, associate companies and joint ventures that are accounted for using the equity method, along with information regarding their registered offices and the percentage of capital held, is included in Attachments 3 and 4. The consolidation area changed compared to 31 December 2007, as a result of the following events:

- Under the merger agreement signed on 19 February 2008 between Brembo S.p.A. and Sabelt S.p.A., Brembo S.p.A.'s High Performance Kit business unit (braking systems for the car and motorbike upgrade market) and 100% of the shares in Sabelt S.p.A. (owned by Marsiaj and D'Ormea) were transferred into Brembo Performance S.p.A. As previously mentioned, as part of the transaction, 100% of the interests in Brembo Performance North America Inc. and Brembo Performance Japan Co. Ltd. (companies formed by the Group in 2007) have also been transferred to Brembo Performance S.p.A. and these companies have transferred their respective high performance kits business units. The investment in Brembo Performance S.p.A. was initially 50-50; on 4 March 2008 Brembo's interest increased to 70%. Sabelt S.p.A. controls Belt & Buckle S.r.o., which is based in the Slovak Republic, and which also consequently joined the Brembo Group.
- In January 2008, Brembo S.p.A. fully subscribed a USD 3 million capital increase for the subsidiary Brembo China Brake Systems Co. Ltd. The transaction was carried out in preparation of the agreement signed on 4 February 2008, whereby the company acquired the controlling interest in the Chinese investee

company Nanjing Yuejin Automotive Brake System Co. Ltd. (NYABS), based in Nanjing. The acquisition was concluded by the subsidiary Brembo China Brake Systems Co. Ltd., which acquired a 42.25% stake from NAC (Nanjing Automobile Corp.) at a price of about USD 5.9 million, whereas a 27.75% stake was already owned by Brembo S.p.A. The Brembo Group thus directly and indirectly holds 70% of the Chinese company. The business licence, which made the transaction effective and entitled the Brembo Group to exercise control, was received in April 2008.

- On 18 March 2008, Innova Tecnologies S.r.l. was incorporated, with registered offices in Bergamo. The company's activity includes the enhancement and promotion, as well as the construction, renovation, letting and sub-letting of real estate. The company is 30% held by Brembo S.p.A.
- On 23 September 2008, Brembo reached an agreement with Daimler AG to acquire 50% of Brembo Ceramic Brake Systems S.p.A., a joint venture that, prior to that date, had been owned in equal shares. Based on the joint-venture agreement and within the framework of broader agreements with Daimler, the price was set at €9 million.
- On 27 October 2008, Brembo reached an agreement with Bosch Chassis Systems India Ltd. for the acquisition of 50% of KBX Motorbike Products Private Ltd. (based in Pune, India), a joint venture that, prior to that date, had been owned in equal shares by the two companies. The purchase price was €10.7 million. The acquisition procedure was completed in November, following the fulfilment of legal obligations in India.

Further information on the above-mentioned companies is provided in the Report on Operations.

Accounting Principles and Valuation Criteria

Transactions in Currencies Other than the Functional Currency

Transactions in currencies other than the functional currency are initially converted into the functional currency using the exchange rate prevailing at the date of the transaction. At the closing date of the accounting period, monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at that date. Exchange differences arising from such translation are recognised in the Income Statement.
Non-monetary assets and liabilities denominated in currencies other than the functional currency that are carried at cost are translated using the exchange rate prevailing at the transaction date, while those carried at fair value are converted using the exchange rate prevailing on the date the fair value is determined.

Property, Plant, Equipment and Other Equipment

Recognition and Measurement
Property, plant, equipment and other equipment are carried at cost, net of the related accumulated depreciation and any impairment losses. The cost includes the purchase or production price and direct costs incurred for bringing the asset to the location and condition necessary for it to be capable of being operated, with the exception of interest expense and exchange differences.
Subsequent to initial recognition, the asset continues to be carried at cost and depreciated based on its remaining useful life net of any impairment in value, taking into account any residual value.
Land, including land linked to buildings, is recognised separately and is not depreciated since it is regarded as having an indefinite useful life.

Subsequent Costs
Costs for improvements and transformations that increase the value of assets (i.e., they result in probable future economic benefits that can be reliably measured) are recognised in the assets section of the balance sheet as increases to the assets in question or as separate assets. Costs are recognised in profit or loss as incurred, where they relate to repairs and maintenance and do not lead to any significant and measurable increase in productive capacity or in the useful life of the relevant asset.

Depreciation and Amortisation
Depreciation represents the economic and technical loss of value of the asset and is charged from when the asset is available for use; it is calculated using the straight-line method using the rate considered representative of the useful life of the asset.

The range of expected useful lives of property plant and equipment used for calculating depreciation is reported below:

Category	Useful life
Land	Indefinite
Buildings	10 - 35 years
Plant and machinery	5 - 10 years
Industrial and commercial equipment	2.5 - 10 years
Other assets	4 - 10 years

The residual value of the assets and their expected useful lives are reviewed periodically.

Leases

Assets held under finance leases (where the company assumes substantially all the risks and rewards of ownership) are recognised and recorded at the inception of the lease under property, plant and equipment at the fair value of the leased asset or, if lower, the present value of the lease payments. The corresponding liability to the lessor is recorded under financial debt. The methods used to calculate depreciation and the subsequent valuation of the asset are consistent with those used for directly owned assets.
Finance leases where the lessor retains substantially all the risks and rewards incident to ownership are classified as operating leases. Lease payments are recognised in the Income Statement on a straight-line basis over the lease term.

Leasehold improvements

Improvements to third-party assets that can be considered assets are capitalised to the appropriate asset category and depreciated over the shorter of their useful life or the lease term.

Development Costs, Goodwill and Other Intangible Assets

The Group recognises intangible assets when the following conditions are met:

- the asset is identifiable, or separable, or can be separated or removed from the entity;
- the asset is controlled by the Group, meaning that the Group has the power to obtain future economic rewards from the asset;
- it is probable that the Group will enjoy future rewards attributable to the asset.

Intangible assets are initially measured at cost; subsequent to initial recognition, they are carried at cost less amortisation, which is calculated using the straight-line method (beginning on the date the assets are available for use) over their useful life, and net of any impairment losses, taking into account any residual value. The useful life of assets is reviewed periodically.

Development costs – An intangible asset, generated in the development phase of an internal project, which meets the definition of development indicated in IAS 38, is recognised as an asset if it is probable that the Group will enjoy expected future rewards attributable to the asset or process developed and if the cost of the asset or process can be accurately measured. Development costs are charged to the Income Statement. Similarly, in the case of externally acquired intangibles that qualify as research and development costs, only the costs attributable to the development phase are recognised as assets, given that the above requirements are met. Such costs are capitalised under "Development costs underway" and amortised when the development phase is concluded and the asset or process developed generates economic rewards. In the period in which internal development costs that can be capitalised are incurred, these costs are excluded from the Income Statement item "Increase in capitalised internal works" and recognised in the item "Costs for capitalised internal works". Amortisation of development costs is 5 years, representing the mean useful life/duration of the rewards related to the developed product and/or process.

Goodwill and trademarks and other intangible assets – Goodwill arising from business combinations is initially recognised at cost. It represents the excess of the purchase cost over the acquirer's interest in the net fair value of the identifiable assets and contingent liabilities at the purchase date. After the acquisition date, goodwill is no longer amortised; instead, it is allocated to the cash-generating units that are expected to benefit from the synergies deriving from the business combination. Each cash-generating unit is tested for impairment at least once a year, or more frequently if there are indications of impairment (other intangible assets with an indefinite useful life are also treated similarly). If the recoverable value (as defined hereinafter) is less than the carrying value, the goodwill is written down to impaired value. If goodwill is allocated to a cash-generating unit that is partially transferred or discontinued, the goodwill associated with the transferred or discontinued unit is considered for the purpose of determining any gain/loss arising from the transaction.

Trademarks and other intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful lives, based on strategic plans for their expected use.

Impairment of Assets

Goodwill, intangible assets with an indefinite life and development costs underway are systematically tested for impairment at least once a year or when there are any indications of impairment.
Property, plant and equipment as well as intangible assets that are subject to depreciation and amortisation are tested for impairment whenever indications of impairment arise.
Write-downs correspond to the difference between the carrying value and recoverable value of the assets in question. The recoverable value is the greater of the fair value of an asset or cash-generating unit less the costs of disposal and the value in use, which is usually determined as the present value of estimated future cash flows.

If the recoverable amount is less than the carrying amount, the carrying amount is written down to the recoverable amount and, as a general rule, the impairment loss is recognised in the Income Statement. When the impairment loss of an asset (except for goodwill) is subsequently reversed, the carrying value of the asset (or cash-generating unit) is increased to the new estimate of recoverable value, without exceeding the value prior to write down.

Inventories

Inventories of raw materials and finished products are stated at the lower of cost or market value and the corresponding net market value estimated from market trends.
The purchase cost includes costs incurred to bring each asset to the place it is stored.
Manufacturing costs of finished products and semi-finished goods include direct costs and a portion of indirect costs that can be reasonably attributed to the products based on normal system operation; interest expense are excluded. Work in progress is valued at production costs for the year, based on the progress report.
The cost of inventories of raw materials, finished goods, goods for resale and work-in-progress is calculated using the weighted mean cost method.
For raw materials, ancillaries and consumables, the presumable realisable value corresponds to the replacement cost. For finished products and semi-finished goods, the presumable realisable value corresponds to the estimated sales price in the ordinary course of business, less the estimated costs of completion and costs to sell.
Inventories that are obsolete or characterised by a long turnover period are written down based on their possible useful life or realisable value, by creating a special inventory adjustment fund.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances, unrestricted deposits and other treasury investments with original maturities of up to three months. A treasury investment is considered as availability, when it is instantly convertible to cash with minimal risk of any fluctuation in value and, further, it is intended to meet short-term cash requirements and is not held as an investment.
For purposes of the consolidated Cash Flow Statement, cash balances are stated net of bank overdrafts at the end of the period.

Provisions

Provisions include certain or probable costs of a specific nature, the amount or settlement date of which could not be determined at year end. A provision is recognised when:

- there is a present obligation (legal or contractual) as a result of a past event;
- it is probable that resources will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the present value of the expected expenditure required to settle the obligation in question. Any effects of discounting are recognised as borrowing costs in the period in which they occur.
Provisions are periodically updated to reflect changes in cost estimates, timing and present value, if any; revisions to estimates are recognised under the same heading of the Income Statement under which the original provision was recognised and in the Income Statement of the period in which the change is made.
Any provisions for restructuring costs are recognised when the company involved has approved a formal detailed plan and communicated it to affected parties.

Employee Benefits

The Group uses defined-contribution plans, wholly unfunded defined-benefit plans, wholly or partly funded defined-benefit plans and other forms of long-term benefits.

Defined-contribution plans
Defined-contribution plans are post-employment benefit plans under which the company pays or allocates contributions to a separate entity and has no legal or constructive obligation to pay further contributions if, when the benefit right matures, the separate entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods.
These contributions, which are paid for the services rendered by employees, are recognised in the same accounting period in which the services are rendered.

Defined-benefit plans and other long-term benefits
Defined-benefit plans are post-employment benefit plans that entail a future obligation for the company. The company assumes actuarial and investment risks in relation to the plan.
To determine the present value of its obligations relating to such plans and the related service costs, the Brembo Group uses the "Projected Unit Credit Method".
This calculation method requires the use of unbiased and compatible actuarial assumptions about demographic variables (mortality rate and employee turnover rate) and financial variables (discount rates and future increases in salary and benefits). When a defined-benefit plan is wholly or partly funded by

contributions paid either into a fund that is legally separate from the company or to an insurance company, any plan assets are measured at fair value. The obligation is therefore stated net of the fair value of the plan assets that will be used to directly meet such obligation.
Actuarial gains and losses are recognised according to the corridor approach; therefore, actuarial gains or losses arising from changes in actuarial assumptions that exceed the greater of 10% of the value of the plan assets or 10% of the present value of the plan obligations are recognised in the Income Statement based on the expected average remaining working lives of the employees participating in the plans.
Other long-term benefits refer to employee benefits other than post-employment benefits. They are accounted for in the same manner as defined-benefit plans.

Government Grants

Government grants are recognised at fair value, when there is reasonable assurance that all necessary conditions attached to them have been satisfied and the grants will be received.
Grants received in recognition of specific expenses are recognised as liabilities and credited to the Income Statement on a systematic basis over the periods necessary to match the grant income with the related expenditure.
Grants received for defined assets that are recorded as fixed assets are recognised as non-current liabilities and credited to the Income Statement in relation to the period in which depreciation is charged for the relevant assets.

Financial Assets and Liabilities

Equity investments in other entities are measured at fair value; when the fair value cannot be reliably determined, equity investments are measured at cost adjusted for impairment.
All other financial assets are initially recorded at cost, which corresponds to fair value plus ancillary costs.
The Group classifies its financial assets as follows: financial assets at fair value in the Income Statement, receivables and loans, and financial assets available for sale. Financial assets that the Group does not hold for trading, including trade receivables, are initially measured at fair value and subsequently at amortised cost. Trade receivables are subject to an impairment test based on assumptions on their collectability. When a trade receivable is deemed no longer collectable, it is completely written off.
Financial assets available for sale are measured at fair value and changes are recognised in profit or loss.
Financial assets are removed from the balance sheet when the right to receive cash ceases or is transferred and the Group has transferred basically all risks and rewards associated with the financial asset.
Long-term receivables for which an interest rate is not specified are accounted for by discounting future cash flows at market rate, with subsequent recognition of interest in the income statement, in item “Interest income (expense)”.

Loans, payables and other financial and/or trade liabilities with a fixed or determinable maturity are disclosed in this category. Long-term debts are initially recognised at fair value, net of the transaction costs. After initial recognition, these payables are evaluated using the criterion of discounted cost at the effective interest rate.
Long-term payables for which an interest rate is not specified are accounted for by discounting future cash flows at market rate, if the increase in payables arises from the passage of time, with subsequent recognition of interest in the income statement, in item "Interest income (expense)".

Derivative Instruments and Risk Management

Derivative instruments are initially recognised at fair value and adjusted for subsequent changes in fair value. The method used for measuring changes in fair value depends on the designation of the instrument as a hedging instrument and, if such is the case, the indication of the nature of the hedged transaction.
The Group uses derivative instruments in order to hedge the risk of movements in interest rates and exchange rates. In accordance with its defined strategy, the Group does not undertake transactions in derivatives on a speculative basis. Nevertheless, in the event that such transactions are not qualified as hedging operations in accounting terms, they are accounted for as trading transactions. For derivatives designated as hedging instruments, at inception of the hedge, the Group formally documents the relationship between the hedging instruments and the hedged items. The Group also documents, both at inception of the hedge and subsequently, the hedging relationship and the effectiveness of the hedging instrument. In light of the foregoing, the following accounting methods are used:

1. fair value hedge: changes in fair value of hedging instruments are recorded in the Income Statement together with the changes in fair value of the hedged transactions;
2. cash flow hedge: the "effective" portion of the change in fair value of the derivative instrument is initially recognised in Equity and subsequently recognised in profit or loss in the periods in which the hedged transactions affect the Income Statement.
   The "ineffective" portion of the change in fair value is directly recognised in profit or loss.
   When a hedging instrument expires or no longer meets the hedge accounting criteria, any residual portion of the change in fair value in Equity is recognised in profit or loss, consistent with the hedged transaction;
3. derivative instruments that do not qualify as hedges: changes in fair value are recognised in profit or loss.

In the normal course of its business, the Brembo Group is exposed to various risks, each of which is discussed in a separate section below.

Revenues, Other Revenues and Income

Revenue is recognised in the Income Statement on an accrual basis and recognised to the extent that it is probable that the economic benefits associated with the sale of goods or provision of services will flow to the Group and the revenue can be reliably measured.
Revenue is recognised net of sales returns, discounts, allowances and taxes that are directly associated with the sale of the product or provision of the service.

Sales of goods and services are recognised at the fair value of the consideration received when the following conditions are met:
- the risks and rewards associated with ownership of the good are substantially transferred;
- the revenue amount can be measured reliably;
- it is probable that the economic benefits arising from the sale will flow to the company;
- the costs incurred or that will be incurred can be measured reliably.

Interest Income (Expense)

Interest income/expense is recognised as interest income / expense after being measured on an accrual basis using the effective interest rate method.

Income Taxes

A provision is made for current taxes in compliance with the laws in force in the various countries in which the Group operates. Current taxes payable are recognised in the Balance Sheet net of any advance payments.
Deferred tax assets and liabilities are recognised in order to reflect the temporary differences at the reporting date, between the value attributed to an asset/liability for tax purposes and that attributed based on the accounting standards applied. They are measured using the tax rates that are expected to apply in the year when the assets will be realised or the liabilities will be settled, based on prevailing tax rates or those already enacted or substantially enacted at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences or unused tax losses or tax credits to the extent that it is probable that future income will be available against which such differences, losses or credits can be utilised.

Only in the cases listed below, deferred tax assets or liabilities do not have to be recognised for taxable or deductible temporary differences:
- taxable temporary differences arising from the initial recognition of goodwill;

- taxable or deductible temporary differences arising from the initial recognition of an asset or liability, in a transaction other than a business combination that, at the time of the transaction, does not influence accounting or taxable income;
- for equity interests in subsidiaries, associated companies and joint ventures, when the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that such differences will not be reversed in the foreseeable future;

The carrying amount of deferred tax assets is reviewed at the end of every period and is reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow the partial or full use of such assets.
Tax balances (current and deferred) attributable to amounts recognised directly in Equity are also recognised directly in Equity.
Current and deferred tax assets and liabilities are offset only when the legal right of offset exists; such amounts are recognised as receivables or payables in the Balance Sheet.

Dividends

Dividends are recognised when the shareholders' right to receive payment is established under local law.

Segment Reporting

A segment is a distinctly identifiable part of the business subject to different risks and rewards from those of the other segments.
The primary information for the Brembo Group is by activity segment, the "Automotive components" sector being that in which the company operates exclusively. Accordingly, in compliance with IAS 14, the company's primary segment reporting format is based on geographical segments. These business segments are subject to different risks and rewards depending on the specific elements that characterise them.

Geographical segment reporting is based on the geographical location of the assets.
The geographical areas in which the Brembo Group operates that have a distinct risk-reward profile are: Europe, America and Asia.

All income, cash flow and balance sheet figures for the secondary segment as defined by IAS 14 (which, for the Brembo Group, is the "Automotive components" segment) can been taken from the Consolidated Financial Statements.

Financial Risk Management

The Brembo Group is exposed to market, liquidity and credit risk, all of which are tied to the use of financial instruments.
Financial risk management is the responsibility of the central Treasury Department, which, together with the Corporate Finance Department, evaluates the Group's main financial transactions and related risk management policies.

