brembo

ANNUAL REPORT 2011

In 2011 Brembo celebrated
fifty years in business.

The pictures in these
financial statements recount
the places, products and people
who have helped write
the history of Brembo every day.

brembo
50 YEARS
1961-2011


brembo
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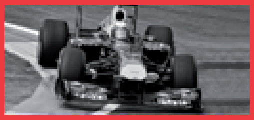

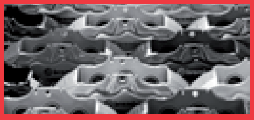


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CALL TO SHAREHOLDERS' MEETING

The Shareholders are convened to the Ordinary Shareholders' Meeting to be held at the Company offices at Viale Europa 2, 24040 Stezzano (Bergamo) on 20 April 2012 at 11:00 a.m. CET (first call) or, if necessary, on 23 April 2012, 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 2011, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in Charge of the Company's Financial Reports. Allocation of profit for the year and dividend distribution. Ensuing resolutions.

2. Presentation of the Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2011, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in Charge of the Company's Financial Reports.

3. Appointment of a member of the Board of Directors pursuant to Article 2386 of the Italian Civil Code. Ensuing resolutions.

4. Presentation of the Remuneration Report of Brembo S.p.A. and consultative ballot of the Shareholders' Meeting on the Remuneration Policy of Brembo S.p.A. (Section I – Remuneration Report) pursuant to Article 123-*ter* of TUF.

5. Amendments to the Three-year Incentive Plan (2010/2012) for Executive Directors and Top Managers. Ensuing resolutions.

6. Authorisation for the buy-back and disposal of own shares. Ensuing resolutions.

Stezzano, 7 March 2012

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

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LETTER FROM THE CHAIRMAN

Shareholders,

The world economic situation in 2011 was characterised by difficulties and turmoil, but despite the context Brembo has attained gratifying results during the year, thanks to the growing coverage of more dynamic markets and the acquisition of important new orders. Group revenues exceeded €1,250 million, representing a 17% increase over the previous year and about 50% in the 24-month period. Gross operating income rose by 14% and net income by 33%. We have resumed growth for the second consecutive year in terms of employment as well: the number of employees rose by over 800 with respect to the 5,900 present at the end of 2010; one-third of this increase occurred in Italy and the remainder above all in Argentina and the Czech Republic.

These results buck the general trend of the world's leading economies. In fact, in 2011 world GDP was about 3.8%, showing lower growth compared to the previous year. Europe, which is still the leading market for Brembo products, performed even worse, stopping at 1.6%, a figure lower than expected and less than in 2010. The slowdown of the economy has affected nearly all the countries in the Eurozone, albeit to different extents: from Germany, which nevertheless ended the year with an appreciable +3%, to Italy, which closed just above zero and even entered a recession in the fourth quarter. With the United States (+1.8%) and Japan (-0.9%) dealing with similar problems, once again it was the emerging economies of the BRIC countries – Brazil, Russia, India and China – that upheld world development, though with less power and impetus than in the past.

The automotive sector, the target of our production, has been affected by the slowdown in world growth and was in turn subject to a slowdown in demand. Registrations of cars and light commercial vehicles, a segment that accounts for nearly 80% of Brembo's sales, grew by 4.3% worldwide in 2011, against growth that exceeded 13% the previous year. This market was driven above all by the BRIC countries, as well as Eastern Europe and the United States, which offset the downswing in Western Europe (-3.9%) and the Japanese market, the latter seriously penalized by the consequences of the earthquake that struck the country in March.

In this enduring climate of economic instability, Brembo has nevertheless managed to benefit from an investment and industrial development plan that, despite the rather difficult context, has allowed the Group to become more competitive, expand its presence on emerging markets and consolidate its international leadership in recent years. Today Brembo is present with industrial facilities not only in Italy, but also in Germany, Spain, Poland, the Czech Republic, the Slovak Republic, the United Kingdom, the United States, China, India, Brazil, Mexico and Argentina. This presence is constantly being reinforced. In total, during the year investments worth over €165 million were made, 20% of which in Italy.

In October, a new industrial complex was inaugurated at Dabrowa Gornicza in Poland, dedicated to the production of brake discs for cars and commercial vehicles, which will make it easier and faster to supply the plants of German, French and British customers throughout Central and Eastern Europe. Investments in these facilities will continue until 2014, for a total of €100 million, in order to guarantee a further increase in production capacity. In the Czech Republic, a new site is being completed, part of which went into operation in 2011. It will handle the casting, workmanship and assembling of brake calipers and other aluminium components. When it is finished, it will be an integrated industrial complex that can offer the market high-tech braking systems. In China, where a plant has been operative since 2001, the completion of a production complex is at a very advanced stage; it includes a foundry and equipment to manufacture discs and brake calipers for cars and commercial vehicles, and will be inaugurated in the first half of 2012. Lastly, in South America we have expanded our presence during the year by acquiring a 75% stake in the Argentinian company Perdriel S.A., a brake disc manufacturer.

During the year the top management team was also reinforced by creating the position of Executive Deputy Chairman, to which the board member Matteo Tiraboschi was appointed, and with the entry of a new Managing Director, Andrea Abbati Marescotti. I hope that they and all the employees and collaborators of the Brembo Group will continue to face the challenges of this new year successfully and I thank them for their work so far.

In 2011, Brembo also reached another milestone that is a source of great pride for all of us: fifty years in business. This is an important anniversary that, to summarize what we have said so far, has been crowned by significant growth in economic and employment terms, our presence on international markets and our technological leadership. This is an excellent way to celebrate such a special anniversary and lays solid groundwork that will help us face the years to come with confidence.

The Chairman
Alberto Bombassei

COMPANY OFFICERS

Based on the one sole list presented by the majority shareholder Nuova FourB S.r.l., the General Shareholders' Meeting of the Parent Company Brembo S.p.A. held on 29 April 2011 appointed the Board of Directors, which will remain in office until the approval of the financial statements for the year ending 31 December 2013.

Since 6 June 2011, Matteo Tiraboschi has served as Executive Deputy Chairman.

On the same date, the Board of Directors co-opted* Andrea Abbati Marescotti, appointing him Managing Director and General Manager, after revocation of the powers attributed to the Chairman for that function.

At 31 December 2011, Company Officers included:

BOARD OF DIRECTORS

Chairman	Alberto Bombassei (1) (8)
Executive Deputy Chairman	Matteo Tiraboschi (2) (8)
Managing Director and General Manager	Andrea Abbati Marescotti (3) (8)
Directors	Cristina Bombassei (4) (8) Giovanni Cavallini (5) Giancarlo Dallera (5) Giovanna Dossena (6) Umberto Nicodano (7) Pasquale Pistorio (5) (9) Gianfelice Rocca (5) Pierfrancesco Saviotti (5)

BOARD OF STATUTORY AUDITORS (10)

Chairman	Sergio Pivato
Auditors	Enrico Colombo Mario Tagliaferri
Alternate Auditors	Gerardo Gibellini Marco Salvatore

* To replace Bruno Saita (non-executive and non-independent Director).

INDEPENDENT AUDITORS	PricewaterhouseCoopers S.p.A. [11]
MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS	Matteo Tiraboschi [12]

COMMITTEES

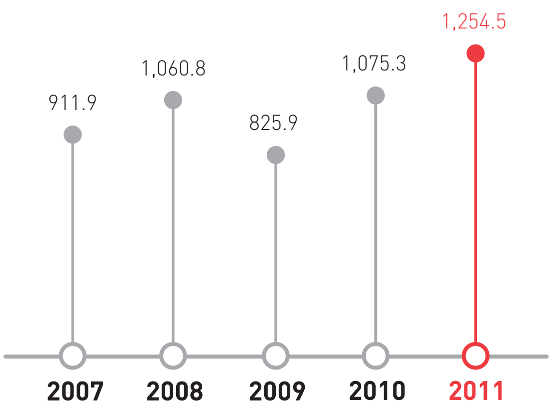
Audit Committee [13]	Giovanni Cavallini (Chairman) Giancarlo Dallera Pasquale Pistorio
Remuneration Committee	Umberto Nicodano (Chairman) Giovanni Cavallini Pierfrancesco Saviotti
Supervisory Committee	Marco Bianchi (Chairman) [14] Giancarlo Dallera Alessandra Ramorino [15]

(1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
(2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
(3) The Board of Directors granted the Managing Director and General Manager special powers to manage the Company.
(4) This Director also holds the position of Executive Director in charge of overseeing the functioning of the Internal Control System.
(5) Independent and non-executive Directors pursuant to Article 148, paragraph 3, of the Finance Consolidation Law (TUF) (as required by Articles 147-*ter*, paragraph 4, and 147-*quater* of TUF) and Article 2.2.3, paragraph 3, of the Rules of Borsa Italiana S.p.A. and the Corporate Governance Manual of Brembo S.p.A. (Article 3).
(6) Independent and non-executive Director pursuant to Article 148, paragraph 3, of TUF (as required by Articles 147-*ter*, paragraph 4, and 147-*quater* of TUF).
(7) Non-executive Director.
(8) Executive Directors.
(9) This Director also holds the position of Lead Independent Director.
(10) It holds the role of Audit Committee and Accounting Audit pursuant to Article 19 of Legislative Decree No. 39/2010.
(11) The Shareholders' Meeting held on 27 April 2007 extended the mandate until financial year 2012.
(12) Appointed by the Board of Directors on 29 April 2011. He also holds the position of Investor Relator.
(13) The Audit Committee also acts as the Related Party Transactions Committee.
(14) Private practice lawyer - Studio Castaldi Mourre & Partners, Milan.
(15) Person in charge of Internal Control and Internal Audit Director of the Brembo Group.

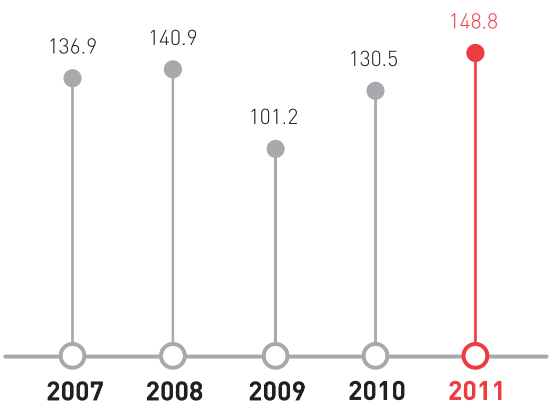
Brembo S.p.A. Registered offices: CURNO (Bergamo) – Via Brembo, 25
Share capital: €34,727,914.00 – Bergamo Register of Companies
Tax Code (VAT Code) No. 00222620163.

BREMBO: SUMMARY OF GROUP RESULTS

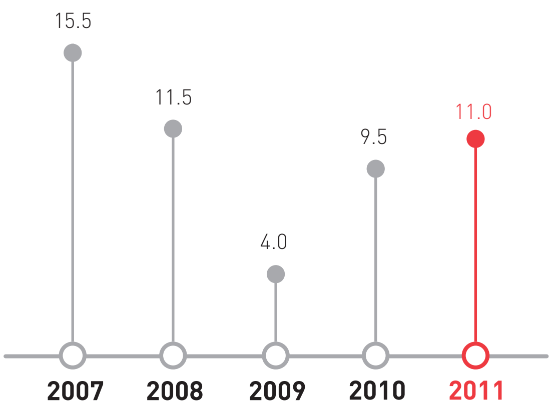
SALES OF GOODS AND SERVICES
(euro million)



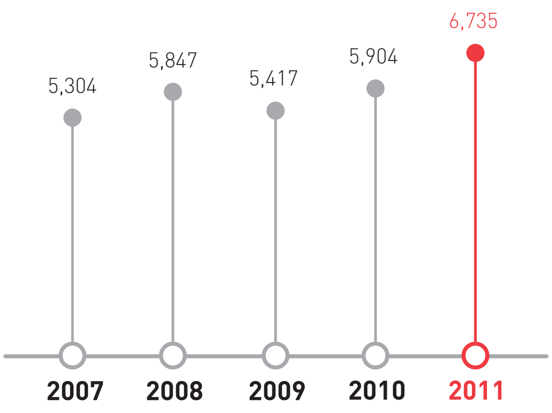
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PERSONNEL AT END OF YEAR
(No.)



ECONOMIC RESULTS

(euro thousand)	31.12.2007	31.12.2008	31.12.2009	31.12.2010	31.12.2011	% 2011/2010
Sales of goods and services	911,885	1,060,771	825,897	1,075,252	1,254,513	*16.7%*
Gross operating income	136,943	140,945	101,182	130,542	148,785	*14.0%*
% on sales	*15.0%*	*13.3%*	*12.3%*	*12.1%*	*11.9%*	
Net operating income	88,630	74,777	22,645	56,396	73,347	*30.1%*
% on sales	*9.7%*	*7.0%*	*2.7%*	*5.2%*	*5.8%*	
Income before taxes	76,472	53,608	10,677	45,433	54,696	*20.4%*
% on sales	*8.4%*	*5.1%*	*1.3%*	*4.2%*	*4.4%*	
Net result	60,764	37,505	10,528	32,271	42,937	*33.1%*
% on sales	*6.7%*	*3.5%*	*1.3%*	*3.0%*	*3.4%*	

FINANCIAL RESULTS

(euro thousand)	31.12.2007	31.12.2008	31.12.2009	31.12.2010	31.12.2011	% 2011/2010
Net invested capital (1)	573,430	652,317	568,361	592,387	668,499	*12.8%*
Equity	313,994	292,035	291,466	325,859	333,934	*2.5%*
Net financial debt (1)	235,885	337,443	254,990	246,318	315,003	*27.9%*

PERSONNEL AND INVESTMENTS

	31.12.2007	31.12.2008	31.12.2009	31.12.2010	31.12.2011	% 2011/2010
Personnel at end of year (No.)	5,304	5,847	5,417	5,904	6,735	*14.1%*
Turnover per employee (euro thousand)	171.9	181.4	152.5	182.1	186.3	*2.3%*
Investments (euro thousand)	116,865	149,384	47,465	77,164	165,326 (2)	*114.3%*

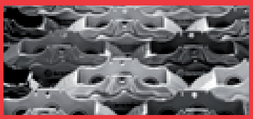
MAIN RATIOS

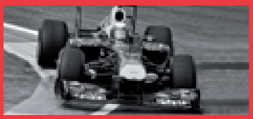
	31.12.2007	31.12.2008	31.12.2009	31.12.2010	31.12.2011
Net operating income/Sales	*9.7%*	*7.0%*	*2.7%*	*5.2%*	*5.8%*
Income before taxes/Sales	*8.4%*	*5.1%*	*1.3%*	*4.2%*	*4.4%*
Investments/Sales	*12.8%*	*14.1%*	*5.7%*	*7.2%*	*13.2%*
Net financial debt/Equity	*75.1%*	*115.5%*	*87.5%*	*75.6%*	*94.3%*
Interest expense/Sales	*1.1%*	*1.8%*	*1.3%*	*0.8%*	*1.4%*
Interest expense/Net operating income	*11.2%*	*26.0%*	*46.6%*	*15.9%*	*23.4%*
ROI (3)	*15.5%*	*11.5%*	*4.0%*	*9.5%*	*11.0%*
ROE (4)	*19.6%*	*12.4%*	*3.3%*	*9.8%*	*13.0%*

(1) A breakdown of these items is provided in the reclassified Balance Sheet on page 48.
(2) The figures for 2011 do not include the effects of the business combination Perdriel S.A., which amounted to €4,017 thousand (based on the exchange rate as at the acquisition date).
(3) Net operating income/Net invested capital.
(4) Net income (loss) before minority interests/Equity.

DIRECTORS' REPORT ON OPERATIONS


brembo
do brasil



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BREMBO AND THE MARKET

Macroeconomic Context

The macroeconomic context and worldwide financial conditions deteriorated in 2011. According to the most recent estimates of the International Monetary Fund (IMF), gross world product increased by 3.8% in 2011, but this figure exceeded 5% in 2010. Furthermore, it has been estimated that in 2012 growth will drop to 3.3%.