Market Risk (Interest Rates/Exchange Rates)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in prices resulting from shifts in exchange rates, interest rates and equity security prices.

Interest Rate Risk
Interest rate risk applies to variable-rate financial instruments recorded in the balance sheet (particularly short-term bank loans, other loans, leases, bonds, etc.) that are not hedged by derivatives.

Since most of the Brembo's financial debt is subject to variable interest rates, Brembo is exposed to the risk of interest-rate fluctuations.

A sensitivity analysis is provided below to illustrate the effects of a change in interest rates of +/- 50 base points compared to the rates at 31 December 2008 and 31 December 2007, with other variables held constant. The potential impacts were calculated on the variable-rate financial assets and liabilities at 31 December 2008. The above change in interest rates would result in a higher (or lower) annual pre-tax expense of approximately €1,228 thousand (€791 thousand at 31 December 2007).

The average quarterly net financial debt was used to provide the most reliable information possible.

The Group had the following Interest Rate Swap (IRS) agreements outstanding at 31 December 2008 to hedge against interest rate risk:

- The Parent Company, Brembo S.p.A. had an IRS outstanding at year-end on a notional amount of €30 million. It is accounted for using hedge accounting. The hedge was 97.86% effective at 31 December 2008 (compared to 100% at the end of 2007). Applying a shift of 50 basis points to the forward curve at 31 December 2008 would change equity (excluding the tax effect) by +/- €296 thousand (+/- €429 thousand at year-end 2007).
- The Parent Company Brembo S.p.A. has another IRS outstanding on a notional amount of €20 million that does not qualify for hedge accounting, as its purpose is to hedge a portion of short-term debt. Applying a

shift of 50 basis points to the forward curve at 31 December 2008 would impact the income statement by +/- €181 thousand (excluding the tax effect).

- Brembo Poland Spoolka Zoo has an outstanding IRS agreement on an amortising loan with a residual value of €14.2 million at 31 December 2008; this derivative is also accounted for using hedge accounting and is 92.49% effective (103.69% effective in 2007). Applying a shift of 50 basis points to the forward interest rate curve at 31 December 2008, the impact on equity reserves (gross of tax) is +/- €78 thousand (+/- €158 thousand for 2007).
- Sabelt S.p.A. has an outstanding IRS agreement on a notional amount of €1.5 million that does not qualify for hedge accounting, although it was entered into for the purpose of hedging a portion of the company's medium- to long-term financial debt. Applying a shift of 50 basis points to the forward curve at 31 December 2008 would impact the income statement by +/- €37 thousand (excluding the tax effect).

Exchange Rate Risk

Transactional exchange rate risk:
Brembo deals in international markets with currencies other than the euro and is therefore exposed to exchange rate risk.
To mitigate this risk, Brembo uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged and currency forward contracts;

Net currency positions are not systematically hedged. Instead, they are hedged if net flows are significant enough to warrant doing so. Historical and predicted trends for the exchange rates in question are also assessed.
Starting with the exposures at 31 December 2007 and 2008, a percentage change calculated as the standard deviation of the exchange rate with respect to the average exchange rate was applied to the average exchange rates for 2007 and 2008 to measure exchange rate volatility.

(euro thousand)	31.12.2008 Change %	Increase	Decrease	31.12.2007 Change %	Increase	Decrease
Euro/Gbp	5.17%	11.5	(12.7)	2.42%	(50.1)	52.6
Euro/Jpy	10.51%	139.6	(172.4)	2.47%	57.8	(60.8)
Euro/Sek	4.40%	(58.8)	64.2	1.10%	(1.2)	1.2
Euro/Usd	7.03%	(52.9)	60.9	3.89%	92.9	(100.4)
Euro/Pln	5.68%	614.2	(688.2)	1.12%	230.0	(236.2)
Euro/Brl	8.62%	175.3	(208.4)	3.13%	26.3	(28.0)
Usd/Pln	11.36%	(47.9)	60.2	6.02%	(66.8)	75.4
Usd/Mxn	9.39%	410.2	(495.2)	1.12%	(64.0)	65.5
Euro/Cny	8.38%	59.2	(70.0)	2.35%	(24.9)	26.1
Usd/Cny	1.96%	(4.9)	5.1	1.69%	(53.5)	55.3
Brl/Usd	13.04%	26.4	(34.3)	NA	NA	NA
Pln/Gbp	5.22%	(5.2)	5.8	NA	NA	NA
Gbp/Usd	9.61%	22.2	(27.0)	NA	NA	NA
Mxn/Euro	4.93%	28.5	(31.5)	NA	NA	NA
Jpy/Usd	5.49%	0.7	(0.8)	NA	NA	NA
Cny/Jpy	5.01%	0.8	(0.8)	NA	NA	NA
Total		**1,318.8**	**(1,545.0)**		**146.6**	**(149.3)**

Commodity Risk

Brembo S.p.A. entered into a derivative contract to lock in energy prices for all of 2009 for a notional annual volume of 70 million Mwh.

Hedge accounting was not used for this instrument. Applying a shift of 5 basis points to the forward curve at 31 December 2008 would impact the income statement by +/- €346 thousand (excluding the tax effect).

Liquidity Risk

Liquidity risk can arise from a company's inability to obtain the financial resources necessary to guarantee its operation.

To decrease liquidity risk, the Corporate Treasury and Credit area:

1. constantly assesses financial requirements to ensure the appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);
2. obtains adequate credit lines;
3. ensures the appropriate composition of the company's net financial debt, both in terms of maturities and rates with respect to the capital invested.

The following table provides information on payables, other payables and derivatives broken down by maturity.

(euro thousand)	Book value	Contractual cash flows	Within 1 year	From 1 to 5 years	Beyond 5 years
Non/derivative financial liabilities					
Short-term credit lines and bank overdrafts	(146,889)	(146,889)	(146,889)		
Payables to banks (loans and bonds)	(141,285)	(156,878)	(38,111)	(114,621)	(4,146)
Payables to other financial institutions	(60,491)	(65,257)	(3,365)	(60,960)	(932)
Finance leases	(32,328)	(36,757)	(6,834)	(22,286)	(7,637)
Trade and other payables	(188,684)	(188,754)	(188,754)	0	0
Derivative financial liabilities					
Derivatives	(2,067)	(1,795)	(1,444)	(346)	(5)
Total	**(571,744)**	**(596,330)**	**(385,397)**	**(198,213)**	**(12,720)**

The maturities are determined based on the period from the balance sheet date to the expiration of the contractual obligations. The amounts shown in the table reflect undiscounted cash flows.
For fixed- and variable-rate financial liabilities, both principal and interest were considered for the different maturity periods; for variable-rate liabilities, the rate at 31 December 2008 plus the relevant spread.

"Payables to banks" includes three loans subject to financial covenants:

For the Parent Company, Brembo S.p.A.:

• Unicredit loan amounting to €50 million made on 11 December 2008 and maturing on 31 December 2013.

The loan is subject to the following covenants:

1) Net Financial Debt/EBITDA (<3.5)
2) EBITDA/Net Interest Expense (>4)
3) Net Financial Debt/Equity (≤1,7)

The above ratios calculated based on the consolidated financial statements at 31 December 2008 (in accordance with the loan agreement) are as follows:

1) Net financial Debt/EBITDA =2.39
2) EBITDA/Net Interest Expense =7.26
3) Net Financial Debt/Equity =1.16

If the covenants are not met, the bank can request early repayment. Considering that Brembo's ratios complied with the covenants, the loan was distributed in the table according to its contractual maturities.

- "Intesa San Paolo IMI L.100" loan made on 17 March 2006 in the amount of €4,654 thousand maturing on 20 March 2014.

  The loan is subject to the following covenants:

  1) Net financial Debt/Equity ≤1.2
  2) Net financial Debt/Gross Operating Income ≤2.75

If the covenants are not met, the bank can request early repayment. Considering that the two covenants calculated using Brembo Group consolidated figures (as contractually agreed) are below the specified limits (1.16 and 2.39, respectively), the loan was distributed in the table according to its contractual maturities.

- The third loan subject to covenants was made by Intesa San Paolo New York to Brembo North America in the amount of USD 25,000,000 and matures on 10 November 2014.
  The loan is subject to the following covenants:

  1) Net Debt/EBITDA ≤3 (calculated using the Group's consolidated results)
  2) Debt/Equity ≤1.5 (calculated using the financial statements of Brembo North America Inc. used for the consolidation)

If the covenants are not met, the bank can request early repayment. Considering that at 31 December 2008 the two covenants were below the specified limits (2.39 and 0.82, respectively), the loan was distributed in the table according to its contractual maturity.

Management believes that currently available credit facilities, apart from the cash flow generated by current operations, will allow the Group to meet its financial needs arising from investing activities, working capital management, and the payment of payables at their natural expiries, also in the light of actions already implemented and those planned for 2009.
In further detail, at 31 December 2008, unused bank credit facilities were 46.3% (a total of €273.8 million in credit facilities were available).

Credit Risk

Credit risk is the risk that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk arises mainly in relation to trade receivables.

Most parties with which Brembo does business are leading car and motorcycle manufacturers with high credit standing.

Brembo evaluates the creditworthiness of all new customers using assessments from external sources and assigns a credit limit based on its findings.

To complete the information provided on financial risks, a reconciliation is provided below between the classes of financial assets and liabilities identified in the Group's balance sheet and the types of financial assets and liabilities identified based on the requirements of IFRS 7:

		Book value		Fair value	
(euro thousand)	Note:	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Financial assets available for sale		0	0	0	0
Financial assets held for trading		0	0	0	0
Investments held to maturity		0	0	0	0
Loans, receivables and financial liabilities valued at amortised cost:					
Current financial assets		56	85	56	85
Trade receivables		189,296	197,096	189,296	197,096
Loans and other current and non-current assets		39,718	23,632	39,718	23,632
Cash and cash equivalents		45,617	53,524	45,617	53,524
Current and non-current payables to banks		(288,174)	(199,531)	(289,634)	(199,529)
Other current and non-current financial liabilities		(92,819)	(91,442)	(94,412)	(93,153)
Trade payables		(178,926)	(186,120)	(178,926)	(186,120)
Other current liabilities		(47,824)	(40,974)	(47,824)	(40,974)
Other non-current liabilities		(189)	(8,335)	(189)	(8,335)
Financial liabilities available for sale		0	0	0	0
Derivatives		(2,067)	1,564	(2,067)	1,564
Total		**(335,312)**	**(250,501)**	**(338,365)**	**(252,210)**

Fair value was calculated as the present value of future cash flows expected from the instrument in question.

The fair value was calculated for:

- loans, payables to other financial institutions and intercompany loans with maturities greater than 12 months;
- trade receivables and payables were measured at book value as book value is deemed to approximate present value. The same approach was used for held-to-maturity financial assets and payables to banks within 12 months;
- finance leases were valued at cost, as they are outside the scope of IAS 39.

ANALYSIS OF EACH ITEM

Balance Sheet

Foreword

To allow comparison, certain amounts in the 2007 financial statements (approved at the Shareholders' Meeting held on 29 April 2008) were revised upon completion of the Purchase Price Allocation process for Brembo North America Homer Inc. and Brembo Mexico Apodaca S.A. de C.V., which were acquired in November 2007. The differences in the Balance Sheet, Income Statement and Cash Flow Statement are shown below.

Assets

(euro thousand)	31.12.2007 Revised data following the business combination	31.12.2007 Approved data	Change
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	327,327	327,970	(643)
Development costs	33,055	33,055	0
Goodwill and other indefinite useful life assets	28,461	30,482	(2,021)
Other intangible assets	12,958	10,383	2,575
Shareholdings valued using the equity method	15,374	15,374	0
Other financial assets (investments in other companies and derivatives)	2,915	2,915	0
Receivables and non-current assets	738	738	0
Deferred tax assets	14,344	14,250	94
TOTAL NON-CURRENT ASSETS	**435,172**	**435,167**	**5**
CURRENT ASSETS			
Inventories	166,059	166,059	0
Trade receivables	196,610	196,610	0
Other receivables and current assets	37,526	37,526	0
Financial current assets and derivatives	777	777	0
Cash and cash equivalents	53,524	53,524	0
TOTAL CURRENT ASSETS	**454,496**	**454,496**	**0**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS	**8,484**	**8,484**	**0**
TOTAL ASSETS	**898,152**	**898,147**	**5**

Equity and Liabilities

(euro thousand)	31.12.2007 Revised data following the business combination	31.12.2007 Approved data	Change
GROUP EQUITY			
Share capital	34,728	34,728	0
Other reserves	120,030	120,025	5
Retained earnings / (losses)	85,881	85,881	0
Profit / (loss) for the year	60,764	60,850	(86)
TOTAL GROUP EQUITY	**301,403**	**301,484**	**(81)**
MINORITY INTERESTS	**12,591**	**12,591**	**0**
TOTAL EQUITY	**313,994**	**314,075**	**(81)**
NON-CURRENT LIABILITIES			
Non-current payables to banks	38,498	38,498	0
Other non-current financial payables and derivatives	84,788	84,788	0
Other non-current liabilities	8,335	8,335	0
Provisions	3,096	3,096	0
Provisions for employee benefits	23,551	23,551	0
Deferred tax liabilities	22,660	22,574	86
TOTAL NON-CURRENT LIABILITIES	**180,928**	**180,842**	**86**
CURRENT LIABILITIES			
Current payables to banks	161,033	161,033	0
Other current financial payables and derivatives	6,654	6,654	0
Trade payables	186,120	186,120	0
Tax payables	2,439	2,439	0
Other current payables	46,984	46,984	0
TOTAL CURRENT LIABILITIES	**403,230**	**403,230**	**0**
TOTAL EQUITY AND LIABILITIES	**898,152**	**898,147**	**5**

(euro thousand)	31.12.2007 Revised data following the business combination	31.12.2007 Approved data	Change
Sales of goods and services	911,885	911,885	0
Other revenues and income	12,729	12,729	0
Costs for capitalised internal works	12,499	12,499	0
Raw materials, consumables and goods	(449,856)	(449,856)	0
Other operating costs	(177,545)	(177,545)	0
Personnel expenses	(172,769)	(172,769)	0
GROSS OPERATING INCOME	**136,943**	**136,943**	**0**
Depreciation, amortisation and impairment losses	(48,313)	(48,253)	(60)
NET OPERATING INCOME	**88,630**	**88,690**	**(60)**
Net interest income (expense)	(9,909)	(9,909)	0
Interest income (expense) from investments	(2,249)	(2,249)	0
INCOME BEFORE TAXES	**76,472**	**76,532**	**(60)**
Taxes	(14,878)	(14,852)	(26)
INCOME BEFORE MINORITY INTERESTS	**61,594**	**61,680**	**(86)**
Minority interests	(830)	(830)	0
GROUP NET INCOME FOR THE YEAR	**60,764**	**60,850**	**(86)**
BASIC/DILUTED EARNINGS PER SHARE	**0.91**	**0.91**	

Cash Flow Statement

(euro thousand)	31.12.2007 Revised data following the business combination	31.12.2007 Approved data	Change
Cash and cash equivalents at beginning of year	**(71,788)**	**(71,788)**	**0**
Consolidated net income for the year before taxes	**76,472**	**76,532**	**(60)**
Depreciation, amortisation/Impairment losses	48,313	48,253	60
Capital gains/ losses	(2,162)	(2,162)	0
Write-ups/Write-downs of shareholdings	2,253	2,253	0
Financial portion of provisions for payables for personnel	620	620	0
Long-term provisions for employee benefits	(2,649)	(2,649)	0
Other provisions net of utilisations	1,438	1,437	1
Net working capital generated by operations	**124,285**	**124,284**	**1**
Paid current taxes	(31,304)	(31,304)	0
Uses of long-term provisions for employee benefits	(3,067)	(3,067)	0
(Increase) reduction in current assets:			
inventories	(19,005)	(19,005)	0
financial assets	23	23	0
trade receivables and receivables from other Group companies	(14,443)	(14,443)	0
receivables from others and other assets	1,251	1,287	(36)
Increase (reduction) in current liabilities:			
trade payables and payables to other Group companies	25,067	25,067	0
payables to others and other liabilities	4,605	4,605	0
Translation differences on current assets	1,009	1,007	2
Net cash flows from / (for) operating activities	**88,421**	**88,454**	**(33)**
Investments in:			
intangible assets	(20,076)	(20,076)	0
property, plant and equipment	(61,970)	(61,970)	0
acquisition of Hayes Lemmerz USA	(15,894)	(15,356)	(538)
acquisition of Hayes Lemmerz MX	(18,925)	(19,496)	571
Price for disposal, or reimbursement value of fixed assets	5,764	5,764	0
Net cash flows from / (for) investing activities	**(111,101)**	**(111,134)**	**33**
Dividends paid in the year	(16,028)	(16,028)	0
Acquisition of own shares	(3,512)	(3,512)	0
Loans and financing granted by banks and other financial institutions in the year	36,237	36,237	0
Repayment of long-term loans	(17,540)	(17,540)	0
Net cash flows from / (for) financing activities	**(843)**	**(843)**	**0**
Total cash flows	**(23,523)**	**(23,523)**	**0**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(95,311)**	**(95,311)**	**0**

As evidenced in the tables above, the final determination of the values relating to the acquisition of the aforementioned companies had no material impact on equity or net income; with regard to net income, as the companies were acquired in November, they contributed to this figure for two months only.

1 Property, Plant, Equipment and Other Equipment

The changes in property, plant and equipment are shown in the table below and described in this section.