Europe above all is at the centre of these difficulties, with a recession forecast for the first half of next year.

Once again, the so-called emerging markets represent the main engine of economic development, although they too have slowed down their pace. While these areas have maintained growth rates that are much higher than those of developed countries, in 2011 they were unable to offset the European crisis.

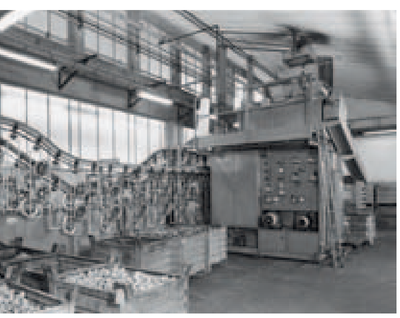
According to the report published by the IMF in January 2012, the Eurozone GDP is estimated to have grown by 1.6% in 2011, down with respect to the figure of 1.9% for the previous year. The crisis in Europe has now become a reality that runs the risk of overwhelming not only its own countries, but also those that depend on the European economy. GDP forecasts for next year have been lowered significantly (–1.6%) and the current estimate for 2012 is a decrease of 0.5%. Among the main economies of the Eurozone that have stood out for their dynamism we find only Germany, which according to the IMF has seen its gross domestic product grow by 3% in 2011, followed by France, whose estimated growth for the year is +1.6%. The outlook for these two countries remains positive for 2012, although it is not nearly as high (respectively, +0.3% and +0.2%). Instead, in Italy GDP is expected to drop by 2.2% in 2012. All of this has been compounded by the decision of the credit-rating agency Standard and Poor's to downgrade its assessment of the debt of many Eurozone countries. At the end of the Ecofin council, the European Commissioner for Economic and Financial Affairs stated: "There has been a certain improvement in the market situation in the last two weeks, although deceleration continues and many factors indicate we could undergo a mild recession, at least in the first six months of the year. The return to growth will probably take place in the second half of the year." As far as inflation is concerned, the Eurozone posted a 2.7% year-on-year increase in December, and in November and October prices rose by 3%. In the EU27 the year-end inflation rate was 3%, compared to 3.4% for the month of November.

The climate of uncertainty that has burdened the recovery of the main Eurozone countries has significantly affected the job market as well, characterised by an unemployment rate that is still very high and that, at the end of 2011, again reached record rates among young people.

According to the report published by Eurostat, at 10.3% the European unemployment rate in November was stable with respect to that of October. In Italy, the general unemployment rate is lower than the European average


PORSCHE

Paladina (Bergamo), early Seventies.



The lubrication and drying line for finished discs at the plant in San Giovanni Bianco (Bergamo), late Seventies.

(8.6% in November), but the rate for young people under 25 is much higher: over 30% in November 2011 versus 21.7% for the Eurozone (22.3% in the EU27). The only countries with worse rates than Italy are Spain (49.6%), Greece (46.6% in September 2011), Slovakia (35.1%) and Portugal (30.7%). In Italy, nearly half of those who are unemployed remain jobless for over a year.

According to the IMF's report published in January 2012, the United States recorded an annual growth of 1.8% for 2011, a rather positive figure, albeit lower than that of +3% at the end of 2010.

According to these estimates, a similar growth rate is forecast for 2012, although elements of uncertainty and concern remain, tied above all to the Eurozone debt. The high unemployment rate continues to be a sore spot for the American economy, although signs of improvement were observed in the last months of the year: in November unemployment was 8.7% and in December it dropped to 8.5%, the lowest rate since February 2009. In short, after the 940,000 jobs created in 2010 the United States managed to create 1.6 million more jobs in 2011, reflecting the best results since 2006. Other positive signs come from the real-estate market, with an increase of 5% in home sales in the month of December and industrial production that rose by 3.1% year on year in the fourth quarter of 2011.

For Japan, the most recent estimates of the IMF, published in January 2012, indicate a 0.9% decrease in GDP for 2011 compared to the previous year. In November industrial production decreased by 2.7% with respect to October, and by more than 4% year on year. One of the main aspects negatively affecting the country is the European debt crisis. The strong yen with respect to the euro is a problem for an economy like that of Japan, which relies principally on exports. According to sector analysts, Japanese exports will continue to decrease in the first quarter of 2012.

In 2011 emerging economies maintained high growth rates, although economic expansion has shown signs of deceleration. The IMF's most recent estimates for 2012 have been cut back: +5.4% compared to +6.2% estimated for 2011.

In Brazil, GDP for 2011 is expected to grow by 2.9% – again according to the IMF – reflecting a sharp decrease compared to the figure of 7.5% recorded at the end of 2010. In this area, following a weak third quarter, economic growth showed signs of recovery in the final months of the year. Nevertheless, GDP growth estimates for 2012 have been lowered compared to the estimates provided in the month of September (+3% instead of +3.6%), above all because of the European debt crisis, which has had a strong impact on the Brazilian economy.

In Russia, GDP for 2011 is expected to grow by 4.1%, in keeping with the figures for 2010.

In India, economic expansion has shown signs of a slowdown, compelling Prime Minister Manmohan Singh to state that the GDP growth estimates for 2012 have been cut back to 7%. Inflationary pressure and the difficult political situation continue to be the country's main problems.

In the fourth quarter of 2011, China posted a growth rate of 8.9%, higher than what analysts had forecast (8.6%) but lower than the previous quarter (9.1%). In any case, it represents a very positive performance, although China has not dropped below the threshold of 9% since the middle of 2009. According to the forecasts the IMF published in January 2012, Chinese GDP is expected to grow by 8.2% in 2012, after increases of 9.2% in 2011 and 10.4% in 2010. This aspect, combined with uncertainties regarding global economic trends, which in turn influence the performance of the Chinese market, has been more a source of concern than satisfaction for Chinese officials. The fact that Europe, the leading market for Chinese exports, is still dealing with its debt crisis has led to forecasts of a further decrease in China's GDP for 2012. This is merely another way of saying that the worst for the global economy has yet to come. Positive signs have instead come from consumer price indexes, which, after reaching the threshold of +6.5% in July, dropped for the fifth consecutive month, with a rate of +4.1% in December. The annual figure for 2011 was 5.4%, a threshold that, while not alarming, is higher than the objective of the Chinese government.

As far as raw materials are concerned, in 2011 the average price per barrel (average of the prices for the three types of crude oil that are considered) rose to USD 104, reflecting an increase of more than 31% compared to the average for 2010. Specifically, in the fourth quarter of 2011 the average price per barrel was USD 102.9, with an average of USD 99.9 in October, 105.4 in November and USD 103.4 in December.

The average price decreased compared to the rates for the third quarter (103.1 USD/barrel) and, above all, the second quarter (110.1 USD/barrel). The weakening global economy and the decrease in demand in the fourth quarter of 2011 forced the International Energy Agency to cut its world oil demand growth forecast for 2012. In the fourth quarter, the prices for non-energy raw materials showed a decrease, tied above all to the weak world economy as far as metals are concerned and abundant harvests for foodstuffs.

Turning to the automotive sector, in which Brembo operates, the world market for the sale of light vehicles continued to grow driven by the North American market and the emerging countries, although there has been some deceleration compared to the previous year. In 2011 worldwide sales of light vehicles rose by approximately 4.3%.

In Europe, Brembo's main market of operation, motor vehicle registrations declined further in the fourth quarter of 2011 (–3.9% in EU27). The data show varying trends in the different countries. The German market ended 2011 with the growth of 8.8%, while in Italy the last month of the year showed a decrease in sales of more than 15%, bringing the overall figure for the year to around –11%. With regard to the performance of the Italian automotive market, the Director General of ANFIA (National Association of the Automobile Industry) stated: "The month of December confirmed forecasts, with market volumes aligned with the low levels of 1996, as was the case for all of 2011." The new year has opened with the national and European economic and financial scenario that continues to be very difficult. In Italy, according to surveys conducted by ISTAT (National Institute for Statistics), the consumer trust index decreased in December from 96.1 to 91.6 with a particularly marked decline regarding expectations on the general economic outlook.

In Japan, the automotive industry was one of the hardest hit sectors in 2011. In addition to being devastated by the effects of the earthquake that struck the country in March, the Japanese automotive industry has also faced dwindling demand from the West. Lastly, Toyota and Honda have been forced to halt production at their plants in Thailand, due to flooding that wreaked havoc in large areas of the country.

In Brazil, the automotive market mirrored the performance of the economy at large. According to the latest figures published by Fenabrave, the association of Brazilian dealers, Brazil closed 2011 with an increase in sales of light and heavy vehicles and buses of little more than 3% compared to the previous year. This growth rate is much lower than the double-digit increase recorded in 2010.

In Russia, sales of cars and light commercial vehicles grew by 23% in December, ending 2011 with an overall growth of 39% and sales in excess of 2.6 million vehicles.

Currency Markets

During 2011 the dollar initially depreciated against the euro, starting from a relative low of 1.2903 (10 January) down to a maximum depreciation of 1.4882 (4 May), followed by a second phase of steady appreciation, which continued to the year-end. In fact, appreciation reached its peak at 1.2889 on 29 December. Closing rate: 1.2939.

Regarding the currencies of the main markets in which Brembo operates at industrial and commercial level, the pound sterling followed a very similar trend to the dollar. From its peak rates against the euro at the beginning of the year (0.83155 on 12 January), it fell to 0.905 (1 July), and then recovered in the second half of the year to 0.8323, remaining more or less at this level up to the end of 2011. Closing rate: 0.8353.

Despite the Polish Government's extensive efforts to contain the zloty's devaluation, it depreciated steadily against the euro throughout 2011: from an initial peak of 3.8425 on 12 January, down to a maximum low of 4.5608 on 13 December. Compared to the opening value, the zloty has hence lost about 12.6% of its value. Closing rate: 4.458.

The Czech krona also fell overall against the euro. After fluctuating around 24.25 up to the beginning of September, it depreciated steadily up to the year-end: a maximum low of 26.031 on 25 November, substantially replicated at the end of December. Closing rate: 25.787.

The Swedish krona fluctuated sharply against the euro. It appreciated up to the beginning of March (8.709 on 1 March), and then followed an overall depreciating trend (culminating on 23 September at 9.3127). This was partially corrected in the last 40 days of the year, when the Swedish currency appreciated up to almost 8.9; a value substantially the same as the beginning of 2011. Closing rate: 8.912.

In the East, the Japanese yen became the quintessential safe haven for all those investors not wanting to "bet" on the performance of the EUR/USD exchange rate. The increase in demand led to it appreciating consistently from April (it was at 122.8 on 8 April) until the end of the year (100.2 on 30 December).

The Chinese yuan/renminbi depreciated against the euro in the first four months of the year (9.6636 on 4 May). This initial movement was followed by a solid appreciation of the Chinese currency, which continued up to the end of 2011 (8.1461 on 29 December), in the substantial absence of corrective measures by the Beijing Government. Closing rate: 8.1588.

The Indian rupee fell constantly against the euro: from the peaks at the start of the year (58.48 on 11 January) it reached maximum depreciation at 70.89 on 22 November, and recovered only modestly in December (closed at 68.713).

In the Americas, the Brazilian real was extremely volatile against the euro throughout the first half of the year, with a slight appreciation at the beginning of January up to 2.1812 (12 January). This was followed by phases of alternating depreciation and appreciation, with no well-defined trend, up to beginning of September, when the real fell very rapidly, down to a low of 2.5666 (23 September). After an equally rapid recovery up to around 2.355, the Brazilian currency moved laterally up to the year-end, closing at 2.4159.

The Mexican peso depreciated sharply throughout 2011.

After rising to a peak of 15.6831 (12 January), it rapidly lost ground falling to 18.949, on 22 November; December brought a slight recovery and a lateral movement around 18 (18.0512 closing rate).

Finally, the Argentine peso, a currency which became important for the Brembo group from 1 August, the date of acquisition of the company Perdriel S.A. (renamed Brembo Argentina S.A.), at the start of the year had appreciated up to 5.133239 (10 January) and at the acquisition date had already slumped down to a low of 6.066647 (4 May).

During the rest of the year, the Argentine peso remained steady around 5.75, regaining solid ground in November and December. Closing rate: 5.56769.

Group Activities and Reference Market

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It operates in 15 countries on 3 continents, with 35 production and business sites and employs over 6,700 people worldwide. The Group's operations are conducted from ten industrial-commercial facilities in Italy and 25 in other countries. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa Gornicza), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Puebla and Apodaca), Brazil (Betim and São Paulo), Argentina (Buenos Aires), China (Nanjing), India (Pune) and the United States (Homer). Other companies located in Sweden (Göte-

The Quality Control Department at the plant in Paladina (Bergamo), late Seventies.

borg), Germany (Leinfelden-Echterdingen), the United Kingdom (London), China (Beijing and Qingdao) and Japan (Tokyo) carry out distribution and sales activities.

The year 2011 marked an historic milestone for Brembo: 50 years of operation punctuated by impressive achievements in the technical, competitive and commercial arena. On 11 January 1961, Emilio Bombassei and Italo Breda founded Officine Meccaniche di Sombreno, the original nucleus of today's Brembo. Among them was the current chairman, Alberto Bombassei, who had just recently turned 20 years of age. Since then, Brembo has completed a journey of half a century to become the undisputed leader of the braking systems market. In 1964, Brembo began to manufacture brake discs for cars; in 1972, it added brake discs for motorbikes and in 1975 it made its debut in Formula One, where it provided its systems also for the Ferrari single-seater. Over the years, technological innovation and constant research in the fields of materials and manufacturing techniques have led the Brembo brand to win great esteem at a global level. In 1995, the company became listed on the Milan stock exchange and embarked upon a process of growth and internationalisation.

Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes. Constant focus on innovation, as well as technological and process development, factors that have always been fundamental to Brembo's philosophy, have earned the Group a strong international leadership position in the research, design and production of high-performance braking systems for a wide range of road and racing vehicles. Brembo operates in both the original equipment market and the aftermarket. Brembo's range of products for the car application and the commercial vehicle application includes brake discs, brake calipers, 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 calipers, brake master cylinders, light-alloy wheels and complete braking systems.

In the aftermarket, Brembo offers in particular brake discs, in addition to pads, drums, brake shoes, drum-brake kit and hydraulic components: a vast and safe range of products allows the company to meet the needs of nearly all European vehicles. The Group also specialises in the design and manufacture of clutch systems for racing vehicles and recently entered the passive safety segment (seats, seat belts and accessories).

In 2011, Brembo's consolidated net sales amounted to €1,254,513 thousand, up 16.7% compared to 2010.

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

Cars

The global light vehicle market closed 2011 with overall sales growth of 4.3% compared to 2010. This positive result was mainly driven by the emerging markets and the United States.

The Western European car market, which weakened further in the last quarter of the year, suffered a 1.4% drop in the progressive figure for 2011 compared to the 2010 year-end figure, continuing to reflect the difficult economic conditions faced by the countries of that area. Germany is the only one of the top five European markets to close the year with a positive result (+8.8%), due above all to a sharp rise in sales at the start of the year. For France and the United Kingdom the year-end sales figures were –2.1% and –4.4%, respectively. Italy and Spain recorded the sharpest falls in sales, Italy recording a result of -11% and Spain –17.7%.

The Eastern European market showed a markedly positive result (+22.7%) in light vehicle sales, even though each quarter of the year recorded a lower growth rate than the previous quarter. The strong growth in this area is due primarily to the Russian market which closed with +39% growth compared to 2010.

The United States also continued to show an upward trend in light vehicle sales, which grew overall by 10.3%. A growth trend also characterised the Brazilian and Argentine markets, which closed 2011 with overall sales up by 7.7% but slowing down sharply in the last quarter.

In the Asian markets, China continued to grow, albeit at a more contained rate compared to previous years, closing the year with a +5.2% rise in car sales and establishing itself as the world's top market in volume terms. The Indian light vehicle market reported growth of +8.2% over 2010, but suffered a slowdown in growth after a good first half of the year. The Japanese market continued to be severely affected by the tragic earthquake that struck the country on 11 March and closed the year with a 15.6% decline in sales compared to 2010.