(euro thousand)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction and payments on account	Total
Historical cost	23,792	99,654	340,852	96,358	20,326	24,990	605,972
Accumulated depreciation	0	(22,683)	(196,007)	(79,257)	(13,277)	0	(311,224)
Balance at 1 January 2007	**23,792**	**76,971**	**144,845**	**17,101**	**7,049**	**24,990**	**294,748**
Changes:							
Translation differences	83	2,021	2,167	4	(66)	123	4,332
Change in consolidation area	82	2,655	14,890	266	40	991	18,924
Reclassification	0	14,110	10,010	892	(279)	(24,843)	(110)
Assets held for sale (IFRS 5)	(1,396)	(6,254)	(815)	(19)	0	0	(8,484)
Acquisitions	323	6,584	35,630	11,554	2,793	5,086	61,970
Disposals	0	(2)	(2,551)	(570)	(83)	0	(3,206)
Depreciation	0	(3,706)	(26,997)	(7,435)	(1,750)	0	(39,888)
Impairment losses	0	(943)	(10)	(6)	0	0	(959)
Total changes	**(908)**	**14,465**	**32,324**	**4,686**	**655**	**(18,643)**	**32,579**
Historical cost	22,883	114,041	392,071	106,442	21,813	6,347	663,597
Accumulated depreciation	0	(22,605)	(214,901)	(84,655)	(14,109)	0	(336,270)
Balance at 1 January 2008	**22,883**	**91,436**	**177,170**	**21,787**	**7,704**	**6,347**	**327,327**
Changes:							
Translation differences	(167)	(4,660)	(8,811)	(548)	(129)	(342)	(14,657)
Change in consolidation area	559	2,524	23,062	1,017	396	1,183	28,741
Reclassification	0	98	2,888	527	(14)	(4,603)	(1,104)
Acquisitions	0	3,974	39,767	13,425	2,114	10,000	69,280
Disposals	0	(92)	(1,701)	(1,451)	(175)	0	(3,419)
Depreciation	0	(4,244)	(36,005)	(9,568)	(1,947)	0	(51,764)
Impairment losses	0	(132)	(36)	(32)	0	0	(200)
Total changes	**392**	**(2,532)**	**19,164**	**3,370**	**245**	**6,238**	**26,877**
Historical cost	23,275	114,980	444,019	118,987	23,423	12,585	737,269
Accumulated depreciation	0	(26,076)	(247,685)	(93,830)	(15,474)	0	(383,065)
Balance at 31 December 2008	23,275	88,904	196,334	25,157	7,949	12,585	354,204

During 2008, property, plant and equipment for a total of €69,280 thousand were purchased.
The above-mentioned investments were mostly made in Italy by the Parent Company, Brembo S.p.A. They involved the purchase of machinery and the development of equipment to increase production levels in the car and motorbike sectors and, more in general, to renovate manufacturing plants and increase their capacity.
Further major investments were made by the subsidiaries Brembo Poland Sp. Zo.o., Brembo Sp. Zo.o and Brembo do Brasil Ltda. to increase their production capacity.
Total depreciation charges for 2008 amounted to €51,764 thousand.
Net disposals for an amount of €3,419 thousand refer to the normal cycle of machinery replacement, as it becomes unusable in production processes. The increase arising from changes in the consolidation area is linked to business combinations carried out in the year (Sabelt, NYABS, BCBS and KBX).

During the first half of the year, the industrial facilities located in San Giovanni Bianco (Bergamo) and Jerago con Orago (Varese) were disposed of for consideration of €6,825 thousand and €1,659 thousand, respectively; at 31 December 2007, these assets had been classified as "Non-current assets held for sale". A total of €1,711 thousand in capital gains was realised. The property located in San Giovanni Bianco was sold to Innova Tecnologie S.r.l., which is 30% owned by Brembo S.p.A.
Impairment losses of €200 thousand refer mainly to writedowns of leasehold improvements whose value is not expected to be recovered in future years through the use of the assets to which they refer.
It should be noted that some of the Parent Company Brembo S.p.A.'s buildings are subject to liens as collateral for loans, for a nominal value of €5,681 thousand (€5,681 thousand at 31 December 2007).

At 31 December 2008, the net book value of assets held under finance leases totalled €38,008 thousand. A breakdown by asset category is provided below:

	31.12.2008		31.12.2007	
(euro thousand)	**Leased**	**Not leased**	**Leased**	**Not leased**
Land	2,371	20,904	1,812	21,071
Buildings	25,269	63,635	23,833	67,603
Plant and machinery	10,144	186,190	11,961	165,209
Industrial and commercial equipment	0	25,157	0	21,787
Other assets	224	7,725	107	7,597
Assets in course of construction and payments on account	0	12,585	0	6,347
Total	**38,008**	**316,196**	**37,713**	**289,614**

Note 13 provides additional information on the Group's financial commitment with respect to assets purchased under finance leases.

2 Intangible Assets (Development Costs, Goodwill and Other Intangible Assets)

Movements in intangible assets are shown in the table below and described in this section.

(euro thousand)	Development costs	Goodwill	Industrial patents and trademarks A	Other intangible assets B	Total other intangible assets A+B	Total
Historical cost	34,207	22,284	24,642	29,774	54,416	110,907
Accumulated amortisation	(8,919)	(6,826)	(22,611)	(25,321)	(47,932)	(63,677)
Balance at 1 January 2007	**25,288**	**15,458**	**2,031**	**4,454**	**6,484**	**47,230**
Changes:						
Translation differences	1	(1,304)	1	(13)	(12)	(1,315)
Change in consolidation area	0	12,301	0	3,595	3,595	15,896
Reclassification	0	0	0	54	54	54
Acquisitions	12,496	2,006	1,700	3,874	5,574	20,076
Disposals	0	0	(1)	0	(1)	(1)
Amortisation	(4,100)	0	(730)	(2,006)	(2,736)	(6,836)
Impairment losses	(630)	0	0	0	0	(630)
Total changes	**7,767**	**13,003**	**970**	**5,504**	**6,474**	**27,244**
Historical cost	45,955	33,578	25,489	37,213	62,702	142,235
Accumulated amortisation	(12,900)	(5,117)	(22,488)	(27,256)	(49,744)	(67,761)
Balance at 1 January 2008	**33,055**	**28,461**	**3,001**	**9,957**	**12,958**	**74,474**
Changes:						
Translation differences	5	(3,097)	0	193	193	(2,899)
Change in consolidation area	735	20,167	2,927	2,013	4,940	25,842
Reclassification	589	0	(2)	263	261	850
Acquisitions	13,750	0	2,912	7,758	10,670	24,420
Disposals	(111)	0	(1)	(3)	(4)	(115)
Amortisation	(5,128)	0	(1,057)	(3,509)	(4,566)	(9,694)
Impairment losses	(2,233)	(2,266)	0	0	0	(4,499)
Total changes	**7,607**	**14,804**	**4,779**	**6,715**	**11,494**	**33,905**
Historical cost	58,711	45,130	30,366	48,245	78,611	182,452
Accumulated amortisation	(18,049)	(1,865)	(22,586)	(31,573)	(54,159)	(74,073)
Balance at 31 December 2008	**40,662**	**43,265**	**7,780**	**16,672**	**24,452**	**108,379**

Development costs

The item "Development costs" includes internal and external costs for development for an historical gross total amount of €58,711 thousand. During 2008, this item changed due to higher costs incurred for jobs begun during the year and jobs begun in previous years for which additional development costs were incurred; amortisation was recognised for development costs associated with products that entered into mass production.

The amount includes development activities for projects underway totalling €22,905 thousand.

The total amount of costs for capitalised internal works charged to the Income Statement during the year amounted to €13,740 thousand.

Impairment losses totalled €2,233 thousand and are included in the Income Statement under "Amortisation and other write-downs". Impairment losses refer to development costs incurred by the Parent Company, Brembo S.p.A., in relation to projects that, consistent with the desire of the customer or Brembo, were not completed or underwent changes in terms of their end destination. All impairment losses recognised in the Income Statement are attributable to the primary geographical segment Europe.

The amortisation of capitalised development costs is recognised under the appropriate heading in the Income Statement.

Goodwill

"Goodwill" increased by a gross amount of €20,167 thousand, as a result of the business combinations carried out during the year. The increase was broken down as follows:

– Sabelt Group: €9,495 thousand;

– Nanjing Yuejing Automotive Brake System Co.: €693 thousand;

– Brembo Ceramic Brake Systems S.p.A.: €1,179 thousand;

– KBX Motorbike Products Pvt. Ltd.: €8,800 thousand.

Goodwill was calculated based on a preliminary, partial identification of the fair value of the assets, liabilities and contingent liabilities acquired. The valuation of these items is still underway and will be completed for the above-mentioned acquisitions no more than 12 months from the date of acquisition. The business combinations of Sabelt and Brembo Ceramic Brake Systems S.p.A. regarded the European area, and those of Nyabs and KBX regarded the Asia area.

At 31 December 2008, the above-mentioned preliminary estimates of the values of the assets and liabilities acquired were as follows:

(euro thousand)	Sabelt Group	NYABS	BCBS	KBX	Total
Property, plant, equipment and other equipment	5,300	3,648	14,487	5,168	28,603
Intangible assets	792	402	68	1,670	2,932
Other financial assets	31	0	0	0	31
Other receivables and non-current assets	15	0	0	0	15
Deferred tax assets	188	0	317	0	505
Inventories	3,958	1,406	8,939	862	15,165
Trade receivables and receivables from other Group companies	8,714	3,861	4,837	2,841	20,253
Other receivables and current assets	585	60	3,195	1,287	5,127
Financial current assets and derivatives	0	0	130	0	130
Liquid assets	300	2,856	1,008	89	4,253
Non-current payables to banks	(1,204)	0	0	0	(1,204)
Other non-current financial assets	(2,192)	0	0	0	(2,192)
Other non-current liabilities	0	0	(652)	0	(652)
Provisions for employee benefits	(292)	0	(168)	0	(460)
Deferred tax liabilities	(55)	0	0	0	(55)
Current payables to banks	(6,134)	0	(928)	0	(7,062)
Other current financial payables and derivatives	0	0	(5,081)	0	(5,081)
Trade payables and payables to other Group companies	(8,803)	(2,687)	(13,323)	(2,950)	(27,763)
Tax payables	(118)	0	(56)	0	(174)
Other current payables	(678)	(1,469)	(973)	(613)	(3,733)
Total assets and liabilities acquired	**407**	**8,077**	**11,800**	**8,354**	**28,638**
Percentage acquired	70%	42.25%	50%	50%	
Shareholding acquired	285	3,413	5,900	4,177	13,775
Cash paid to acquire the business	6,000	4,106	9,000	10,700	29,806
Other costs (due diligence, legal costs)	180	0	0	0	180
30% of the “HPK” business	3,600	0	0	0	3,600
Allocated surplus			(1,921)		(1,921)
Goodwill on previously acquired shares				2,277	2,277
Goodwill	**9,495**	**693**	**1,179**	**8,800**	**20,167**

The carrying amounts of goodwill were tested for impairment at year-end.

The main assumptions used to determine the value in use of the cash-generating units relate to the discount rate and growth rate. Specifically, calculations used cash-flow projections for the 2009-2011 period covered by the corporate business plans. Cash flows beyond the five-year period were extrapolated using a prudential steady 1.5% medium- to long-term growth rate. The discount rate used was 7.5%, reflecting a prudent current market assessment of the time value of money and the risks specific to the asset in question. Based on the previously mentioned impairment tests, the goodwill originally recognised for the Sabelt Group (€9,495 thousand) was written down by €2,266 thousand. The write-down was on the European sector.
If the acquisitions had taken place on 1 January 2008, sales of goods and services and operating income (loss) would have shown the following values:

(euro thousand)	Sabelt Group	NYABS	BCBS	KBX	Total
Sales of goods and services	23,960	13,099	2,942	13,594	**53,505**
Operating income (loss)	(214)	515	2,142	1,336	**3,779**

Other intangible assets

The item "Industrial patents and trademarks" increased by €2,912 thousand partly for the registering of new patents or the filing of existing patents in other countries. Furthermore, as indicated above, on acquisition of 50% of BCBS, the fair value of the patents as determined by an independent appraisal (€2,800 thousand) was recognised under "Patents".
Also during the year, in accordance with related agreements, the "Sabelt" trademark was purchased for a total of €2,000 thousand. The amount will be amortised over 10 years. The value and useful life of the trademark were determined by an independent assessment.
Furthermore, the planned investments related to the Group's gradual implementation of the new Enterprise Resource Planning (ERP) system continued; the portion of the investment pertinent to financial year 2008 was €4,412 thousand.

3 Shareholdings Valued Using the Equity Method (Associate Companies and Joint Ventures)

This item includes Brembo's share of Equity in companies that are accounted for using the Equity method. The following table shows movements in the "Shareholdings" item:

(euro thousand)	31.12.2007	Acquisitions and subscriptions	Change in consolidation area	Exchange rate fluctuations	Write-ups/ Write-downs	31.12.2008
Brembo Ceramic Brake Systems S.p.A.	6,213		(5,898)		(315)	0
Innova Tecnologie S.r.l.	0	30			(30)	0
Nanjing Yuejin Automotive Brake System Co. Ltd.	2,051		(2,235)	132	52	0
KBX Motorbike Products Pvt. Ltd.	6,341		(6,458)	(501)	618	0
Petroceramics S.r.l.	557				28	585
Softia S.r.l.	212				33	245
Total	**15,374**	**30**	**(14,591)**	**(369)**	**386**	**830**

The equity investment in the recently formed Innova Technologie S.r.l. was written down for a total of €293 thousand, of which €263 thousand was recognised among "Provisions for non-current contingencies and charges". The write-down is primarily related to the elimination of Brembo's share of intragroup income. The company purchased the industrial facility located in San Giovanni Bianco from Brembo S.p.A.
The key figures in these financial statements prepared in accordance with IFRS are listed below.

	31.12.2008			31.12.2007	
(euro thousand)	*Softia S.r.l.*	*Innova Tecnologie S.r.l.*	*Petroceramics S.r.l.*	*Softia S.r.l.*	*Petroceramics S.r.l.*
Country	Italy	Italy	Italy	Italy	Italy
% ownership	40%	30%	20%	40%	20%
Assets	1,399	8,385	1,694	1,347	1,520
Liabilities	(789)	(8,455)	(486)	(823)	(457)
Equity (including net income for the year)	(610)	70	(1,209)	(524)	(1,062)
Sales of goods and services	(2,771)	(19)	(1,188)	(2,487)	(1,273)
Net income	86	(170)	146	84	276

4 Other Financial Assets (Including Investments in Other Companies and Derivatives)

This item is broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Shareholdings in other companies	95	1,976
Derivatives	0	873
Other	210	66
Total	**305**	**2,915**

The change in the item "Shareholdings in other companies" mainly refers to the equity investment in Fundimak S.A. de C.V. (5.8%), valued using the cost method and adjusted for impairment losses. The investment in Fundimak had already been written down for €2,500 thousand at 31 December 2007 following the write-down by Fundimak of impaired assets relating to one of its subsidiaries. In the absence of factors or information that would indicate a recovery and considering the problematic nature of Brembo's relationship with the company's minority shareholder, Brembo decided to eliminate the value of the investment by writing it down by €1,882 thousand. Therefore, the write-down was carried out in the America geographical segment.

"Other" includes interest-free security deposits for utilities and car rental agreements.

Further information on the amount pertaining to derivatives is provided in Note 13.

5 Receivables and Other Non-current Assets

This item is broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Trade receivables	200	486
Income tax receivables	180	218
Non-income tax receivables	46	34
Total	**426**	**738**

The item "Trade receivables" mainly comprises the outstanding amount due beyond 12 months for the sale of a painting facility by Brembo Rassini S.A. de C.V. (consolidated company) to Rassini Frenos S.A. de C.V. (minority shareholder in Brembo Rassini S.A. de C.V.).

Tax receivables mostly refer to applications for tax reimbursements.

6 Deferred Tax Assets and Liabilities

The net balance of deferred tax assets and liabilities at 31 December 2008 was broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Deferred tax assets	14,571	14,344
Deferred tax liabilities	(16,732)	(22,660)
Total	**(2,161)**	**(8,316)**

Deferred tax assets and liabilities were generated mainly due to temporary differences for accelerated depreciation and amortisation, capital gains with deferred taxation, other income items subject to future deductions or taxation and other consolidation adjustments.

Provision movements for the year are shown below:

(euro thousand)	31.12.2008	31.12.2007
Balance at beginning of year	**(8,316)**	**(12,871)**
Provision for deferred tax liabilities	(2,349)	(2,837)
Provision for deferred tax assets	7,790	10,529
Use of deferred tax assets and liabilities	2,258	(8,156)
Exchange rate fluctuations	(1,196)	530
Tax rate changes	0	3,447
Other movements	(348)	1,044
Balance at end of year	**(2,161)**	**(8,316)**

The nature of temporary differences that generated deferred tax assets and liabilities is detailed below:

	Assets		Equity and liabilities		Net	
(euro thousand)	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Property, plant, equipment and other equipment	1,858	2,399	16,496	17,750	(14,638)	(15,351)
Development costs	6	0	2,443	6,634	(2,437)	(6,634)
Other intangible assets	117	57	1,220	3	(1,103)	54
Other financial assets	61	0	0	310	61	(310)
Trade receivables	231	266	584	568	(354)	(302)
Inventories	3,646	2,498	259	483	3,887	2,015
Other receivables and current assets	717	6	0	0	717	6
Other financial liabilities	491	431	266	117	225	314
Other liabilities	665	391	27	51	638	340
Provisions	386	699	0	0	386	699
Provisions for employee benefits	3,022	2,072	1,748	1,751	1,274	321
Trade payables	688	1,009	3	0	685	1,009
Other	9,781	9,635	783	112	9,988	9,523
Compensation balance between deferred tax assets and liabilities	(7,097)	(5,119)	(7,097)	(5,119)	0	0
Total	**14,571**	**14,344**	**16,732**	**22,660**	**(2,161)**	**(8,316)**

Deferred tax assets were recognised based on an assessment of their future recoverability in respect of current strategic plans. It should be noted that subsidiary Brembo Poland Spolka Zo.o. is located in a "special economic zone" and is entitled to deduct 50% of its investments from its current taxes each period until 2016. At year-end the company revised its estimate of the recoverability of the tax benefits based on an estimate of the benefit that will be usable in three financial years (the reference period for its corporate plans).

At 31 December 2008, the potential future benefit amounted to PLN 81.3 million (about €19.6 million), with a tax effect amounting to PLN 49.2 million.

On 29 August 2008, the Board of Directors of Brembo S.p.A. approved the exercise of the substitute taxation option afforded by article 1, paragraph 48, of Law 244 of 24 December 2007 (the "2008 Finance Law") to eliminate off-the-books surpluses associated with the item Research and Development. The amount of the substitute tax due is €1,357 thousand, payable in three instalments, the first of which is due on 16 June 2009. A total of €2,896 thousand in deferred taxes was eliminated as a result of the exercise of this option, although the tax requirements regarding reserves specified in Article 109 of Italy's income tax code (TUIR) apply until the first instalment is paid.

7 Inventories

A breakdown of net inventory, which is stated in the balance sheet net of the inventory write-down provision, is given below:

(euro thousand)	31.12.2008	31.12.2007
Raw materials	75,881	66,193
Work in progress	34,262	33,743
Finished products	83,605	61,143
Goods in transit	3,825	4,980
Total	**197,573**	**166,059**

An analysis of the movements of the inventory write-down provision, which at 31 December 2008 totalled €11,032 thousand, is given below:

(euro thousand)	Balance at 31.12.2007	Provisions	Use	Exchange rate fluctuation	Other	Balance at 31.12.2008
Inventory write-down provision	6,665	7,937	(3,994)	(368)	792	11,032

8 Trade Receivables

At 31 December 2008, the balance of trade receivables compared to the previous year was as follows:

(euro thousand)	31.12.2008	31.12.2007
Trade receivables	189,094	194,786
Receivables from associate companies	2	1,824
Total	**189,096**	**196,610**

Trade receivables are stated net of the provision for bad debts, which amounted to €5,562 thousand. Movements in the provision for bad debts are shown below:

(euro thousand)	Balance at 31.12.2007	Provisions	Exchange rate fluctuation	Use	Other movements	Balance at 31.12.2008
Provision for bad debts	**3,939**	2,929	(394)	(1,350)	438	**5,562**

The bad-debt risk is not concentrated in any one area, as the Group has a large number of clients spread across the various geographical areas in which it operates.