Within this scenario, Brembo reported €808,146 thousand in net sales for car applications in 2011, representing 64.4% of the Group's turnover, up by 14.6% compared to 2010.

Motorbikes

For several years, Europe, the United States and Japan have been Brembo's three most important markets in the motorbike sector.

In Europe, overall motorbike registrations declined 8.4% in 2011 compared to the previous year.

In the European context, the Italian market contracted sharply compared to the previous year (–17.1%); registrations also fell in France (–8%), Spain (–11.3%) and the United Kingdom (–2.2%); only Germany enjoyed growth compared to 2010 (+1.8%).

At global level almost all capacities are in decline; registrations of motorbikes between 500 and 750cc, in particular, slumped by –13.8%; only registrations of motorbikes with a capacity of more than 1000cc remained stable (+0.4%).

In the United States motorbike, scooter and ATV (All Terrain Vehicles, quadricycles for recreation and work) registrations recorded an overall decline of –4.8%. This fall was entirely due to the ATV segment, which lost 13.5% overall compared to 2010, whilst two-wheeled vehicle registrations (motorbikes and scooters) were virtually stable (+0.3%). In detail, for two-wheeled vehicles there was growth in the scooter (+11.8%) and dual motorbike (+14.2%) segments and a decrease in motorbikes belonging to the "off-road" segment, whereas on-road motorbike registrations remained at a similar level to last year.

In this sharply declining market, the Japanese market grew compared to 2010, albeit with differing trends in the various sectors: for two-wheeled vehicles with a capacity of more than 50cc the market was stable, whilst the segment between 126 and 250cc recorded a steady rise (+16.5%), in contrast to the sharp fall in the segment above 250cc.

Positive signs were seen in emerging markets, and especially the Indian market, which showed a 16.8% increase in registrations of two-wheeled vehicles (motorbikes and scooters) during the reporting year.

Against this backdrop, Brembo's net sales of motorbike applications amounted to €136,524 thousand in 2011, up 18.8% compared to €114,910 thousand in the previous year.

Commercial and Industrial Vehicles

In 2011, the global commercial vehicle market in Western Europe (EU15 and EFTA), which is Brembo's reference market, saw an overall 9.2% rise in registrations compared to 2010. In this area the German market saw the greatest overall growth (+18.7%), during the reporting period, followed by England (+17.6%) and France (+5.6%). By contrast, Italy and Spain recorded a fall in registrations. Eastern European markets gave strong signs of recovery, closing the year with an overall growth of 25.8% compared to 2010, showing a positive trend for all segments and, particularly, for those above 3.5 tonnes.

Sales of light commercial vehicles (up to 3.5 tonnes) in Western Europe increased by 7.0% during 2011 and those of commercial vehicles above 3.5 tonnes closed the year with growth as high as 24.8 percentage points. In this latter segment all of Brembo's main Western European markets experienced double-digit growth. In detail, the French market reported growth of +37.7%, the British market +31.3% and the German market +19.8%. Sales of medium and heavy vehicles (up to 3.5 tonnes) showed a record rise of 64.5% in the markets of the Eastern European countries.

As a result of the recovery in commercial and industrial vehicle registrations, Brembo's sales of applications for this segment reported the highest increase in 2011 compared to all the other segments, with net sales of €194,359 thousand, up 24.4% compared to €156,228 thousand for the previous year.

Racing

Brembo is present in this sector with four 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 and Sabelt, with seats and seat belts.

Brembo is the long-time leader in this segment, claiming more than 200 world championships won to date.

In 2011, Brembo reported a 23.8% increase in net sales, which amounted to €85,894 thousand compared to €69,380 thousand in 2010.

Passive Safety

Brembo began operating in the passive safety segment with the acquisition of Sabelt S.p.A in 2008. The company operates in three different segments: the racing segment, the OEM seatbelt and racing seat market and the children's segment with retention systems for children's car seats.

In 2011, Brembo's net sales amounted to €22,814 thousand in this segment, in line with the previous year.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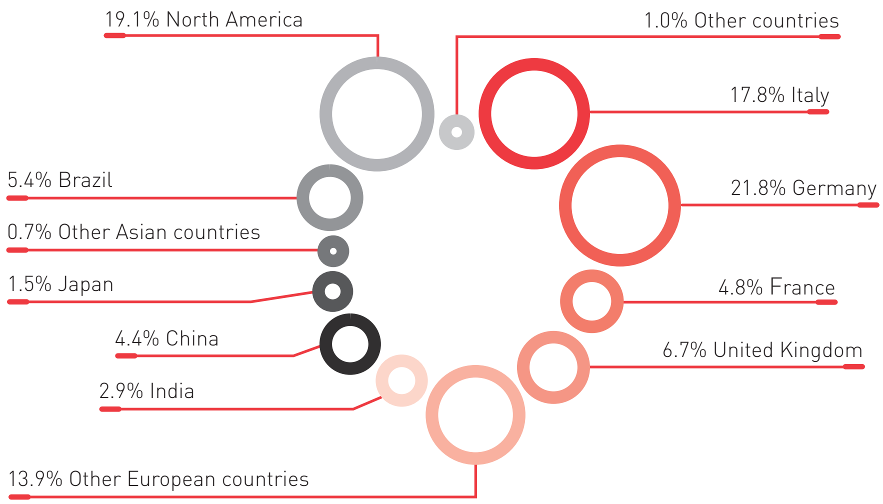
SALES BREAKDOWN BY GEOGRAPHICAL AREA AND APPLICATION

NET SALES BREAKDOWN BY AREA AND APPLICATION

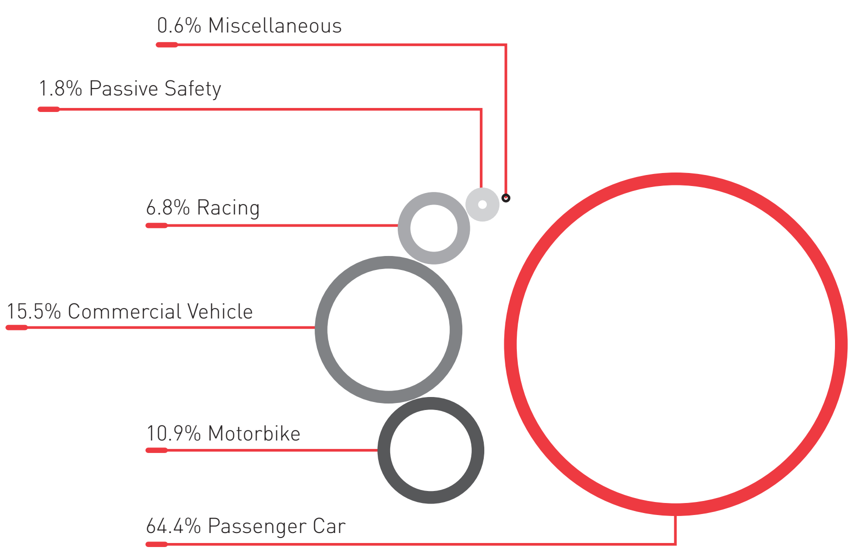
GEOGRAPHICAL AREA (euro thousand)	31.12.2011	%	31.12.2010	%	Change	%
Italy	223,653	17.8%	198,517	18.5%	25,136	12.7%
Germany	273,425	21.8%	236,524	22.0%	36,901	15.6%
France	60,227	4.8%	45,000	4.2%	15,227	33.8%
United Kingdom	84,620	6.7%	61,285	5.7%	23,335	38.1%
Other European countries	174,916	13.9%	154,347	14.4%	20,569	13.3%
India	35,808	2.9%	28,494	2.6%	7,314	25.7%
China	54,905	4.4%	49,214	4.6%	5,691	11.6%
Japan	18,224	1.5%	17,345	1.6%	879	5.1%
Other Asian countries	8,644	0.7%	5,543	0.5%	3,101	55.9%
Brazil	67,662	5.4%	67,009	6.2%	653	1.0%
North America (USA, Canada and Mexico)	239,355	19.1%	207,302	19.3%	32,053	15.5%
Other countries	13,074	1.0%	4,672	0.4%	8,402	179.8%
Total	**1,254,513**	**100.0%**	**1,075,252**	**100.0%**	**179,261**	**16.7%**

APPLICATION (euro thousand)	31.12.2011	%	31.12.2010	%	Change	%
Passenger Car	808,146	64.4%	705,146	65.6%	103,000	14.6%
Motorbike	136,524	10.9%	114,910	10.7%	21,614	18.8%
Commercial Vehicle	194,359	15.5%	156,228	14.5%	38,131	24.4%
Racing	85,894	6.8%	69,380	6.4%	16,514	23.8%
Passive Safety	22,814	1.8%	22,231	2.1%	583	2.6%
Miscellaneous	6,776	0.6%	7,357	0.7%	(581)	-7.9%
Total	**1,254,513**	**100.0%**	**1,075,252**	**100.0%**	**179,261**	**16.7%**

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA
(percentage)



NET SALES BREAKDOWN BY APPLICATION
(percentage)



RESEARCH AND DEVELOPMENT

In accordance with the guidelines that characterised the past few years, all of Brembo's research and development activities may be attributed to the concept of the "friction system" while maintaining the specific qualities of the various Divisions and Business Units.
According to this concept, each component (calipers, discs, pads, suspensions) is complementary to the others in optimising the braking function (the "friction system" as an element that integrates all of the components).

The braking function is optimised in all respects, i.e., not merely in terms of pure performance, but also of comfort, duration, aesthetics, etc.

In the field of cast-iron discs, work has continued successfully on optimising the parameters that allow a disc's vibration characteristics to be manipulated so that a disc's properties may be managed as early as the planning stage in order to improve the system's comfort performance. The ability to manage these parameters during the design stage, along with subsequent control during production, represents an advantage over the competition.

Work on cast-iron discs for heavy commercial vehicles is aimed at optimising mass characteristics and cooling/ventilation capacity while continuing to deliver the required performance.

New "light" disc concepts continue to be developed for car applications. Specific solutions regarding forms and materials are being researched in this field in order to meet the needs of new-generation electric and hybrid vehicles, which will arrive on the market in the next decade. The joint development with friction materials especially designed for this type of disc is extremely important and Brembo is the only manufacturer deemed to have the in-house expertise for this type of development.

A CMC disc is also being developed for motorbike applications and, following a phase to assess the performance of externally supplied technologies, an appraisal is currently being carried out of the technical and economic feasibility of the motorbike disc using both proprietary and third-party processes. The assessment will have to take account of the sharp contraction in the potential market following the 2009 crisis.

Again for motorbike applications, work has started on evaluating the technical and economic feasibility of a polymer clutch cylinder. The aim of the design is to reduce costs and validate the concepts/materials for possible application on brake cylinders. The activities will focus on the following areas: the handlebar fixing system, the floating/liner concept, the reservoir/diafram assembly and the quick-connect system with the brake hose. The execution of polymer levers for both clutch and brake applications will also be assessed in this context.

Furthermore, Brembo continues to develop a carbon-ceramic disc for racing applications designated CCM-R, which combines the technique used to make carbon-carbon discs for the most advanced racing applications (F1, MotoGP, etc.) with carbon-ceramic discs for road use. In September 2011 at Laguna Seca (USA), there was the first victory in a GT category for a CCM-R disc, fitted to a Porsche GT3 Hybrid.

Work is continuing on developing high-performance pads for application on racing systems in cast iron and carbon-ceramic material. In parallel, the first pads are being produced for application in the motorbike field.

During the second half of the year, the development was completed of new solutions for applications on F1 cars (new caliper family, new ventilations and drives for brake discs) and new solutions for motorbike systems (VRC brake–clutch cylinder, new caliper for Moto GP and Superbike systems).

The engineering work (calculations and testing) supporting Sabelt is already up and running for a number of strategic projects.

This has also allowed Brembo to draw confidence from certain materials and technologies not currently falling within the scope of brake system development, but which could provide for interesting developments in the future.

Brembo continues to develop and manufacture innovative friction material specific to its own road applications with carbon-ceramic discs. With the Ferrari FF, Brembo has introduced a new type of friction material for organic matrix ceramic discs and Ferrari itself acknowledges in this application the start of a new generation of systems.

In this case as well, the joint development of special friction materials is one of Brembo's strengths.

Development of materials in collaboration with Hitachi Chemical resulted in the creation of a NAO (non-asbestos organic) friction material, typical of the U.S. and Asia-Japan markets, which as soon as early 2011 entered standard production with Daimler-Mercedes.

Motorbikes. Aluminium floating mechanical caliper, 1980.

The research activities are leading to the definition of increasingly more ecological materials, with a low environmental impact.

Brembo is also considering the use of unconventional materials and brake types in order to meet the markets' needs in the near future. For example, the company is evaluating the use of aluminium alloys obtained by bringing the alloy into a thixotropic state (i.e., temperatures below the melting point) for motorbike master cylinders and car calipers. In addition, solutions are being studied to help reduce, through the brake system, vehicle consumption and the resultant emissions of Co2 and particulate matter.

In parallel, work continues to improve products and processes in order to supply cutting-edge products to emerging markets as well (e.g., India for motorbike applications and China for light commercial vehicles). For this reason, Brembo is continuing with its strategy of planned expansion of specific Development Centres in those markets (China, India and the USA).

Advanced R&D activities are focused on mechatronic systems for the brake systems of tomorrow. The foundations are being laid for work over the next decade, which will see vehicles (initially cars, and then other types of vehicles) undergo extensive electrification.

Brembo is continuing to develop a Brake-By-Wire system with the aim of major integration into the vehicle system. This activity also allows the evolution of individual brake system components to be anticipated, so that Brembo can maintain its lead in product innovation.

In the interim, standard production applications are being identified for the first mechatronic systems developed by Brembo, such as electric parking brakes, which will enter standard production in the first half of 2012.

Besides the above-mentioned activities, Brembo continues to conduct development activities in cooperation with Universities and Research Centres to seek out new solutions to apply to brake discs and calipers, in terms of new materials, new technologies and mechanical components to be introduced to brake calipers. These partnerships also extend to methodological activities relating to development, involving the creation and use of increasingly sophisticated simulation and calculation tools.

The table below offers an approximate summary of the expenditure for 2011 relating to research and development activities on the main projects currently in progress, which benefit from subsidies under current legislation:

Industrial Innovation Project: "LIVE – Lightweight, Environmental-Compatible Vehicles Optimised for Human Transport". Call for applications 2008 for Research and Development projects relating to the Industrial Innovation for Sustainable Mobility Project (Article 1, paragraph 842, of Law 27/12/2006) Decree of 5/3/2008, Italy's Official Journal No. 98 of 26/4/2008 "INDUSTRY 2015" (plan values; euro).

Basic research	Industrial research	Experimental development	Total
0	0	388,000	388,000

The results achieved in the activities performed are confirmed by the reports sent to the instructing bodies of every individual ordinance; such results are in line with the pre-set objectives; they shall be applied in subsequent financial periods, in line with the development prospects of the company and the Group.

For IRAP (regional tax on productive activities) purposes, the structural changes introduced with Italy's 2005 Finance Law combined with the high costs incurred in 2011 for personnel working on Research and Development (€19,895 thousand) allowed the company to benefit from lower charges (-€776 thousand).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INVESTMENTS

Brembo is consolidating its worldwide position with international investments in several countries. In China, the new integrated production centre in Nanjing is in advanced stage of development. The centre, which will include a foundry and a production facility for brake calipers and discs (for cars and commercial vehicles), will be able to offer the Chinese market braking systems built to meet Brembo's standards of performance, style and comfort.

The new Nanjing site also includes an R&D centre.

Brembo's investments in Poland continued and will be carried on until 2014. These investments are aimed at increasing the production capacity of the integrated industrial pole of Dabrowa Gornicza dedicated to the production of brake discs for cars and commercial vehicles.