The Brembo's maximum credit risk exposure is the book value of the gross financial assets recognised in the balance sheet net of any amounts offset in accordance with IAS 32 and impairment losses recognised in accordance with IAS 39.

Brembo has no credit insurance contracts; however, its business partners are leading car and motorbike manufacturers with high credit standing.

The chosen method of expressing the credit quality of receivables that have not yet expired and have not been written down is the distinction between clients listed on the stock exchange and unlisted clients. Clients that are listed on a stock market or that are directly or indirectly controlled by a listed company or closely connected to listed companies are considered as listed clients.

(euro thousand)	Balance at 31.12.2008	Balance at 31.12.2007
Listed clients	115,344	123,914
Unlisted clients	80,458	76,843
Total	**195,802**	**200,757**

The following table provides details on past due trade receivables that have not been adjusted for impairment, broken down by maturity.

Listed clients

(euro thousand)	31.12.2008	Write-down 2008	31.12.2007	Write-down 2007
Current	107,435	93	117,818	287
Expired by 0 to 30 days	2,741	4	593	21
Expired by 30 to 60 days	2,161	44	2,125	52
Expired by over 60 days	3,007	1,162	3,378	1,474
Total	**115,344**	**1,303**	**123,914**	**1,834**
% Ratio of receivables not written down to total exposure	*5.9%*		*3.7%*	
Total expired receivables, not written down	**6,699**		**4,549**	

Unlisted clients

(euro thousand)	31.12.2008	Write-down 2008	31.12.2007	Write-down 2007
Current	67,705	317	68,954	316
Expired by 0 to 30 days	3,629	173	1,827	134
Expired by 30 to 60 days	1,918	135	1,956	55
Expired by over 60 days	7,206	2,853	4,106	1,449
Total	**80,458**	**3,478**	**76,843**	**1,954**
% Ratio of receivables not written down to total exposure	*11.9%*		*8.1%*	
Total expired receivables, not written down	**9,592**		**6,251**	

9 Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Receivables from others	13,169	3,506
Tax receivables	4,021	10,617
Non-income tax receivables	22,302	19,874
Other receivables	4,771	3,529
Total	**44,263**	**37,526**

"Receivables from others" includes €6,748 thousand due in relation to expansion projects carried out by Parent Company Brembo S.p.A. at the Stezzano facility. Based on the agreements made, the amount will be charged back to Pioneer Investment Management SGRpA. The payment will be made upon acceptance of the buildings by Pioneer in accordance with the framework agreement established between the two parties in 2005.
"Tax receivables" includes the tax credit received in relation to research investments (€2,991 thousand) in accordance with Italy's 2007 Finance Law (paragraphs 280-284 of Article 1) and subsequent amendments. The credit is not added to the company's income or IRAP (regional tax for production activities) tax base and may be used to pay income taxes and IRAP for the period to which the costs refer. The procedures governing the use of the credit are being defined. The amount was recognised in the income statement under "Other revenues and income".

Non-income tax receivables, which mainly included VAT receivables, are reported net of the following provision:

(euro thousand)	Balance at 31.12.2007	Provisions	Exchange rate fluctuations	Use	Balance at 31.12.2008
Write-down provision for non-income tax receivables	(302)	0	0	302	0
Total	**(302)**	**0**	**0**	**302**	**0**

10 Financial Current Assets and Derivatives

This item is broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Other securities	0	2
Derivatives	0	692
Other	56	83
Total	**56**	**777**

Further information on the company's derivatives is provided in **Note 13**.

11 Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	31.12.2008	31.12.2007
Bank and postal accounts	44,945	53,465
Cheques	4	0
Cash-in-hand and cash equivalents	668	59
Total cash and cash equivalents	**45,617**	**53,524**
Payables to banks: ordinary current accounts and foreign currency advances	(146,889)	(148,835)
Cash and cash equivalents from Cash Flow Statement	**(101,272)**	**(95,311)**

The amounts shown can be readily converted into cash and the risk of change in value is not considered material. At the reporting date, it is deemed that the book value of cash and cash equivalents approximates their fair value.

12 Equity

Group Consolidated Equity was €22,468 thousand lower at 31 December 2008 than at 31 December 2007. The positive impact of the Group's net income (€37,512 thousand) was not sufficient to offset the exchange losses arising from the translation of subsidiaries' financial statements denominated in currencies other than the euro (€28,312 thousand), changes in the hedging reserve (€1,456 thousand), dividend payments by Brembo S.p.A. (€18,495 thousand), the buy-back of own shares (€7,924 thousand) and the amount due for the put option on 30% of Brembo Performance S.p.A. granted under the agreement with the former Sabelt shareholders.
Thirty percent of the capital gain realised on the sale of the HPK division by Brembo S.p.A. to Brembo Performance S.p.A., amounting to €3,524 thousand, was recognised among the Group's reserves, in accordance with the accounting policy applied by Brembo to transactions with minority-interest shareholders (the Economic Entity Model).

Share Capital

Subscribed and paid up share capital amounted to €34,728 thousand at 31 December 2008. It is divided into 66,784,450 shares with a nominal value of €0.52 each.
The table below shows the composition of the share capital and a reconciliation of the number of shares outstanding at 31 December 2007 and at 31 December 2008:

(No. of shares)	**31.12.2008**	**31.12.2007**
Ordinary shares issued	66,784,450	66,784,450
Own shares	(1,440,000)	(380,000)
Total shares outstanding	**65,344,450**	**66,404,450**

A further 1,060,000 own shares were purchased in 2008 as part of the buy-back plan. At 31 December 2008, the company held a total of 1,440,000 own shares, representing 2.16% of the share capital, for an overall value of €11,435,811 at a weighted average price of €7.94 per share.

Other Reserves

In accordance with the resolution approved by the Shareholders' Meeting of 29 April 2008, Brembo S.p.A. allocated €4,976 thousand of its 2007 net income to extraordinary reserves and €4,764 thousand to a restricted reserve established pursuant to paragraph 2 of Article 6 of Italian Legislative Decree 38/2005; a resolution was also passed to pay a dividend to Brembo S.p.A. shareholders totalling €18,495 thousand, i.e. €0.28 for each share outstanding at ex-coupon date.
The decrease was due to the aforementioned buy-back of own shares, which was only partially offset by the recognition of 30% of the gain on the disposal of the HPK business unit and the effect of capital contributions by Brembo Performance S.p.A.'s minority shareholders.

Also at the General Shareholders' Meeting of 29 April 2008, the plan for the buy-back of own shares was renewed. According to the plan, the company may purchase and sell, in one or more tranches, during the 18-month term of the plan itself, a maximum of 1,440,000 shares for a price ranging from €0.52 to €15.00 per share. Therefore, the amount of the provision for the buy-back of own shares remained unchanged.
The Shareholders' Meeting held on 18 December 2008 approved a new plan for the buy-back and sale of own shares under which Brembo can buy up to 2,680,000 of its own shares (4.01% of share capital). The maximum potential expenditure to purchase these shares is €26,800,000. The authorisation is valid for a period of 18 months from 18 December 2008. The minimum and maximum price of purchase have been set at €0.52 (fifty-two cents) and €10.00 (ten euro), respectively. The provision for the buy-back of own shares was therefore increased by €16,636 thousand to bring it to a total of €38,236 thousand, by reducing the extraordinary reserve.

Retained Earnings

The decrease is due to the recognition of a financial liability in respect of a put option granted to the minority shareholders of Brembo Performance S.p.A., as established in the agreements with the former Sabelt shareholders, and movements in the hedging reserve.

Share Capital and Reserves Attributable to Minority Interests

The changes in these items are due to the acquisition of Nyabs and Sabelt, the change in the translation adjustment reserve and the payment of dividends by Corporación Upwards '98 S.A.

13 Financial Debt and Derivatives

This item is broken down as follows:

	Balance at 31.12.08			Balance at 31.12.2007		
(euro thousand)	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Payables to banks:						
– ordinary current accounts and advances	146,889	0	146,889	148,834	0	148,834
– loans	33,612	107,673	141,285	12,199	38,498	50,697
Total	**180,501**	**107,673**	**288,174**	**161,033**	**38,498**	**199,531**
Payables to other financial institutions	7,000	85,819	92,819	6,654	84,788	91,442
Derivatives	1,622	445	2,067	0	0	0
Total	**8,622**	**86,264**	**94,886**	**6,654**	**84,788**	**91,442**

The following table provides details on loans and amounts due to other financial institutions:

(euro thousand)	Original amount	Amount at 31.12.2007	Amount at 31.12.2008	Portion due within 1 year	Portion due between 1 and 5 years	Portion due after 5 years
Payables to banks:						
San Paolo IMI loan Law 346/88 (reinforced aluminium project)	3,091	2,330	1,814	652	1,162	0
UBI loans (€25 million)	25,000	0	22,843	4,711	18,132	0
San Paolo I.M.I. L. 100 loan (China project)	4,653	4,693	4,698	510	3,723	465
Centro Banca loan	25,000	0	23,691	4,941	18,750	0
Unicredit loan	50,000	0	49,991	9,991	40,000	0
Intesa San Paolo NY credit line	4,298	2,717	2,885	2,885	0	0
Intesa loan	16,982	16,982	15,483	2,652	10,265	2,566
Unicredito credit line	14,000	6,280	3,513	2,813	700	0
EIB loan	20,000	17,480	14,264	3,381	10,883	0
Cassa di Risparmio di Saluzzo 6400065	300	0	0	0	0	0
Banca Popolare di Bergamo 100598	200	0	22	22	0	0
Unicredit 4012688	500	0	50	50	0	0
Carige 2977895	300	0	0	0	0	0
Banca D'Alba 262101866	250	0	36	36	0	0
Intesa San Paolo 50314002	500	0	105	105	0	0
Unicredit 4040175	300	0	158	61	97	0
Intesa San Paolo 592177	300	0	250	100	150	0
Banca Popolare di Bergamo 100870	350	0	113	113	0	0
Intesa San Paolo 638133	300	0	250	100	150	0
MCC L. 598 Isofix	120	0	120	0	120	0
B.B.V.A. loans	4,000	214	0	0	0	0
0740 Banesto loan	1,000	0	1,000	489	511	0
Total payables to banks	**171,443**	**50,697**	**141,285**	**33,612**	**104,641**	**3,032**
Payables to other financial institutions:						
Production Activity Ministry law 46/82 (CCM Project) - Brembo S.p.A.	2,371	2,201	2,001	284	879	839
MICA Law 46 loan (electrical car)	221	124	101	25	76	0
Simest loan Law 394/USA	2,065	780	474	334	140	0
Simest	0	0	102	102	0	0
Sabelt option	7,130	0	2,980	0	2,980	0
Simest option	4,062	3,952	4,360	0	4,360	0
Centrobanca soft loan	0	0	3	3	0	0
Banca Intesa bond	50,000	50,449	50,469	469	50,000	0
Payables to other financial institutions for leases	53,462	33,936	32,328	5,782	19,204	7,342
Total payables to other financial institutions	**119,311**	**91,442**	**92,819**	**7,000**	**77,638**	**8,181**
TOTAL	**290,754**	**142,139**	**234,104**	**40,611**	**182,280**	**11,213**

The following table provides details on the composition of the Group's debt from financial leases. Instalments are given by principal and interest due.

(euro thousand)	31.12.2008 Instalment	Interest	Principal	31.12.2007 Instalment	Interest	Principal
Within one year	6,630	1,127	5,503	6,582	1,425	5,157
Between 1 and 5 years	22,303	2,672	19,631	23,728	3,567	20,161
After 5 years	7,510	612	6,898	8,902	583	8,319
Total	**36,443**	**4,411**	**32,032**	**39,212**	**5,575**	**33,637**

The following table provides a breakdown of operating leases:

(euro thousand)	31.12.2008 Total	Operating leases	Operating sub-leases	31.12.2007 Total	Operating leases	Operating sub-leases
Within one year	4,839	4,839	0	2,157	2,111	46
Between 1 and 5 years	4,908	4,908	0	2,462	2,403	59
After 5 years	0	0	0	0	0	0
Total	**9,747**	**9,747**	**0**	**4,619**	**4,514**	**105**

The table below shows the debt structure broken down by annual interest rate and currency at 31 December 2008:

(euro thousand)	Fixed rate	Variable rate	Total
Euro	37,639	178,081	215,720
Pound Sterling	16	0	16
US Dollar	0	18,368	18,368
Total	**37,655**	**196,449**	**234,104**

It should be noted that, at 31 December 2008, financial debts backed by collateral amounted to €1,814 thousand (€3,091 thousand at 31 December 2007).

For the entire term of the BEI loan (€20 million), Brembo Poland Spolka Zo.o. has agreed to not grant pledges, mortgages or privileges on the company's assets and revenues to secure other types of financing; the same restrictions apply to the €50 million bond issued by Brembo S.p.A. and Brembo International S.A.

As previously indicated, the Group's compliance with the covenants to which it is subject was verified at the balance sheet date.
At 31 December 2008, the following financial derivatives were accounted for at fair value:

(euro thousand)	31.12.2008 Positive fair value	31.12.2008 Negative fair value	31.12.2007 Positive fair value	31.12.2007 Negative fair value
Cash flow hedge	0	346	1,566	0
Derivatives held for trading	0	1,721	0	0
Total	**0**	**2,067**	**1,566**	**0**

The fair value of financial derivatives was determined considering market values at the reporting date. The Group has entered into the following types of derivative contracts: Interest Rate Swaps (IRS), which are accounted for using cash flow hedge accounting, currency forward contracts, "held for trading" IRSs, and commodity risk hedging instruments. The fair value of IRS was determined by discounting estimated future cash flows, based on the rates curve. The fair value of forward currency transactions was calculated by determining the difference between the transaction's value at the forward rate and the transaction's value at the forward rate calculated from 31 December 2008 up to the expiry date.
The fair value of the other trading derivatives (particularly those entered into to hedge against the risk of fluctuating commodity prices) is determined based on the forecasted performance of the indexes specified in the related contracts.

The following table shows the notional value of the financial derivatives in existence at 31 December 2008:

(euro thousand)	31.12.2008	31.12.2007
Interest rate risk management	65,667	47,500
Currency forwards	4,000	0
Commodities risk	3,546	0
Total	**73,213**	**47,500**

As previously indicated, at 31 December 2008, the Group has an outstanding Interest Rate Swap that was entered into to mitigate its interest rate risk on a loan from Brembo International S.A. with a nominal value of €50 million. The notional value of the IRS is €30 million, meaning that the company has decided to hedge only a portion of the debt. The fair value at 31 December 2008 was -€225 thousand. The derivative was accounted for using hedge accounting (cash flow hedge) and is 97.86% effective. The negative change in fair value, amounting to €976 thousand, was recognised in equity (net of €370 thousand tax effect).

The fair value was determined by discounting estimated future cash flows. The contract commenced on 25 November 2005 and will terminate on 26 October 2010.
Brembo Poland Spolka Zo.o. has also entered into an interest rate swap to hedge a loan granted by European Investment Bank for a nominal value €20 million. The notional value of the IRS is €20 million, meaning that the loan risk is fully hedged, but the IRS matures before the loan (the hedge expires on 15 March 2010 and the loan expires on 15 June 2010).
The fair value at 31 December 2008 was €121 thousand negative. Hedge accounting (cash flow hedge) was used in this case as well. The hedge was designated as partially effective, therefore 92.49% of the change in fair value was recognised in equity, and the remaining 7.51% was charged to the income statement. There was also an outstanding held-for-trading IRS at 31 December 2008. The contract was entered into by Sabelt S.p.A. and had a negative fair value of €73 thousand at that date. As the instrument does not qualify for hedge accounting, changes in fair value are recognised in the income statement.

The following trading derivatives were also outstanding at 31 December 2008:

- an IRS with a notional value of €20 million and maturing in 2010 that was entered into to mitigate the Group's exposure to interest rate risk. The fair value at 31 December 2008 was €569 thousand negative.
- a derivative contract with a notional value of €3,546 thousand entered into to hedge against fluctuations in energy prices. The fair value at 31 December 2008 was €389 thousand negative.
- Currency forwards with a fair value at 31 December 2008 of €642 thousand negative.

Changes in the cash flow hedge reserve are shown below, gross of tax effects:

(euro thousand)	**31.12.2008**
Balance at beginning of year	1,550
Releases of fair value reserve	(1,088)
Ineffective portion	28
Releases of reserve for the payment/collection of differentials	(795)
Balance at end of year	**(305)**

Net Financial Position

The following table shows the reconciliation of the net financial position at 31 December 2008 (€337,442 thousand), and at 31 December 2007 (€235,886 thousand) based on the layout prescribed by CONSOB Communication No. 6064293 of 28 July 2006.

(euro thousand)		31.12.2008	31.12.2007
A	Cash	669	59
B	Other cash equivalents:	44,949	53,465
	- Bank and postal accounts	44,945	53,465
	- Cheques	4	0
C	Derivatives and securities held for trading	0	1,564
D	*LIQUIDITY (A+B+C)*	*45,618*	*55,088*
E	Current financial receivables	0	0
F	Current payables to banks	146,889	148,835
G	Current portion of non-current debt	33,612	12,199
H	Other current financial debts and derivatives	8,622	6,654
I	*CURRENT FINANCIAL DEBT (F+G+H)*	*189,123*	*167,688*
J	*NET CURRENT FINANCIAL DEBT (I–E–D)*	*143,505*	*112,600*
K	Non-current payables to banks	107,673	38,498
L	Bonds issued	50,000	50,000
M	Other non-current financial debts	36,264	34,788
N	*NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)*	*193,937*	*123,286*
O	***NET FINANCIAL DEBT (J+N)***	***337,442***	***235,886***

14 Other Non-current Liabilities

This item is broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Other payables	1,139	8,335
Total	**1,139**	**8,335**

In the 2007 accounts, "Other payables" included €4,073 thousand in amounts due after one year for the acquisition of Bradi S.p.A. in prior periods in connection with bankruptcy proceedings; the item also includes payables relating to management's three-year incentive plan. Both amounts were reclassified under current liabilities, as they must be paid by the end of 2009.

The item includes €949 thousand to reflect the amount of the substitute tax payable under paragraph 48 of Article 1 of Law 244 of 24 December 2007 ("2008 Finance Law") to eliminate off-balance-sheet overpayments relating to Research and Development. The amount of the substitute tax (classified under current taxes) is €1,357 thousand. It is payable in three instalments, the first two of which are due in 2010 and 2011.