The investments are aimed at acquiring a growing share in the European brake disc market, which even now is guaranteed to exploit the capacity of the foundry under construction to the full. The project will be funded through cash generated by the Group and with recourse to the banking system; in addition, there will be access to tax concessions in place for the Katowice Special Economic Zone. The plants have been inaugurated and started production in October 2011.

In the Czech Republic investment spending continued on developing and completing a new production site, housed in an existing industrial building, which was already operational in 2011.

The new site includes the casting, processing and assembly of brake calipers and other aluminium components. Once the works are completed, the site will comprise an integrated industrial hub able to offer the European market high-tech, quality brake systems, also applying to the mid-premium segment luxury and high premium segment technologies, in which Brembo leads the world.

The agreement signed on 23 May 2011 by Brembo S.p.A. for the acquisition of the 75% of the share capital of Perdriel S.A., an Argentinian manufacturer of brake discs located in the Buenos Aires area was executed on 1 August.

Under the agreement, Brembo has an option right on the remaining 25%, exercisable after three years of the signature of the agreement. The seller is an Argentinean group with significant presence in the domestic car component market. Total outlay for the acquisition of the 75% stake amounted to €3.3 million, and was paid upon execution of the agreement.

Brembo, which already has a share of almost 60% of the Brazilian market in the production of brake discs and drums, deems it strategic to maintain and reinforce its presence in South America, also by taking advantage of the opportunities offered by current and prospective growth of the Argentinian production and sale market.

The South American uptrend in vehicle manufacturing over the past five years has been mostly driven by growing demand from Brazil, which fuelled a significant growth in volumes produced by car plants in South America.

In line with the development programmes undertaken, the level of investment during the reporting year was considerable, particularly compared with the policy of investment restraint adopted over the two previous years.

Overall, in 2011, the Group invested a total of €165,326 thousand across its operating units, including €146,320 thousand in property, plant and equipment and €19,006 thousand in intangible assets.

As mentioned above, a high percentage of investments were concentrated in Poland (44%), China (13%) and the Czech Republic (12%). Investment spending in Italy (21%), including €12,456 thousand for development costs, continued to be significant.

Chairman Alberto Bombassei inaugurates the plant in Dabrowa Gornicza, Poland (2011).

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 area 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 No. 231/2001) and in the reference Layout for preparing accounting documents (as per Article 154-*bis* of TUF, to which the reader is referred).

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 Chairman, the Executive Deputy Chairman, the Managing Director, the Board of Statutory Auditors, the Audit Committee and the Supervisory Committee of Brembo S.p.A. with reference to specific risks connected with compliance with Legislative Decree No. 231/2001.

The types of risks whose profile has not substantially changed compared to the previous year are the following:

1. strategic risks;
2. operating risks;
3. financial and reporting 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 of 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 both to 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 long ago implemented a strategy aimed at diversifying into the geographical areas where the highest growth rates are reported and anticipated (China, India, and Brazil) and is broadening its product range, also by focussing on the mid-premium segment.

Investments in certain countries may be influenced by major modifications of the local regulatory framework, which could result in changes in the economic conditions existing at the time of the investment. For this reason, before investing in foreign countries, Brembo assesses the country risk carefully in the short, medium and long term. In general, M&A activities must be accurately coordinated in all their aspects in order to mitigate any investment risks.

Operating Risks

The main operating risks to which Brembo is exposed are associated with the price and availability of raw materials, 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 volatility and possible 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 the production process and Brembo's ability to process customer orders on schedule. To mitigate this risk, the Purchasing Department identifies alternate suppliers to ensure the availability of critical materials (supplier risk management programme).

The supplier selection process, including an assessment of suppliers' financial solidity – an aspect that is taking on growing importance in the current scenario – has been reinforced. By diversifying its sources, Brembo can also reduce its risk exposure to price increases (a risk that is however partially offset by reflecting price increases in sales prices).

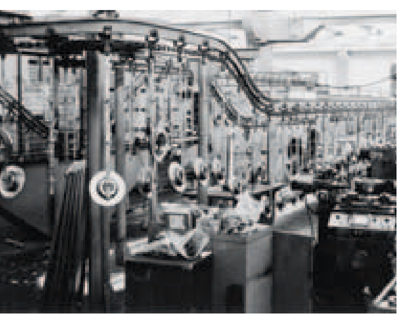
The risk of purchasing components with quality levels not compliant with Brembo's quality standards has also been significantly mitigated by setting up a dedicated function: Supplier Quality Assurance.

In relation to the current economic situation, the management of trade union relations has become more critical, mainly in Italy and India, albeit for different reasons.

The Group's primary risks relating to health, on-the-job safety and the environment can be of the following types:

- inadequate protection of employee health

The plant at San Giovanni Bianco (Bergamo), inaugurated in 1979.



The lubrication and drying line for finished discs coming from the grinding machines at the plant in San Giovanni Bianco (Bergamo).

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 facts could result in substantial criminal and/or administrative penalties or pecuniary fines against Brembo. Furthermore, in particularly serious cases, the actions 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.

The internationalisation strategies and, particularly, international industrial footprint development have also highlighted the need to strengthen operational management able to operate locally and communicate effectively with the Business Unit functional departments.

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 Group's CFO, 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 partially reduce this risk, the Group has entered into several medium/long-term fixed-rate loan agreements accounting for approximately 17% of its gross financial position.

The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates.

No specific hedging transactions are currently in place for the remaining portion of variable-rate borrowing; as indicated above, the Group Central Treasury constantly monitors rate trends in order to evaluate in advance changes to the financial indebtedness structure, when necessary.

Exchange Rate Risk Management

Since Brembo operates in international markets, it is exposed to exchange rate risks. To mitigate these risks, 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, where possible, 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:** credit risk is 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. The Central Treasury and Credit Department implements the main measures indicated below in order to minimise such risk:
  - 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.

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 periodically 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 potential 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 and licenses.

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).

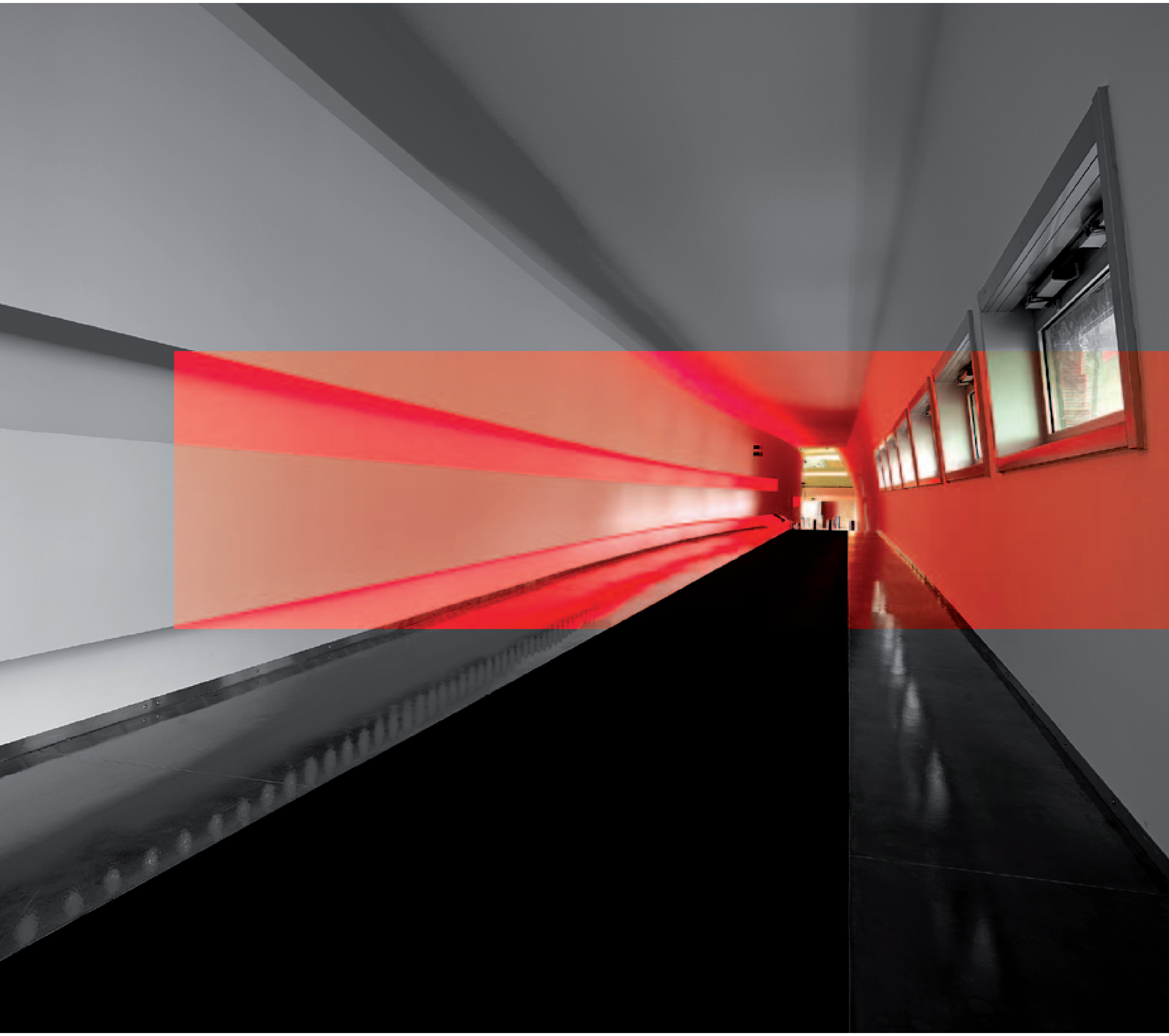
For information concerning compliance risks, including those arising as a result of Brembo's listing within Borsa Italia's Star Segment, see the Corporate Governance and Ownership Structure Report. Compliance risks include the reporting risk, which is the risk that the financial information reported 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 is implementing a project aimed at deploying the same ERP (Enterprise Resource Planning) application across all Group companies.