15 Provisions

This item is broken down as follows:

(euro thousand)	Balance at 31.12.2007	Provisions	Use	Exchange rate fluctuation	Other	Balance at 31.12.2008
Other provisions for contingencies and charges	3,078	4,706	(3,115)	(720)	1,062	5,011
Provision for reorganisation	18	0	(18)	0	0	0
Total	**3,096**	**4,706**	**(3,133)**	**(720)**	**1,062**	**5,011**

Other provisions for contingencies and charges (€5,011 thousand) primarily includes product guarantees and supplementary customer indemnities (in connection with the Italian agency contract), the valuation of risks associated with ongoing litigation and the provision associated with the valuation of the shareholding in Innova Technologie S.r.l. using the equity method, as stated above.
The provision for reorganisation relates to agreements, entered into in previous years, with employees in connection with implementation of the strategic plan.
The arbitration proceedings brought in December 2007 by San Luis Rassini, minority-interest shareholder in the Mexican subsidiary Brembo Rassini, and Rassini Frenos against Brembo S.p.A. and several of its subsidiaries, which are founded on the allegation that the acquisition of the Brakes Division of Hayes Lemmerz, which also operates through a Mexican subsidiary, represents a breach of the joint venture agreement in force, did not undergo developments that would permit an assessment of the risk profile differing from the situation commented upon in the 2007 Financial Statements and in the half-yearly report at 30 June 2008.

16 Provisions for Employee Benefits

Group companies provide post-employment benefits through defined-contribution plans or defined-benefit plans.
In the case of defined-contribution plans, the Group companies pay contributions to public or private insurance institutes based on legal or contractual obligations or on a voluntary basis. Once such contributions have been paid, the companies have no further payment obligations.
The employees of the United Kingdom subsidiary AP Racing Ltd have the benefit of a corporate pension

plan (AP Racing Pension Scheme), which is made up of two sections: the first is a defined contribution for employees hired after 1 April 2001 and the second is a defined benefit, for those already in service at 1 April 2001 (and previously covered by the AP Group Pension Fund). The defined-benefit plan is funded by employer and employee contributions made to a trustee that is legally separate from the enterprise providing benefits to its employees.
Brembo Mexico Apodaca S.A. de C.V. offers a pension plan to its employees that qualifies as a defined-benefit plan.
Unfunded defined-benefit plans include also the "Employees' leaving entitlement" provided by the Group's Italian companies, in accordance with current applicable regulations.
These funds are calculated on an actuarial basis using the "Projected Unit Credit Method".
"Other employee provisions" refers to other employee benefits.

The balances at 31 December 2008 are shown below:

(euro thousand)	Balance at 31.12.2007	Provisions	Use	Financial charges	Other	Exchange rate fluctuation	Balance at 31.12.2008
Employees' leaving indemnity	20,313	553	(2,414)	962	433	0	19,847
Other employee provisions	3,238	527	(526)	(299)	0	52	2,992
Total	**23,551**	**1,080**	**(2,940)**	**663**	**433**	**52**	**22,839**

The table below shows the main defined-benefit plans and a reconciliation of the liabilities recognised in the Balance Sheet, the costs recognised in the Income Statement and the main actuarial assumptions used:

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo Mexico Apodaca plan
End of financial year	**31.12.2008**	**31.12.2007**	**31.12.2008**	**31.12.2007**	**31.12.2008**
A Reconciliation of defined-benefit obligations					
Present value of unfunded defined-benefit at beginning of year	18,209	24,745	19,321	21,040	143
Current social security (cost)	20	591	427	710	20
Interest expense	987	939	1,094	1,065	12
Employees' contributions	0	0	205	247	0
Plan changes	0	0	0	0	0
Net actuarial (gains) losses	917	(2,375)	(1,913)	(1,581)	34
Benefits paid by the plan or company	(2,016)	(1,906)	(273)	(697)	(3)
Expenses	0	0	0	0	0
Taxes	0	0	0	0	0
Insurance premiums	0	0	0	0	0
Net transfers (including the effect of mergers and demergers)	346	0	0	0	0
Decreases	0	0	0	0	0
Curtailment	0	(3,785)	0	0	0
Eliminations	0	0	0	0	0
Exchange rate fluctuations	0	0	(4,370)	(1,463)	(34)
Present value of unfunded defined-benefit at end of year	18,463	18,209	14,491	19,321	172
B Reconciliation of plan assets					
Fair value of plan assets at beginning of year	0	0	18,350	17,852	0
Expected return on plan assets	0	0	1,403	1,384	0
Net actuarial gains (losses)	0	0	(5,262)	6	0
Employer's contributions	2,016	1,906	618	938	0
Employees' contributions	0	0	205	247	0
Benefits paid	(2,016)	(1,906)	(273)	(697)	0
Expenses	0	0	0	0	0
Taxes	0	0	0	0	0
Insurance premiums	0	0	0	0	0
Eliminations	0	0	0	0	0
Business combinations	0	0	0	0	0
Exchange rate fluctuations	0	0	(3,679)	(1,380)	0
Fair value of plan assets at end of year	0	0	11,362	18,350	0

	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo Mexico Apodaca plan
End of financial year	**31.12.2008**	**31.12.2007**	**31.12.2008**	**31.12.2007**	**31.12.2008**
C Reconciliation of assets or liabilities recognised in the Balance Sheet					
Unfunded plans/Partially or fully funded plans					
Present value of funded defined-benefit obligation	0	0	14,491	19,321	0
Fair value of plan assets	0	0	(11,362)	(18,350)	0
Funded plan deficit (surplus)	0	0	3,129	971	0
Present value of unfunded defined-benefit obligation	18,645	18,209	0	0	172
Unrealised net actuarial gains (losses)	1,177	2,111	(1,491)	2,174	(34)
Net recognised actuarial gains (losses)	0	0	0	0	0
Amount not recognised as an asset (as explained in paragraph 58b)	0	0	0	0	0
Net liabilities / (assets) at reporting date	**19,822**	**20,320**	**1,638**	**3,145**	**138**
Amounts recognised in the Balance Sheet:					
Liabilities	19,822	20,320	1,638	3,145	146
Assets	0	0	0	0	0
Net liabilities / (assets)	**19,822**	**20,320**	**1,638**	**3,145**	**146**
D Amounts recognised in the Income Statement					
Amounts recognised in the Income Statement:					
Current social security (cost)	20	591	427	710	20
Interest payable	987	939	1,094	1,065	12
Expected return on plan assets	0	0	(1,403)	(1,384)	0
Expected return on reimbursement rights recognised as assets (paragraph 104A)	0	0	0	0	0
Amortisation of social security costs for past service	0	0	0	0	0
Net amortisation of actuarial (net income) loss	(18)	(1)	(6)	0	0
Effect of the limit explained in Paragraph 58b	0	0	0	0	0
Effect of plan reductions – recognised net (income)/loss	0	(4,084)	0	0	0
Effect of plan cancellation – recognised net (income)/loss	0	0	0	0	0
Total cost recognised in the Income Statement	**989**	**(2,555)**	**112**	**391**	**32**

End of financial year	Unfunded Plan (Employees' leaving entitlement) 31.12.2008	31.12.2007	Funded plan (Ap Racing plan) 31.12.2008	31.12.2007	Brembo Mexico Apodaca plan 31.12.2008
E Main actuarial assumptions					
Weighted average of the assumptions used for determining defined benefit-obligations					
Discount rates	5.70%	5.50%	6.20%	5.63%	8.30%
Salary increases	3.50 - 5.00%	3.50 - 5.00%	3.55%	4.00%	4.75%
Inflation rate	2.00%	2.00%	2.80%	3.15%	4.25%
Increase in pensions	–	–	2.80%	2.90%	N/A
Weighted average of the assumptions used for determining contributions					
Discount rates	5.50%	4.50%	5.80%	5.10%	8.75%
Expected rate of return on plan assets	0.00%	0.00%	4.05%	4.05%	4.00%
Expected rate of salary increases	3.50 - 5.00%	3.50%	3.30%	2.80%	3.50%
Inflation rate	2.00%	2.00%	3.20%	2.70%	N/A

Asset categories	Unfunded Plan (Employees' leaving entitlement) Percentage of assets	Expected return of assets	Funded plan (Ap Racing plan) Percentage of assets	Expected return of assets	Brembo Mexico Apodaca plan Percentage of assets	Expected return of assets
F Plan assets						
Asset categories						
Shares	0.00%	0.00%	91.00%	7.35%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	9.00%	2.00%	0.00%	0.00%
Total	**0.00%**	**0.00%**	**100.00%**	**6.49%**	**0.00%**	**0.00%**
Amounts invested in financial instruments of the Company						
Assets allocated for the plan, invested in shares issued by the Company						
Assets allocated for the plan, invested in property used by the Company						

End of financial year	Unfunded Plan (Employees' leaving entitlement) 31.12.2008	31.12.2007	Funded plan (Ap Racing plan) 31.12.2008	31.12.2007	Brembo Mexico Apodaca plan 31.12.2008
G Past experience of actuarial gains and losses					
Difference between expected and actual returns on plan assets					
a. Amount	–	–	(5,262)	–	
b. Percentage of assets at reporting date	0%	0%	-46%	0%	
Experience (gains) losses on liabilities					
a. Amount	445	(57)	177	232	4
b. Percentage of plan liabilities at reporting date	3%	2%	1%	1%	1% - 7%

17 Trade Payables

The following trade payables were recognised at 31 December 2008:

(euro thousand)	31.12.2008	31.12.2007
Trade payables	178,457	184,699
Payables to associate companies	469	1,421
Total	**178,926**	**186,120**

18 Tax Payables

This item reflects the net amount due for the current taxes of the Group's companies.

(euro thousand)	31.12.2008	31.12.2007
Tax payables	3,765	2,439

19 Other Current Payables

Other current payables at 31 December 2008 are shown below:

(euro thousand)	31.12.2008	31.12.2007
Tax payables other than current taxes	5,015	6,105
Social security charges	10,051	9,409
Amounts due to employees	22,758	17,480
Other payables	15,014	13,990
Total	**52,838**	**46,984**

Amounts payable to employees include December wages paid in January.

Income Statement

20 Sales of Goods and Services

Breakdown of sales of goods and services:

(euro thousand)	31.12.2008	31.12.2007
Italy	254,860	219,757
Abroad	813,921	704,892
Consolidated total	**1,068,781**	**924,649**
Allowances, discounts and returns	(8,010)	(12,764)
Total	**1,060,771**	**911,885**

Group sales broken down by geographical area of destination and by application are shown in the Report on Operations. A breakdown by geographical area of production is provided in **note 32** – Segment Report.

21 Other Revenues and Income

These are made up of:

(euro thousand)	31.12.2008	31.12.2007
Miscellaneous recharges	5,057	3,417
Gains on disposal of assets	3,232	2,613
Miscellaneous grants	3,132	1,762
Other revenue	7,746	4,937
Total	**19,167**	**12,729**

"Miscellaneous grants" includes a tax credit for research investments amounting to €2,878 thousand (discussed in Note 9).

22 Costs for Capitalised Internal Works

This item refers to the suspension of development costs incurred during the year, amounting to €13,740 thousand (€12,499 thousand for 2007).

23 Cost of Raw Materials, Consumables, Goods and Changes in Inventories

The item is broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Change in inventories and inventory write-downs	(3,566)	(18,771)
Purchase of raw materials	521,649	455,226
Purchase of consumables	17,038	15,284
Allowances	(3,054)	(1,883)
Total	**532,067**	**449,856**

24 Other Operating Costs

These costs are broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Transports	24,798	25,884
Maintenance, repairs and utilities	48,318	40,672
Contracted work	51,991	44,946
Rent	11,568	10,247
Other operating costs	73,183	55,796
Total	**209,858**	**177,545**

25 Personnel Expenses

Breakdown of personnel expenses is as follows:

(euro thousand)	31.12.2008	31.12.2007
Wages and salaries	145,855	128,300
Social security contributions	38,749	34,446
Employees' leaving entitlement and other personnel provisions	7,551	2,543
Other costs	18,653	7,480
Total	**210,808**	**172,769**

The increase in personnel expenses was due to both an increase in the number of employees and the impact of non-recurring costs incurred for reorganisation initiatives (€6,112 thousand classified as "Other costs"). The year 2007 also benefited from curtailments (€4,084 thousand) resulting from changes in accounting procedures following new legislation that affected employees' leaving entitlement in Italy.

Note 16 provides additional information on the costs incurred for defined-benefit plans in 2008.

The average number and the year-end number of Group employees by category compared with the previous year was as follows:

	Executives	White-collars	Blue-collars	Total
2008 average	175	1,795	4,198	6,168
2007 average	139	1,442	3,591	5,172
Changes	**36**	**353**	**607**	**996**
Total at 31 December 2008	178	1,804	3,865	5,847
Total at 31 December 2007	146	1,481	3,677	5,304
Changes	**32**	**323**	**188**	**543**

26 Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Amortisation of intangible assets:		
Development costs	5,128	4,100
Industrial patents and similar rights for original work	768	615
Licences, trademarks and similar rights	289	115
Other intangible assets	3,509	2,006
Total	**9,694**	**6,836**
Depreciation of property, plant and equipment:		
Buildings	3,262	2,887
Leased buildings	982	819
Plant and machinery	34,286	25,357
Leased plant and machinery	1,719	1,640
Industrial and commercial equipment	9,568	7,435
Other property, plant and equipment	1,895	1,730
Other leased property, plant and equipment	52	20
Total	**51,764**	**39,888**
Impairment losses:		
Property, plant and equipment	200	959
Intangible assets	4,499	630
Total	**4,699**	**1,589**
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	**66,157**	**48,313**

Comments on impairment losses are provided in the notes to the Balance Sheet items.

27 Net Interest Income (Expense)

This item comprises:

(euro thousand)	31.12.2008	31.12.2007
Net exchange rate gains (losses)	(6,346)	1,208
Income (expense) from employees' leaving entitlement and other personnel provisions	(663)	(621)
Interest income (expense)	(12,406)	(10,612)
Other	(7)	116
Total	**(19,422)**	**(9,909)**

Net interest expense amounted to €12,406 thousand. The increase compared to 2007 was due to the rise in average debt. However, the item benefited (by €4,150 thousand) from an adjustment to the estimate of the amount due in relation to the put option on 30% of Brembo Performance S.p.A. granted under an agreement with the former Sabelt S.p.A. shareholders.

28 Interest Income (Expense) from Investments

This item comprises:

(euro thousand)	31.12.2008	31.12.2007
Write-ups of shareholdings valued using the equity method	731	448
Write-downs of shareholdings valued using the equity method	(608)	(201)
Write-downs of other shareholdings	(1,882)	(2,500)
Other income	12	4
Total	**(1,747)**	**(2,249)**

The item "Write-downs of other shareholdings" is associated with the above-mentioned write-down of Fundimak S.A. de C.V., commented on above.

29 Taxes

The item is broken down as follows:

(euro thousand)	31.12.2008	31.12.2007
Current taxes	25,082	17,861
Deferred taxes	(7,699)	(2,983)
Total	**17,383**	**14,878**

At 31 December 2008, the total amount of deferred taxes relating to items that were recognised in Equity was €61 thousand.
Income taxes amounted to 32.41% of pre-tax income, including deferred taxes, a significant increase from 2007 (18.79%), which was favourably impacted by the previously mentioned tax benefit attributable to subsidiary Brembo Poland Spolka Zo.o. and the impact of changes to Italy's 2008 Finance Law on the Group's Italian companies.

30 Earnings per Share

Basic earnings per share at 31 December 2008 of €0.57 (2007: €0.91) was calculated by dividing the net income or losses for the year attributable to the holders of ordinary equity instruments of the Parent Company, by the weighted average number of ordinary shares outstanding during the year ended 31 December 2008, amounting to 66,191,202 (2007: 66,650,170). The weighted average changed due to the fact that there were no repurchases of own shares during the year.

31 Related Parties

The Group carries out transactions with parent companies, subsidiaries, associated companies, joint ventures (for a list, see Attachments 1 and 2), directors, key management personnel and other related parties. The Parent Company Brembo S.p.A. is a subsidiary of Nuova FourB S.p.A., which holds 56.52% of its share capital.

(euro thousand)	31.12.2008				
	Book	Related parties			
a) Impact of transactions with related parties on Balance Sheet items	value	Total	Third parties	Intercompany	%
Trade receivables	189,096	938	936	2	*0.5%*
Other receivables and current assets	44,263	10	10	0	*0.0%*
Provisions for employee benefits	(22,839)	(39)	(39)	0	*0.2%*
Trade payables	(178,926)	(593)	(349)	(244)	*0.3%*
Other current payables	(52,838)	(1,546)	(1,546)	0	*2.9%*

(euro thousand)	31.12.2008				
	Book	Related parties			
b) Impact of transactions with related parties on Income Statement items	value	Total	Third parties	Intercompany	%
Sales of goods and services	1,060,771	3,676	2,846	830	*0.3%*
Other revenues and income	19,167	4,186	155	4,031	*21.8%*
Raw materials, consumables and goods	(532,067)	(21,828)	(35)	(21,793)	*4.1%*
Other operating costs	(209,858)	(3,196)	(2,590)	(606)	*1.5%*
Personnel expenses	(210,808)	(7,700)	(7,700)	0	*3.7%*
Net interest income (expense)	(19,422)	(32)	(33)	1	*0.2%*

Information pertaining to the fees paid to Directors, Statutory Auditors and General Manager of Brembo S.p.A. and of other Group companies and additional information required is reported below:

(euro thousand)

SUBJECT	OFFICE		FEES			
Name and surname	Office held	Term of office (per year)	Compensation for the office held	Non-monetary benefits	Other incentives	Bonuses and compensation
Alberto Bombassei	Chairman of the BoD	2008-2010	1,000		359	
Mauro Pessi	Managing Director	2008-2010	155			
Cristina Bombassei	Member of BoD	2008-2010	35		15 [1][2]	55 [1][2]
Giovanni Cavallini	Member of BoD	2008-2010	35			
Giancarlo Dallera	Member of BoD	2008-2010	45			
Giovanna Dossena	Member of BoD	2008-2010	50			
Umberto Nicodano	Member of BoD	2008-2010	35			
Pasquale Pistorio	Member of BoD	2008-2010	30			
Giuseppe Roma	Member of BoD	2008-2010	45			
Pierfrancesco Saviotti	Member of BoD	2008-2010	40			
Matteo Tiraboschi	Member of BoD	2008-2010	30		125 [1]	190 [1]
Sergio Mazzoleni	Chairman of the Board of Statutory Auditors	2005-2007	12.5			
Enrico Cervellera	Auditor	2005-2007	8.33			
Andrea Puppo	Auditor	2005-2007	8.33			21.82 [3]
Sergio Pivato	Chairman of the Board of Statutory Auditors	2008-2010	30			
Enrico Colombo	Auditor	2008-2010	20			
Daniela Salvioni	Auditor	2008-2010	20			
Mauro Pessi	General Manager	indefinite term	790 [1]		480 [1]	

[1] compensation paid as employee salary.

[2] a portion of compensation was paid by the company and a portion by social security institutions.

[3] compensation relates to Brembo S.p.A. and other Group companies.

Sales of products, services and the transfer of assets to and from different Brembo companies were carried out at prices equivalent to current market value, as is customary.

In June, Brembo S.p.A. sold the property located in San Giovanni Bianco for consideration of €8,000 thousand, realising a capital gain of €1,174 thousand. The property was sold to Innova Tecnologie S.r.l., in which the Group owns a 30% stake.

As discussed in **Note 2**, in accordance with the related agreements, Sabelt S.p.A. purchased the "Sabelt" trademark for €2,000 thousand from a related company. The amount was determined via external appraisal.

During the year a zero-balance cash-pooling system was brought into effect with Brembo S.p.A. as the pool leader. Ten companies are currently participating, but Brembo plans to extend the system to all Group companies.

32 Segment Report

The geographical areas (in terms of the location of operations) in which the Group operates and that are included in the primary segment are: Europe, America and Asia. The Group's geographical segments are determined based on the fixed assets of the individual entities located and operating in these areas; sales are mainly to the local market and primarily in the areas where the fixed assets are located.
Transfer prices applied to transactions between segments for the exchange of goods and services are settled according to usual market conditions.

Primary segment

	Europe		America		Asia		Inter-segment		Consolidated	
(euro thousand)	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Sales of goods and services	918,407	841,645	168,676	107,618	32,308	16,495	(25,713)	(28,645)	1,093,678	937,113
Costs	(792,342)	(714,176)	(156,603)	(97,658)	(29,955)	(16,522)	26,167	28,186	(952,733)	(800,170)
Gross operating income	**126,065**	**127,469**	**12,073**	**9,960**	**2,353**	**(27)**	**454**	**(459)**	**140,945**	**136,943**
Amortisation and depreciation	(56,901)	(43,778)	(8,056)	(4,208)	(1,128)	(301)	(72)	(26)	(66,157)	(48,313)
Net operating income	**69,164**	**83,691**	**4,017**	**5,752**	**1,225**	**(328)**	**382**	**(485)**	**74,788**	**88,630**
Interest income (expense)									(19,422)	(9,909)
Net interest income (expense) from investments	(2,414)	(2,258)	0	0	0	0	667	9	(1,747)	(2,249)
Income before taxes									**53,619**	**76,472**
Taxes									(17,383)	(14,878)
Income before minority interests									**36,236**	**61,594**
Minority interests									1,276	(830)
Group net income for the year									**37,512**	**60,764**

The breakdown of Group sales by geographic area of destination and by application is provided in the Directors' Report on Operations.

The following table shows other segment information at 31 December 2008 and 31 December 2007:

(euro thousand)	Europe 31.12.2008	Europe 31.12.2007	America 31.12.2008	America 31.12.2007	Asia 31.12.2008	Asia 31.12.2007	Inter-segment 31.12.2008	Inter-segment 31.12.2007	Consolidated 31.12.2008	Consolidated 31.12.2007
ASSETS										
Property, plant and equipment	298,872	284,812	44,916	40,936	10,922	2,037	(506)	(458)	354,204	327,327
Intangible assets	77,519	55,620	19,662	18,540	2,742	62	8,456	252	108,379	74,474
Shareholdings	79,897	71,682	(4,694)	(4,694)	0	0	(74,373)	(51,614)	830	15,374
Inventories	168,759	144,141	21,533	19,411	7,000	2,536	281	(29)	197,573	166,059
Trade receivables	175,019	182,931	16,604	23,811	10,796	3,686	(13,323)	(13,818)	189,096	196,610
Other non-current and current receivables and assets	32,693	30,820	7,347	6,156	4,649	1,288	0	0	44,689	38,264
Non-current assets held for sale	0	8,484	0	0	0	0	0	0	0	8,484
Unallocable assets										
Non-current, current financial assets									361	3,692
Tax receivables									14,571	14,344
Cash and cash equivalents									45,617	53,524
TOTAL ASSETS									**955,320**	**898,152**
LIABILITIES										
Trade payables	161,076	171,770	19,490	24,061	11,683	4,107	(13,323)	(13,818)	178,926	186,120
Other current, non-currentliabilities	47,906	50,657	3,826	2,388	2,245	2,274	0	0	53,977	55,319
Provisions	4,927	3,096	32	0	52	0	0	0	5,011	3,096
Provisions for employee benefits	21,732	23,302	241	188	866	61	0	0	22,839	23,551
Unallocable liabilities										
Financial debts and other financial liabilities									383,060	290,973
Tax payables									20,497	25,099
TOTAL LIABILITIES									**664,310**	**584,158**
INVESTMENTS										
Property, plant and equipment	74,425	57,608	14,166	22,923	9,430	690	0	(326)	98,021	80,895
Intangible assets	38,025	20,040	709	15,912	11,528	18	0	0	50,262	35,970
TOTAL INVESTMENTS	**112,450**	**77,648**	**14,875**	**38,835**	**20,958**	**708**	**0**	**(326)**	**148,283**	**116,865**

All income, cash flow and balance sheet figures for the secondary segment (which for the Brembo Group is the Automotive components segment), as defined in "Accounting Principles and Valuation Criteria Segment Reporting" and by IAS 14, can be taken from the Consolidated Financial Statements.

33 Significant Events After 30 June 2008

- Brembo has expanded its operations in Brazil by acquiring a business unit that manufactures and markets flywheels for the automotive industry from the Brazilian company Sawem Industrial Ltda. The acquisition of the unit, undertaken through the subsidiary Brembo do Brasil Ltda., entailed an investment of BRL 8,200 thousand (approximately €2,800 thousand), without the assumption of debt, and was financed using the Brazilian company's cash. The sales generated in 2008 by the business unit acquired amounted to BRL 15,000 thousand (approximately €5,000 thousand) and have a strong potential for growth. From a technology and production standpoint, the new products coordinate well with Brembo's present operations, particularly the foundry and mechanical processing phases of the disc production cycle.
- The KBX new plant in India was inaugurated on 20 January 2009. The facility is devoted to the manufacturing of disc braking systems for applications in scooters and motorbikes with displacements between 125 and 250cc for the Indian market. Located in Pune, approximately 160 km to the south of Mumbai, the capital of the Indian automotive industry, the facility extends over approximately 5,000 sqm of floor space, stands on grounds of 15,000 sqm and employs a staff of 220. On the above occasion Brembo also presented its new brand "BRECO", an acronym for "Brembo Company", designed to be specifically devoted to braking systems for scooters and motorbikes with small and medium displacements (up to 250cc) for the BRIC countries (Brazil, Russia, India and China) and other Southeast Asian nations (ASEAN).
- A plan to restructure the Mexican subsidiary Brembo Rassini S.A. de C.V., which entails a decrease in its workforce of approximately 160 employees, was also launched in January.
- Effective 1 January 2009, the subsidiary Brembo North America Homer Inc. was merged into Brembo North America Inc.
- In Italy, the Company has initiated the procedure for the extension of the ordinary redundancy fund to all white-collar staff, beginning in March 2009.

No other significant events occurred after the end of 2008 and up to 19 March 2009.

Curno, 19 March 2009

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annex 1

Transactions with Subsidiaries, Associates and Parent Companies (Sales/Purchases)

(euro thousand)

PURCHASING COMPANY	Brembo S.p.A.	Brembo Spolka Zo.o.	Brembo Scandinavia A.B.	Corporacion Upwards 98 S.A.	Brembo North America Inc.	Brembo Japan Co. Ltd.	Brembo Rassini S.A. de C.V.	Brembo UK Ltd.	Marchesini S.p.A.	Brembo do Brasil Ltda.	Brembo International S.A.	Brembo North America Homer Inc.	Brembo Mexico Apodaca S.A. de C.V.
SELLING COMPANY													
Brembo S.p.A.		5,319 (1)		3,504	3,924	1,780	1,733	920	3,660	1,061		243	102
Brembo Spolka Zo.o.	20,424 (3)									1,080			
Brembo Scandinavia A.B.	612												
Corporacion Upwards 98 S.A.	7,298												
Brembo North America Inc.	1,295					87	1		10			543	16
Brembo Japan Co. Ltd.	959												
Brembo Rassini S.A. de C.V.	242 (5)				2,803								
Brembo UK Ltd.	219												
Marchesini S.p.A.	529				18								
Brembo do Brasil Ltda.	81												
Brembo International S.A.	3,100												
Brembo North America Homer Inc.					148								869
Brembo Mexico Apodaca S.A. de C.V.													
Brembo Poland Spolka Zo.o.	22,638 (6)	16		1,693									
Ap Racing Ltd.	72												
Brembo China Brake Systems Co. Ltd.	8,535				725		1,827						
Brembo Deutschland GmbH	68												
Brembo Performance S.p.A.	92		0	238	79								
Sabelt S.p.A.	9											7	
Belt & Buckle S.r.o.													
Brembo Performance North America Inc.					83				13				
Brembo Performance Japan Co. Ltd.						28							
Nanjing Yuejin Automotive Brake System Co. Ltd.													
Brembo Ceramic Brake Systems S.p.A.	7,116												
KBX Motorbike Products Pvt. Ltd.	362												
TOTAL CONSOLIDATED COMPANIES	**73,651**	**5,335**	**0**	**5,435**	**7,780**	**1,895**	**3,561**	**920**	**3,683**	**2,141**	**0**	**793**	**987**
Petroceramics S.r.l.	861 (8)												
Innova Tecnologlie S.r.l.													
TOTAL	**74,512**	**5,335**	**0**	**5,435**	**7,780**	**1,895**	**3,561**	**920**	**3,683**	**2,141**	**0**	**793**	**987**

(1): Of which €269 thousand for sales of property, plant and equipment
(2): Of which €481 thousand for sales of property, plant and equipment
(3): Of which €58 thousand for sales of property, plant and equipment
(4): Of which €561 thousand for sales of property, plant and equipment
(5): Of which €47 thousand for sales of property, plant and equipment
(6): Of which €86 thousand for sales of property, plant and equipment
(7): Of which €748 thousand for sales of property, plant and equipment
(8): Of which €33 thousand for sales of property, plant and equipment

Brembo Poland Spolka Zo.o.	Ap Racing Ltd.	Brembo China Brake Systems Co. Ltd.	Brembo Deutschland GmbH	Brembo Performance S.p.A.	Sabelt S.p.A.	Belt & Buckle S.r.o.	Brembo Performance North America Inc.	Brembo Performance Japan Co. Ltd.	Nanjing Yuejin Automotive Brake System Co. Ltd.	Brembo Ceramic Brake Systems S.p.A.	KBX Motorbike Products Pvt. Ltd.	CONSOLIDATED COMPANIES	Petroceramics S.r.l.	Innova Tecnologie S.r.l.	TOTAL
16,040 [2]	273	509	3	6,625	122		35			324	132	**46,309**		8,001	**54,310**
1,309									3			**22,816**			**22,816**
												612			**612**
597 [4]												**7,895**			**7,895**
				143	7		250	23				**2,375**			**2,375**
		15		4				324				**1,302**			**1,302**
												3,045			**3,045**
												219			**219**
												547			**547**
												81			**81**
36												**3,136**			**3,136**
												1,017			**1,017**
												0			**0**
		19										**24,366**			**24,366**
												72			**72**
									1,973 [7]			**13,060**			**13,060**
												68			**68**
					6		128	1,352				**1,895**			**1,895**
				1		2,636						**2,653**			**2,653**
					3,644							**3,644**			**3,644**
				637	64			39				**836**			**836**
					76							**104**			**104**
												0			**0**
												7,116			**7,116**
												362			**362**
17,982	**273**	**543**	**3**	**7,410**	**3,919**	**2,636**	**413**	**1,738**	**1,976**	**324**	**132**	**143,530**	**0**	**8,001**	**151,531**
										187		**1,048**			**1,048**
												0			**0**
17,982	**273**	**543**	**3**	**7,410**	**3,919**	**2,636**	**413**	**1,738**	**1,976**	**511**	**132**	**144,578**	**0**	**8,001**	**152,579**

Annex 2

Transactions with Subsidiaries, Associates and Parent Companies (receivables/payables)

(euro thousand)

PURCHASING COMPANY	Brembo S.p.A.	Brembo Spolka Zo.o.	Brembo Scandinavia A.B.	Corporacion Upwards 98 S.A.	Brembo North America Inc.	Brembo Japan Co. Ltd.	Brembo Rassini S.A. de C.V.	Brembo UK Ltd.	Marchesini S.p.A.	Brembo do Brasil Ltda.	Brembo International S.A.	Brembo North America Homer Inc.	Brembo Mexico Apodaca S.A. de C.V.
SELLING COMPANY													
Brembo S.p.A.		2,325		1,466	11,076 [a]	457	7,804 [b]	385	1,891	1,884		2,539 [c]	81
Brembo Spolka Zo.o.	2,722									334			
Brembo Scandinavia A.B.	80												
Corporacion Upwards 98 S.A.	788												
Brembo North America Inc.	574 [h]								4			3 [f]	[g]
Brembo Japan Co. Ltd.	358												
Brembo Rassini S.A. de C.V.	133				1,747								
Brembo UK Ltd.	136												
Marchesini S.p.A.	1,174 [i]												
Brembo do Brasil Ltda.													
Brembo International S.A.	73,856 [l]			272 [m]									
Brembo North America Homer Inc.					268 [o]								29
Brembo Mexico Apodaca S.A. de C.V.													
Brembo Poland Spolka Zo.o.	3,073	8		701			83			139			
Ap Racing Ltd.	1												
Brembo China Brake Systems Co. Ltd.	775				41		215						
Brembo Deutschland GmbH	38												
Brembo Performance S.p.A.	734 [p]			96	6								
Sabelt S.p.A.												7	
Belt & Buckle S.r.o.													
Brembo Performance North America Inc.	285 [q]				29				1				
Brembo Performance Japan Co. Ltd.						5							
Nanjing Yuejin Automotive Brake System Co. Ltd.													
Brembo Ceramic Brake Systems S.p.A.	4,805 [r]												
KBX Motorbike Products Pvt. Ltd.	438												
Brembo Participations BV													
TOTAL CONSOLIDATED COMPANIES	**89,970**	**2,333**	**0**	**2,535**	**13,167**	**462**	**8,102**	**385**	**1,896**	**2,357**	**0**	**2,549**	**110**
Petroceramics S.r.l.	244												
Innova Tecnologlie Srl													
TOTAL	**90,214**	**2,333**	**0**	**2,535**	**13,167**	**462**	**8,102**	**385**	**1,896**	**2,357**	**0**	**2,549**	**110**

[a]: Of which €8,845 thousand intercompany loan
[b]: Of which €4,671 thousand intercompany loan
[c]: Of which €2,156 thousand intercompany loan and €216 thousand cash pooling
[d]: Of which €82 thousand cash pooling
[e]: Of which €186 thousand intercompany loan and €960 thousand cash pooling
[f]: Of which €3,857 thousand cash pooling
[g]: Of which €6,123 thousand cash pooling
[h]: Of which €283 thousand cash pooling
[i]: Of which €999 thousand cash pooling
[l]: Of which €50,480 thousand intercompany loan and €23,376 thousand cash pooling

Brembo Poland Spolka Zo.o.	Ap Racing Ltd.	Brembo China Brake Systems Co. Ltd.	Brembo Deutschland GmbH	Brembo Performance S.p.A.	Sabelt S.p.A.	Belt & Buckle S.r.o.	Brembo Performance North America Inc.	Brembo Performance Japan Co. Ltd.	Nanjing Yuejin Automotive Brake System Co. Ltd.	Brembo Ceramic Brake Systems S.p.A.	KBX Motorbike Products Pvt. Ltd.	Brembo Partici-pations BV	CONSOLIDATED COMPANIES	Petroce-ramics S.r.l.	Innova Tecnologie S.r.l.	TOTAL
4,076	109	1,049	83 [d]	7,027	3,972 [f]					8,799 [g]	239		**55,262**		2	**55,264**
444									3				**3,503**			**3,503**
													80			**80**
30													**818**			**818**
				90			29						**700**			**700**
		2		5				71					**436**			**436**
													1,880			**1,880**
													136			**136**
													1,174			**1,174**
													0			**0**
												517 [n]	**74,645**			**74,645**
													297			**297**
													0			**0**
		6											**4,010**			**4,010**
													1			**1**
									811				**1,842**			**1,842**
													38			**38**
					7		120	537					**1,500**			**1,500**
						465							**472**			**472**
					203								**203**			**203**
				390	23			30					**758**			**758**
					51								**56**			**56**
													0			
													4,805			**4,805**
													438			**438**
													0			
4,550	**109**	**1,057**	**83**	**7,512**	**4,256**	**465**	**149**	**638**	**814**	**8,799**	**239**	**517**	**153,054**	**0**	**2**	**153,056**
										225			**469**			**469**
													0			**0**
4,550	**109**	**1,057**	**83**	**7,512**	**4,256**	**465**	**149**	**638**	**814**	**9,024**	**239**	**517**	**153,523**	**0**	**2**	**153,525**

(m): Of which €272 thousand intercompany loan for dividend payout
(n): Of which €517 thousand intercompany loan
(o): Of which €268 thousand intercompany loan
(p): Of which €728 thousand cash pooling
(q): Of which €285 thousand cash pooling
(r): Of which €130 thousand security deposit.

Annex 3

List of Companies Consolidated on a Line-by-line Basis

COMPANY	HEADQUARTERS	
Brembo S.p.A.	Curno (Bergamo)	Italy
AP Racing Ltd.	Coventry	United Kingdom
Brembo Deutschland GmbH	Leinfelden-Echterdingen	Germany
Brembo International S.A.	Luxembourg	Luxembourg
Marchesini S.p.A.	Jerago con Orago (Varese)	Italy
Brembo Ceramic Brake Systems S.p.A.	Stezzano (Bergamo)	Italy
KBX Motorbike Products Pvt. Ltd.	Pune	India
Brembo North America Inc.	Northville	United States
Brembo Performance S.p.A.	Curno (Bergamo)	Italy
Brembo China Brake Systems Co. Ltd.	Beijing	China
Nanjing Yuejin Automotive Brake System Co. Ltd.	Nanjing	China
Brembo Spolka Zo.o.	Czestochowa	Poland
Brembo Japan Co. Ltd.	Tokyo	Japan
Brembo Participations B.V.	Amsterdam	The Netherlands
Brembo Poland Spolka Zo.o.	Dabrowa Gornizca	Poland
Brembo Scandinavia A.B.	Göteborg	Sweden
Brembo UK Ltd.	London	United Kingdom
Brembo do Brasil Ltda.	Betim	Brazil
Brembo Rassini S.A. de C.V.	Puebla	Mexico
Corporacion Upwards 98 S.A.	Saragossa	Spain
Brembo North America Inc.	Northville	United States
Brembo Mexico Apodaca S.A. de C.V.	Apodaca Nuevo Leòn	Mexico
Brembo North America Homer Inc.	Wilmington	United States
Brembo Performance Japan Co. Ltd.	Tokyo	Japan
Brembo Performance North America Inc.	Dover	United States
Sabelt S.p.A.	Turin	Italy
Belt & Buckle S.r.o.	Zilina	Slovak Republic
Nanjing Yuejin Automotive Brake System Co. Ltd.	Nanjing	China

Annex 4

List of Companies Valued Using the Equity Method

COMPANY	HEADQUARTERS	
Softia S.r.l.	Erbusco (Brescia)	Italy
Innova Tecnologie S.r.l.	Almenno S. Bartolomeo (Bergamo)	Italy
Petroceramics S.r.l.	Milan	Italy

SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES Direct	Indirect	
Eur	34,727,914			
Gbp	221,000	100%		Brembo S.p.A.
Eur	25,000	100%		Brembo S.p.A.
Eur	49,872,000	100%		Brembo S.p.A.
Eur	500,000	100%		Brembo S.p.A.
Eur	2,000,000	100%		Brembo S.p.A.
Inr	140,000,000	99.99%		Brembo S.p.A.
US$	33,798,805	94.68%		Brembo S.p.A.
Eur	5,000,000	70%		Brembo S.p.A.
Cny	125,333,700	67.74%		Brembo S.p.A.
Cny	115,768,679	27.75%		Brembo S.p.A.
Zloty	15,279,546		100%	Brembo International S.A.
Jpy	11,000,000		100%	Brembo International S.A.
Eur	49,722,000		100%	Brembo International S.A.
Zloty	53,600,000		100%	Brembo International S.A.
Sek	4,500,000		100%	Brembo International S.A.
Gbp	600,000		100%	Brembo International S.A.
Brl	17,803,201		99.99%	Brembo International S.A.
Mxn	110,849,230		76%	Brembo International S.A.
Eur	498,043		68%	Brembo International S.A.
US$	33,798,805		5.32%	Brembo International S.A.
US$	12,000,000		100%	Brembo North America Inc.
US$	45,000,000		100%	Brembo North America Inc.
Jpy	5,000,000		70%	Brembo Performance S.p.A.
US$	2,500,200		70%	Brembo Performance S.p.A.
Eur	458,520		70%	Brembo Performance S.p.A.
Skk	8,000,000		70%	Brembo Performance S.p.A.
Cny	115,768,679		42.25%	Brembo China Brake Systems Co. Ltd.

SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES Direct	Indirect	
Eur	100,000	40%		Brembo S.p.A.
Eur	100,000	30%		Brembo S.p.A.
Eur	123,750	20%		Brembo S.p.A.

STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors on the Consolidated Financial Statements for the Year Ended 31 December 2008

Shareholders of the Parent Company Brembo S.p.A.

This Report concerns the Consolidated Financial Statements of companies of the Brembo Group.

This Report acknowledges the responsibilities assigned to the Board of Statutory Auditors by Legislative Decree 58 of 24 February 1998 and in this regard, it refers to the Report on Operations for the Financial Statements at 31 December 2008 of Parent Company Brembo S.p.A.

Based on these assumptions, the Board of Statutory Auditors notes as follows:

– it has obtained information and monitored, within the limits of its competence, whether the organisational structure of the company complies with the principles of proper administration. It has obtained information by direct observation, from executives involved in administrative duties, and from meetings with the Independent Auditors PricewaterhouseCoopers S.p.A., focused on a mutual exchange of relevant data and information;

– it has received from the Board of Directors, within the time limit prescribed by law, the Annual Financial Report, consisting of the Report on Operations, the separate Financial Statements of the Parent Company Brembo S.p.A. and the Consolidated Financial Statements.

– it has acknowledged that the Consolidated Financial Statements and the Report on Operations have been prepared in compliance with relevant regulations;

– it has acknowledged the Report of the Independent Auditors, which does not present any points of issue;

– the Financial Statements of the main subsidiary companies were reviewed by the respective Boards of Statutory Auditors, by an Auditor or by Independent Auditors.

During the monitoring activity, no significant facts have emerged that need be mentioned in this Report.

The Consolidated Financial Statements of Brembo for the year ended 31 December 2008 were prepared in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2008, issued by the International Accounting Standard Boards (IASB) and adopted by EC Regulations.

The comparative figures at 31 December 2007 have been expressed based on the same principles adopted for the balances at 31 December 2008; accordingly, it is reported that certain values in the 2007 financial statements have been revised following the conclusion of the "Purchase Price Allocation" process relating to the business combination of the companies Brembo North America Homer Ltd. and Brembo Mexico Apodaca S.A. de C.V., acquired in November 2007. The Notes to the Consolidated Financial Statements illustrate the differences between the figures approved by the Shareholders' Meeting on 29 April 2008 and the amended figures.

The Consolidated Financial Statements submitted to the General Shareholders' Meeting for their approval include the following summary, expressed in thousands of euro:

Balance Sheet

Assets	
Non-current assets	478,715
Current assets	476,605
Non-current assets held for sale and/or discontinued groups and/or operations	0
Total assets	**955,320**
Equity and liabilities	
Equity	291,010
Non-current liabilities	239,658
Current liabilities	424,652
Total equity and liabilities	**955,320**

Income Statement

Gross operating income	140,945
Net operating income	74,788
Income before taxes	53,619
Income before minority interests	36,236
Group net income for the year	**37,512**

In our opinion, the Consolidated Financial Statements present a fair picture of Brembo Group's equity, financial situation and operating income for the year ended 31 December2008, in compliance with above-mentioned accounting standards and regulations for consolidated financial statements.

Moreover, the Board of Statutory Auditors deems the Directors' Report on Group Operations correct and consistent with the Consolidated Financial Statements.

Curno, 9 April 2009

BOARD OF STATUTORY AUDITORS
Sergio Pivato *(Chairman)*
Enrico Colombo *(Auditor)*
Daniela Salvioni *(Auditor)*

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE NO. 58 DATED 24 FEBRUARY 1998

To the Shareholders of
Brembo SpA

1 We have audited the consolidated financial statements of Brembo SpA and its subsidiaries (Brembo Group) as of 31 December 2008, which comprise the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and related notes. The directors of Brembo SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our audit opinion.

For comparative purposes the consolidated financial statements present corresponding data of the prior year. As discussed in the explanatory notes, the Directors have retrospectively adjusted the comparative data related to the audited consolidated financial statements of the prior year, on which we issued our auditors' report on 14 April 2008, in order to adjust the initial values, determined provisionally, of a business combination occurred at the end of the prior period ended at 31 December 2007, as a result of the completing of the initial accounting. The methods used for the retrospective adjustment of the corresponding data of the prior period and the information presented in the explanatory notes, with regards to changes made to such data, have been audited by us for the purpose of expressing our opinion on the Brembo Group consolidated financial statements as of 31 December 2008.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

PRICEWATERHOUSECOOPERS

3 In our opinion, the consolidated financial statements of Brembo SpA as of 31 December 2008 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results of operations, changes in equity and cash flows of Brembo Group for the period then ended.

4 The directors of Brembo SpA are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by art. 156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of Brembo SpA as of 31 December 2008.

Milan, 14 April 2009

PricewaterhouseCoopers SpA

Signed by
Luigi Migliavacca
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers.
We have not examined the translation of the consolidated financial statements referred to in this report.

(2)

Certification of the Consolidated Financial Statement according to the article 154-bis of Italian Legislative Decree 58/98

1. We, the undersigned, Alberto Bombassei, in his capacity as the Chairman of Board of Directors, and Corrado Orsi, as the executive in charge of preparing the accounting statements of Brembo S.p.A., certify taking into account the provision of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application,

of the administrative and accounting procedures used in the preparation of the Consolidated Financial Statements for the year ended December 31, 2008.

2. To this end, there have been no relevant aspects.

3. We also certify that the consolidated financial statements:

a) agree with the accounting records and entries;

b) have been prepared in accordance with IFRS, to our knowledge, and are suitable for providing a true and fair presentation of the equity, economic and financial situation of the company and the aggregate of the companies included in consolidation.

Date: 19/03/2009

Alberto Bombassei
The Chairman

……………………

Corrado Orsi
Executive in charge of preparing the accounting statements

……………………

BREMBO S.p.A. Sede legale Sede amministrativa e uffici

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SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2008

BREMBO S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2008

Balance Sheet at 31 December 2008

Assets

(euro)	Notes	31.12.2008	31.12.2007	Change
NON-CURRENT ASSETS				
Property, plant, equipment and other equipment	1	173,421,395	163,303,192	10,118,203
Development costs	2	38,789,520	32,388,809	6,400,711
Other intangible assets	2	11,908,450	8,077,061	3,831,389
Shareholdings	3	164,493,260	129,206,622	35,286,638
Other financial assets (investments in other companies and derivatives)	4	4,450	687,279	(682,829)
Receivables and non-current assets	5	213,332	202,662	10,670
TOTAL NON-CURRENT ASSETS		**388,830,407**	**333,865,625**	**54,964,782**
CURRENT ASSETS				
Inventories	7	107,880,473	97,031,462	10,849,011
of which with related parties	30	*5,000*	*530*	*4,470*
Trade receivables	8	139,561,346	131,484,036	8,077,310
of which with related parties	30	*19,964,898*	*20,439,789*	*(474,891)*
Other receivables and current assets	9	21,114,632	20,250,906	863,726
of which with related parties	30	*9,500*	*0*	*9,500*
Financial current assets and derivatives	10	27,150,037	25,968,176	1,181,861
of which with related parties	30	*27,080,775*	*25,455,205*	*1,625,570*
Cash and cash equivalents	11	1,586,274	1,210,552	375,722
TOTAL CURRENT ASSETS		**297,292,762**	**275,945,132**	**21,347,630**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS		**0**	**12,117,828**	**(12,117,828)**
TOTAL ASSETS		**686,123,169**	**621,928,585**	**64,194,584**

Equity and Liabilities

(euro)	Notes	31.12.2008	31.12.2007	Change
EQUITY				
Share capital	12	34,727,914	34,727,914	0
Other reserves	12	119,878,554	107,290,450	12,588,104
Retained earnings / (losses)	12	12,840,937	12,840,937	0
Profit / (loss) for the year	12	16,653,451	28,235,853	(11,582,402)
TOTAL EQUITY		**184,100,856**	**183,095,154**	**1,005,702**
NON-CURRENT LIABILITIES				
Non-current payables to banks	13	82,231,713	6,330,627	75,901,086
Other non-current financial payables and derivatives	13	71,071,313	75,069,631	(3,998,318)
of which with related parties	30	*50,000,000*	*50,000,000*	*0*
Other non-current liabilities	14	1,281,696	8,770,717	(7,489,021)
Provisions	15	1,158,095	2,156,347	(998,252)
Provisions for employee benefits	16	19,273,553	20,160,940	(887,387)
of which with related parties	30	*39,363*	*0*	*39,363*
Deferred tax liabilities	6	12,378,045	19,817,255	(7,439,210)
TOTAL NON-CURRENT LIABILITIES		**187,394,415**	**132,305,517**	**55,088,898**
CURRENT LIABILITIES				
Current payables to banks	13	119,800,659	122,633,962	(2,833,303)
Other current financial payables and derivatives	13	31,884,433	5,262,312	26,622,121
of which with related parties	30	*26,152,205*	*460,717*	*25,691,488*
Trade payables	17	122,478,158	139,764,979	(17,286,821)
of which with related parties	30	*14,585,091*	*22,843,066*	*(8,257,975)*
Tax payables	18	1,965,675	0	1,965,675
Other current payables	19	38,498,973	35,026,856	3,472,117
of which with related parties	30	*1,676,204*	*130,405*	*1,545,799*
TOTAL CURRENT LIABILITIES		**314,627,898**	**302,688,109**	**11,939,789**
NON-CURRENT LIABILITIES HELD FOR SALE AND/OR ASSOCIATED WITH DISPOSAL GROUPS		**0**	**3,839,805**	**(3,839,805)**
TOTAL EQUITY AND LIABILITIES		**686,123,169**	**621,928,585**	**64,194,584**

Operating Results at 31 December 2008

(euro)	Notes	31.12.2008	31.12.2007	Change
Sales of goods and services	20	**645,139,355**	**603,048,635**	**42,090,720**
of which with related parties	30	*38,207,312*	*38,770,557*	*(563,245)*
Other revenues and income	21	22,543,468	17,273,391	5,270,077
of which with related parties	30	*13,800,262*	*11,293,329*	*2,506,932*
Costs for capitalised internal works	22	13,598,686	12,456,290	1,142,396
Raw materials, consumables and goods	23	(331,165,729)	(315,137,318)	(16,028,411)
of which with related parties	30	*(88,871,973)*	*(81,517,979)*	*(7,353,994)*
Other operating costs	24	(128,228,130)	(119,234,638)	(8,993,492)
of which with related parties	30	*(7,686,066)*	*(6,128,119)*	*(1,557,947)*
Personnel expenses	25	(148,318,919)	(127,316,742)	(21,002,177)
of which with related parties	30	*(7,708,638)*	*(1,755,386)*	*(5,953,252)*
GROSS OPERATING INCOME		**73,568,731**	**71,089,618**	**2,479,113**
Depreciation, amortisation and impairment losses	26	(36,671,833)	(29,586,454)	(7,085,379)
NET OPERATING INCOME		**36,896,898**	**41,503,164**	**(4,606,266)**
Net interest income (expense)	27	(13,765,653)	(8,292,103)	(5,473,550)
of which with related parties	30	*(2,467,609)*	*(1,509,522)*	*(958,087)*
Interest income (expense) from investments	28	3,335,877	7,418,398	(4,082,521)
of which with related parties	30	*3,335,877*	*7,418,398*	*(4,082,521)*
INCOME BEFORE TAXES		**26,467,122**	**40,629,459**	**(14,162,337)**
Taxes	29	(9,813,671)	(12,393,606)	2,579,935
NET INCOME FOR THE YEAR		**16,653,451**	**28,235,853**	**(11,582,402)**

Cash-flow Statement for the Year Ended 31 December 2008

(euro)	31.12.2008	31.12.2007 (*)
Cash and cash equivalents at beginning of year	**(120,731,747)**	**(85,706,280)**
Cash and cash equivalents at beginning of year of the HPK business line	(3,500,000)	0
Cash and cash equivalents at beginning of year	**(124,231,747)**	**(85,706,280)**
Net income for the year before taxes	**26,467,122**	**40,629,459**
Depreciation, amortisation/Impairment losses	36,671,833	29,586,454
Gains/losses from disposal of fixed assets	(2,166,148)	(1,250,408)
Write-ups/Write-downs of shareholdings	4,366,284	0
Financial portion of provisions for payables for personnel	945,048	936,881
Long-term provisions for employee benefits	27,539	(3,512,399)
Income from shareholdings	(7,702,161)	(7,418,398)
of which with related parties	*(7,702,161)*	*(7,418,398)*
Other provisions net of utilisations	2,916,941	(181,724)
Net working capital generated by operations	**61,526,458**	**58,789,865**
Paid current taxes	(3,723,845)	(22,838,482)
Uses of long-term provisions for employee benefits	(1,893,241)	(1,891,127)
of which with related parties	*39,363*	*0*
(Increase) reduction in current assets:		
inventories	(14,107,466)	(9,658,632)
of which with related parties	*(4,470)*	*(530)*
financial assets	(11,107,413)	(8,530,444)
of which with related parties	*(1,625,570)*	*(8,530,605)*
trade receivables and receivables from other Group companies	(8,300,339)	20,700,530
of which with related parties	*474,891*	*17,914,169*
receivables from others and other assets	(513,946)	(7,914,058)
of which with related parties	*(9,500)*	*0*
HPK business line	0	(4,512,506)
Increase (reduction) in current liabilities:		
trade payables and payables to other Group companies	(17,259,694)	12,254,717
of which with related parties	*(8,257,975)*	*2,577,692*
payables to others and other liabilities	21,859,606	4,578,381
of which with related parties	*27,237,287*	*104,320*
HPK business line	0	274,838
Net cash flows from / (for) operating activities	**26,480,120**	**41,253,082**
Investments in:		
intangible assets	(20,704,508)	(16,910,262)
property, plant and equipment	(39,234,471)	(41,648,649)
financial fixed assets (shareholdings)	(41,235,601)	(22,113,208)
Price for disposal, or reimbursement value of fixed and intangible assets	11,652,231	3,384,228
Price for disposal, or reimbursement value of shareholdings	1,582,679	0
Price for disposal of the “HPK” business line, gross of cash and cash equivalents	15,380,000	0
Net cash flows from / (for) investing activities	**(72,559,670)**	**(77,287,891)**
Dividends paid in the year	(18,493,566)	(16,028,268)
Dividends received in the year	7,702,161	7,418,398
of which with related parties	*7,702,161*	*7,418,398*
Acquisition of own shares	(7,923,836)	(3,511,975)
Loans and financing granted by banks and other financial institutions in the year	100,000,000	19,116,122
Repayment of long-term loans	(8,383,298)	(9,484,935)
Net cash flows from / (for) financing activities	**72,901,461**	**(2,490,658)**
Total cash flows	**26,821,911**	**(38,525,467)**
Cash and cash equivalents at end of year	**(97,409,836)**	**(120,731,747)**
Cash and cash equivalents of HPK business line at end of year	**0**	**(3,500,000)**
Cash and cash equivalents at end of year	**(97,409,836)**	**(124,231,747)**

(1) Data have been revised, for the purposes of clearer explanation.

Statement of Movements in Equity

(euro)	Share capital	Legal reserve	Share premium reserve	Revaluation reserve	Fund Re. law 46/82	Own share reserve	Own share purchasing reserve	Extraordinary reserve
Balance at 1 January 2007	**34,727,914**	**6,945,584**	**26,650,263**	**12,966,123**	**98,348**	**0**	**18,000,000**	**30,550,008**
Allocation of profit for the previous year								3,129,848
Payment of dividends								
Plan for own share purchasing							3,600,000	(3,600,000)
Acquisition of own shares						(3,511,975)		
Change in reserves from application of IAS 39								
Rounding off								
Net income (loss) for the year								
Balance at 31 December 2007	**34,727,914**	**6,945,584**	**26,650,263**	**12,966,123**	**98,348**	**(3,511,975)**	**21,600,000**	**30,079,856**
Balance at 1 January 2008	**34,727,914**	**6,945,584**	**26,650,263**	**12,966,123**	**98,348**	**(3,511,975)**	**21,600,000**	**30,079,856**
Allocation of profit for the previous year								4,978,604
Payment of dividends								
Change in reserves from application of IAS 39								
Gain on the disposal of the “HPK” business line								
Acquisition of own shares						(7,923,836)		
Plan for own share purchasing							16,635,811	(16,635,811)
Net income (loss) for the year								
Balance at 31 December 2008	**34,727,914**	**6,945,584**	**26,650,263**	**12,966,123**	**98,348**	**(11,435,811)**	**38,235,811**	**18,422,649**

Hedging reserves are net of the related tax effect.

Taxed reserve for accelerated amort. and deprec.	Goodwill arising from merger	Reserve from gain arising on the disposal of the "HPK" business line	Reserve Re. art. 6 (2) Leg. Decree 38/05	FTA reserve	Hedging reserve	Retained earnings	Profit in the year	Equity
556,823	**262,639**	**0**	**0**	**9,737,120**	**696,889**	**12,840,937**	**20,247,788**	**174,280,436**
			1,089,672				(4,219,520)	0
							(16,028,268)	(16,028,268)
								0
								(3,511,975)
					119,107			119,107
					1			1
							28,235,853	28,235,853
556,823	**262,639**	**0**	**1,089,672**	**9,737,120**	**815,997**	**12,840,937**	**28,235,853**	**183,095,154**
556,823	**262,639**	**0**	**1,089,672**	**9,737,120**	**815,997**	**12,840,937**	**28,235,853**	**183,095,154**
			4,763,683				(9,742,287)	0
							(18,493,566)	(18,493,566)
					(975,555)			(975,555)
		11,745,208						11,745,208
								(7,923,836)
								0
							16,653,451	16,653,451
556,823	**262,639**	**11,745,208**	**5,853,355**	**9,737,120**	**(159,558)**	**12,840,937**	**16,653,451**	**184,100,856**

STATUTORY AUDITORS’ REPORT

Report of the Board of Statutory Auditors to the Shareholders’ Meeting for Approval of the Financial Statements for the Year Ended 31 December 2008

Shareholders,

Pursuant to Art. 153 of Legislative Decree No. 58 of 24 February 1998 the Board of Auditors has to report to the Shareholders’ Meeting on its supervision, on omissions and censurable operations observed. Furthermore, the Statutory Auditors may put forward proposals with regards to Financial Statements, their approval or subjects for which they are qualified.

In compliance with the above-mentioned provision we submit the report herein.

During the year, the Statutory Auditors performed their tasks as per Art. 149 of the above-mentioned Decree and are now able to report the following information, in compliance with the provisions of CONSOB Circular of 6 April 2001:

1. During Board Meetings and periodic checks, Company Directors constantly informed us on the most significant economic and financial transactions carried out by the company.
   These transactions are part of the Group’s strategic development plan and fully comply with laws and the Company By-laws. The main economic, financial and balance sheet transactions carried out during 2008 are listed below:
   a) based on the integration contract between the parent company Brembo S.p.A. and the former shareholders of Sabelt S.p.A., dated 28 January 2008, with effect from 1 February 2008 Brembo S.p.A. contributed the “HPK” business line (contribution in kind pursuant to art. 2441 paragraph 4 of the Italian Civil Code) to the company Brembo Performance S.p.A.; the contribution value was €11.9 million. The stake in Brembo Performance S.p.A. was initially a joint holding (the former Sabelt S.p.A. shareholders contributed 100% of the Sabelt S.p.A. shares with effect from 1 March 2008) and on 4 March 2008 an additional 20% of Brembo Performance S.p.A. was acquired by Brembo S.p.A. for €6 million, so that 70% is now held.
      As part of this transaction 100% of the stake in Brembo Performance North America Inc was also transferred to Brembo Performance S.p.A. The former company was set up in 2007 and was the assignee from Brembo North America Inc. of the respective high-performance kit business arm. Before selling the stake, Brembo S.p.A. subscribed and paid in a capital increase of USD 2.5 million equal to €1.6 million. The transfer of the shareholding did not give rise to any capital gains or losses;
   b) In January 2008, Brembo S.p.A. fully subscribed the capital increase of the subsidiary Brembo China Brake Systems Co. Ltd. for a total amount of USD 3 million. The transaction was carried out in preparation of the agreement signed on 4 February 2008, whereby the company acquired the

controlling interest in the Chinese investee company Nanjing Yuejin Automotive Brake System Co. Ltd. (NYABS), based in Nanjing. The acquisition was concluded by the subsidiary Brembo China Brake Systems Co. Ltd., which acquired a 42.25% stake from NAC (Nanjing Automobile Corp.) at a price of about USD 5.9 million, whereas a 27.75% stake was already owned by Brembo S.p.A. The Brembo Group thus directly and indirectly holds 70% of the Chinese company. The business licence, which made the transaction effective and entitled the Brembo Group to exercise control, was received in April 2008.

c) On 18 March 2008, Innova Tecnologies S.r.l. was incorporated, with registered offices in Bergamo. The company's activity includes the enhancement and promotion, as well as the construction, renovation, letting and sub-letting of real estate. The company is 30% held by Brembo S.p.A.

d) On 23 September 2008, Brembo reached an agreement with Daimler AG to acquire 50% of Brembo Ceramic Brake Systems S.p.A., a joint venture that, prior to that date, had been owned in equal shares. Based on the joint-venture agreement and within the framework of broader agreements with Daimler, the price was set at €9 million.

e) On 27 October 2008, Brembo reached an agreement with Bosch Chassis Systems India Ltd. for the acquisition of 50% of KBX Motorbike Products Private Ltd. (based in Pune, India), a joint venture that, prior to that date, had been owned in equal shares by the two companies. The purchase price was €10.7 million. The acquisition procedure was completed in November, following the fulfilment of legal obligations in India.

2. In 2008, the Company did not carry out any atypical or unusual transactions.
   No atypical or unusual operations were carried out with related parties, nor were there any that can significantly affect the Company's economic, equity and financial situation.
   No atypical or unusual transactions were carried out with third parties or with Group companies.
   Ordinary transactions within the Group related to the purchase and sale of products, services and the transfer of property, plant and equipment. The total amount of commercial transactions with other related parties was not material. All the transactions took place at prices that are in line with normal market values. These transactions are deemed fair and have been carried out in the interest of the Company.
   In June, Brembo S.p.A. sold the property located in San Giovanni Bianco for consideration of €8 thousand, realising a capital gain of €1.2 thousand. The property was sold to Innova Tecnologie S.r.l., in which the Group owns a 30% stake.
   During the year, the loan of €15 million to Brembo Poland Spolka Zo.o. which bears interest at the 3-month Euribor rate + 0.4% spread, was repaid.
   The loan to the subsidiary Marchesini S.p.A., having an initial nominal value of €2 million, and standing at €1.6 million at 31 December 2007, was repaid in 2008, in three tranches.
   The loan of €0.1 million issued to the subsidiary Brembo Deutschland GmbH in September 2007 was extinguished on 21 February 2008.
   In November 2007, a loan had been disbursed to the subsidiary Brembo North America Inc. for Usd

13 million (equal to €8.8 million), earning interest at 6-month Usd Libor + 0.625% spread, which was in turn transferred to Brembo Performance North America Inc. and repaid in October 2008. The loan conditions were renegotiated with Brembo Performance North America Inc during the year. The loan is due to mature on 5 September 2009. The balance at 31 December 2008 amounted to €8.8 million.

Finally, Brembo S.p.A. granted a credit line to Brembo Rassini S.A. de C.V., of which Usd 6.5 million was used at the end of 2008 (balance at 31 December 2008 €4.7 million). It was issued for the period from 27 May 2008 to 27 May 2009 at the 3-month Usd Libor rate + 0.875%. A credit line, of which USD 3 million was used at the end of 2008 (balance at 31 December 2008 €2.2 million), was granted to Brembo North America Homer Inc by Brembo S.p.A., valid from 17 September 2008 to 17 September 2009 at the 3-month Usd Libor rate + 0.625%.

Brembo S.p.A. also has a loan in place provided by the subsidiary Brembo International S.A. on 26 October 2005 for a nominal value of €50 million, at a variable rate equal to 3-month Euribor + 0.40% spread which is due to mature on 26 October 2010.

During the year a zero-balance cash-pooling system was brought into effect with Brembo S.p.A. as the pool leader. At 31 December 2008, ten Group Companies had subscribed to the cash pooling system. The Company has planned to gradually extend the system to all Group companies, once the conditions are in place. The debit balance in respect of those taking part in the cash pooling system amounted to €14 million at 31 December 2008. The positions are in Euros and Usd.

It is noted that the Directors' Report on Operations contains specific detailed information regarding intra-Group transactions and transactions with related parties.

Moreover, the Directors reported on the 2006-2008 three-year incentive plan approved by the Board of Directors on 24 March 2006. The Plan is aimed at executive directors and top managers of Brembo S.p.A. and its subsidiaries, 34 people overall, and involves a total commitment of €6.9 million. On 28 April 2006, the General Shareholders' Meeting approved the incentive plan, confirming in particular that it can be applied to the Chairman of Brembo S.p.A.

During 2008, a total of 1,060,000 own shares were acquired. At 31 December 2008, the Company owned 1,440,000 own shares, purchased at an average weighted price of €7.94, for a total value of €11.4 million.

3. The Independent Auditors' Report issued on 9 April 2009 does not set forth any items particularly worthy of note.
4. In 2008, we did not receive any complaints from shareholders as per Art. 2408 of the Italian Civil Code.
5. In 2008, no claims were submitted to the Board of Statutory Auditors.
6. Fees of €53 thousand were paid to PricewaterhouseCoopers, in relation to acquisition projects, and a fee of €73 thousand was paid for administrative assistance.
7. Entities linked to PricewaterhouseCoopers by continuous relationships were engaged on acquisition projects totalling €54 thousand and fees of €31 thousand were paid for administrative and corporate assistance.

8. During the year the Board of Statutory Auditors checked, pursuant to art. 3 and art. 5 of the Corporate Governance Code, that the criteria and assessment procedures adopted by the Board of Directors in order to appraise the independence of its members have been correctly applied and issued an opinion on the appointment of the Manager in charge of the Company's financial reports pursuant to Law 262/05.
9. During 2008, the Board of Directors met nine times and the Board of Statutory Auditors met four times, whereas the Audit Committee met five times.
10. During the periodic audits and based on the information gathered from heads of departments and data and information received during our meetings with the independent auditors, we found that operations were carried out in full observance of the principles of proper management.
11. Brembo's organisational structure is constantly adjusted to the size and complexity reached by the company.
12. The internal control system is adequate, and it appears to be suitable for pursuing risk prevention and ensuring the effective application of standards of corporate conduct, which have been acknowledged in the Code of Ethics. During the year, Internal Audit continued to focus its work in two directions: risk prevention and actions designed to ascertain and eliminate anomalies and irregularities, with the aim of supporting the company to achieve its operating objectives set. Organisation audits have been performed in several Group subsidiaries, whilst compliance audits have been carried out in accordance with Law 262/05 and Legislative Decree 231/01, operational audits completed in particular areas of activity and ethics audits based on specific reports received.
    Internal Audit has carried out validation tests of the key controls illustrated during the phase mapping administrative processes and related procedures and the tests carried out have indicated that these controls are adequate.
13. The administrative/accounting system seems to be fully adequate and reliable.
    Based on what we have observed and verified also during the previous periods, it correctly reflects operations.
    During 2008, the company has put significant effort into preparing for and gradually transferring to the new ERP IT system which will be completed for Brembo by 2010. This process will take longer in the foreign companies.
14. The Company issued instructions to subsidiaries, as provided for by Article 114, paragraph 2, of Legislative Decree 58/1998: these instructions are deemed in line with regulations.
15. During the meetings held periodically with the Independent Auditors, pursuant to the provisions of Article 150 of the TUF (Consolidated Finance Law) no significant aspects emerged in relation to problems that come under our area of responsibility.
16. Brembo's System of Corporate Governance was implemented also in financial year 2008, fully complying with the provisions of the "Corporate Governance of Listed Companies" and the new requirements for companies listed on the STAR segment. In compliance with Art. 6 of Legislative Decree 231/2001, the

Company continued all the necessary actions aimed at setting up an Organisation, Management and Control system capable of preventing Brembo from being considered liable for crimes pursuant to Italian Legislative Decrees 231/2001 and 61/2002.
Training and refresher courses have been organised for those responsible for the Organisation, Management and Control Model in Group companies on the subject of new offences and, in particular, on their responsibilities as regards internal controls and principles contained in the Code of Ethics. The company has included in the Organisation, Management and Control Model the new types of offences envisaged under the supplement to Legislative Decree 231/2001: the new text was approved by the Board of Directors on 26 March 2008.
The procedures followed by the Company to adopt and implement the rules introduced by the Corporate Governance Code issued by Borsa Italiana are broadly described in the relevant report presented by the Board of Directors to the Ordinary Shareholders' Meeting. The Board of Auditors agrees with the content of said report.

17. During the year, we carried out the monitoring activities set forth in Article 149.
During the meetings of the Board of Directors and our periodic meetings with the Directors, we were immediately informed of significant transactions and were able to obtain all the details required to analyse and evaluate their impact on the Company's economic and financial structure.
During our frequent meetings with the Audit Committee and with the Independent Auditors, we were able to obtain detailed information on the Internal Control System and on the Company's level of administration and accounting organisation.
We can confirm that in performing our activities, we did not note any irregularities, omissions or censurable operations.

18. We hereby propose that the General Shareholders' Meeting approve the Financial Statements for the year ended 31 December 2008 and we further express our favourable opinion on the proposal of the Board of Directors for the distribution of dividends.

Curno, 9 April 2009

BOARD OF STATUTORY AUDITORS
Sergio Pivato *(Chairman)*
Enrico Colombo *(Auditor)*
Daniela Salvioni *(Auditor)*

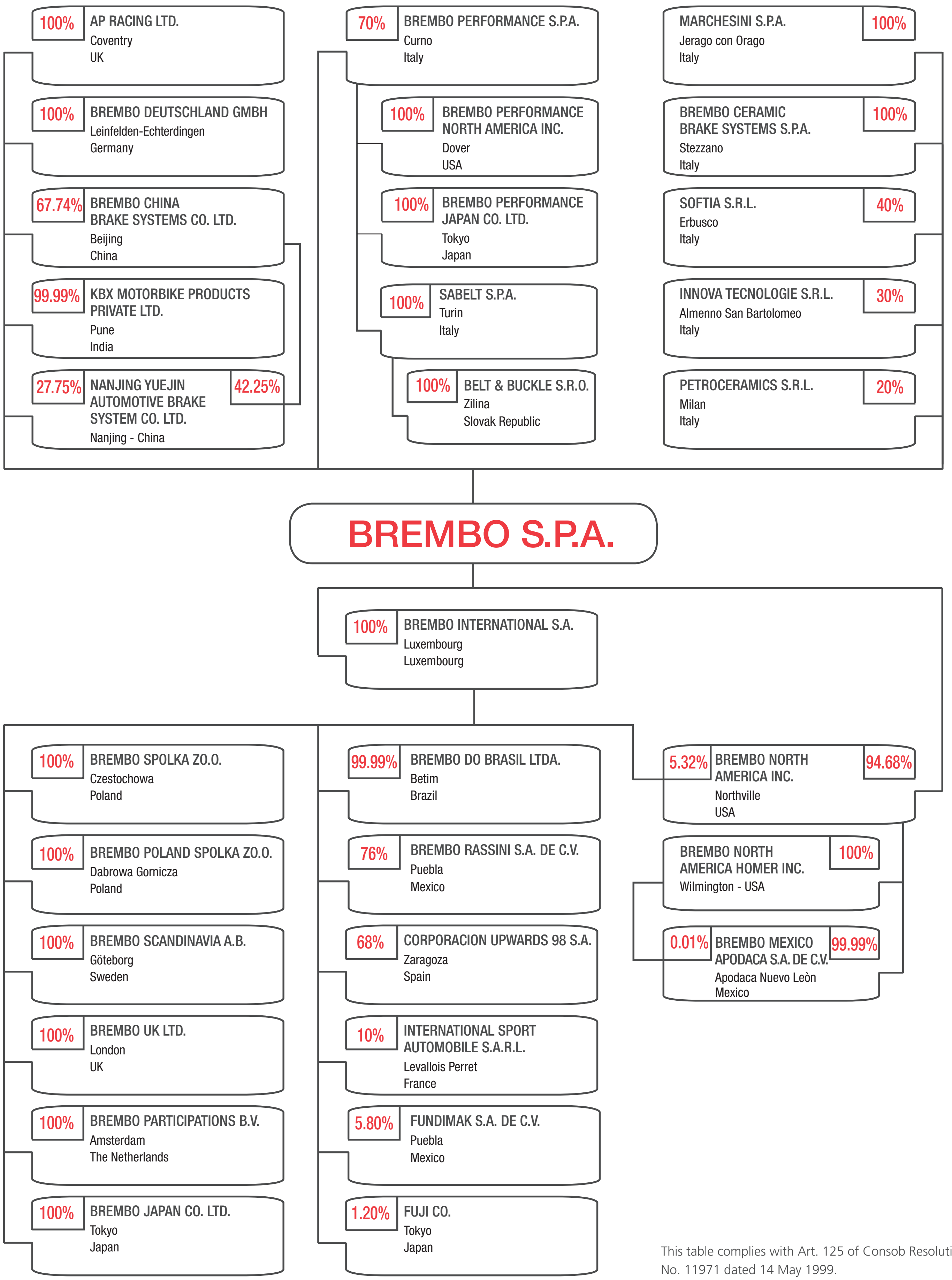
A list is given below of the administrative and control functions held by members of the Board of Statutory Auditors in other companies at 9 April 2009 (Attachment pursuant to art. 144 quinquiedecies Issuers' Regulations).

Sergio Pivato: Member of the Supervisory Board, Chairman of the Internal Audit Committee of UBI Banca, Chairman of the Board of Statutory Auditors of Reno De Medici, S.I.D.M. S.p.A., SME S.p.A., Auditor of Auchan S.p.A.

Enrico Maria Colombo: Chairman of the Board of Directors of Tod's S.p.A., Deva Mode s.r.l., Filangeri 29 s.r.l., Spiga 22 s.r.l., Via Roma 40 s.r.l., Ceccato aria compressa S.p.A., Collistar S.p.A., Misco Italy Computer Supplies S.p.A., Riva Acciaio S.p.A., Riva Fire S.p.A., Auditor of ABAC Aria Compressa S.p.A., Lifegate Radio S.p.A., Nuovo Trasporto Viaggiatori S.p.A., Società Italo Britannica Manetti & Roberts S.p.A., UHU Bison S.p.A.

Daniela Salvioni: at 9 April 2009, she had no appointments with other companies.

BREMBO STRUCTURE



This table complies with Art. 125 of Consob Resolution No. 11971 dated 14 May 1999.

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