Risk Management: Insurance Coverage

Where available and financially feasible, the Group obtains insurance coverage to minimise financial impacts of any damage or liability. To analyse its risk exposure and determine the appropriate coverage, the Group works with its insurance broker, 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 specifically reflected in its insurance coverage, which has been optimised to significantly decrease the company's exposure, especially to possible damages arising from the manufacturing and sale of its products. This has been achieved through risk mapping, risk analysis and risk management, which have 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 liabilities, property-all risks/interruption of operations. Additional coverage has been arranged locally based on the requirements of local legislation or collective labour contracts and/or corporate agreements or regulations.



HUMAN RESOURCES AND ORGANISATION

During 2011, organisational changes involved the whole company, starting with the top management team. There was a particular focus on certain Business Units/Divisions and Central Functions, intended to adapt the company to the needs of the market.

At the beginning of June, Brembo S.p.A.'s Board of Directors approved the company's new organisational structure. This arose out of a desire to reinforce the governance model, strengthen the management team and gradually implement internal succession mechanisms, in the light of the growth objectives defined by the 2010-2015 Strategic Plan. The reorganisation has created a new position of Executive Deputy Chairman, reporting to the Chairman. The Managing Director/General Manager, who joined the group in early June, reports to the Executive Deputy Chairman. As far as the Central Functions are concerned, the Purchasing Department has revised its Commodities structure, whilst the new Communications & Institutional Relations Manager joined the Brembo Group in June. Finally, regarding the subsidiaries in Brembo North America Inc. the new "Brembo Performance BNA" function has been created following the merger between Brembo North America Inc. and Brembo Performance North America Inc., effective January 2011. Brembo Brake India Private Limited has reviewed the organisation of the Country Operations, Quality and Purchasing Areas with the identification of three Italian senior managers to support three local managers, thus allowing improved synergy with the Motorbike Business Unit.

Moving onto the second half of the year, first of all the new organisation for the Systems Division was implemented with the aim of achieving operational and functional synergies and a high level of internal inter-departmental integration. This has required a transition from a business-unit based organisation to a functional one, eliminating the business unit dimension of the Car and Commercial Vehicle areas, whose functions and plants were integrated with the sales, technical and industrial areas to form a single Passenger Car and Commercial Vehicles System Division.

The Operations structures of the aluminium and cast iron foundries were also revised. The Aftermarket Business Unit has reviewed its Sales, Marketing & Supply Chain organisation. As far as the Central Functions are concerned, the Advanced R&D Department has redefined its layout by incorporating the testing areas of each Division/Business Unit (except Brembo Performance) and Friction technical development. The Advanced R&D department has also been removed from the Systems Division and placed under the control of the Managing Director/General Manager to provide functional coordination for the Technical Departments of the various Divisions/Business Units. Within the Administration, Finance & Control Department, the position of Group Controller has been created, reporting to the Group CFO. The Controllers of the various Divisions/Business Units, Industrial Accounting, the Staff Cost Controller and the Purchasing Controller will all report to the new Group Controller. Internal Audit Department has had its mandate renewed, and its organisation has been expanded with a view to the growing Group's international presence. Finally, with regard to subsidiaries, the top management teams at Sabelt S.p.A. and La.Cam S.r.l. have been renewed, with the appointment of new General Managers. An Operations area has been created within Brembo North America Inc. for the production of calipers for the Systems area at the plant in Homer (USA).

The strategies outlined over the past few years, also in terms of organisation, will continue to provide the model on which to pursue excellence in all areas, with the aim of facing 2012 and the persistently challenging global situation, in order to consolidate growth and ensure continuity of results.

During 2011, training was all about knowing how to interpret the business and manoeuvring "effectively", particularly at international level.

Two initiatives in particular testified to this from the early part of the year onwards. The first was the Executive course for newly-appointed executives from within the Group or recently-hired executives from outside the Group, while the second was the Kart Factory (lean manufacturing) programme dedicated to all the Group's optimisers. Both these courses comprise an Italian and international version.

As far as institutional training was concerned, the Induction Programme was run during 2011. The programme provides fundamental insight into and adaptation to the company and its value system. During the course, the 74 newly-employed clerical workers and middle managers at the Group's Italian offices were introduced to the world of Brembo by the Function Managers themselves.

During the six half-day training sessions, our new members of staff learned about our organisation, its markets, products, processes, quality, safety and environmental standards, all with a close eye on the economic and financial context. Principles, values, skills and training methods were also "tested" during specific group-based classroom sessions.

Another important aspect of the company's training programme is its language school, offering English and German courses. In total, 48 hours of learning were provided to each of 270 people from the three Italian sites, between March and December. The level of learning and attendance was satisfactory.

The survey of training needs, approved in September, has demonstrated a sharp increase (+40%) in requests, as follows: 55% basic and advanced managerial training, 30% technical and specialised training, 7% language training, 6% compulsory training (this percentage is merely indicative as this training is dictated by Italian law), 2% other training.

Alongside these initiatives, Brembo's wide-ranging offer of training courses was completely reviewed during 2011, to include new courses: 150 new titles were introduced on the basis of the training requirements survey. All of them are based on voluntary and/or authorised self-registration.

The global training requirement, as every year, extends to all of Brembo's international sites, and for the first time was based on the same training catalogue as the Italian survey-based programme (translated into English for this purpose). It highlighted a strong propensity towards participation in group training initiatives, the implementation of Corporate on-site packages and the popularity of self-learning packages.

Overall, 508 training initiatives were implemented in 2011 for a total of 250 courses, 28,967 training hours and 3,002 participants.

Once again in 2011, Brembo's training division also requested and obtained funding from the interprofessional Funds Fondimpresa and Fondirigenti.

This year, the company once again carried out its annual performance management process, with the Brembo Yearly Interview, individual and group-based Development Center activities, coaching sessions and two self-development tools (the Counselling Desk and the Media Library).

Finally, the Climate Survey was also conducted during 2011 (the last survey dating from 2008) in every country in which Brembo has operations. The survey is available in 10 languages. The enquiry highlighted significant improvements in the perception and evaluation of all the topics under consideration.

Production line for car discs at the plant in San Giovanni Bianco (Bergamo).

ENVIRONMENT, SAFETY AND HEALTH

During 2011, Brembo expanded the scope of its interest in health protection, focusing not only on the working environment but also on other areas. According to the World Health Organisation, in high-income countries such as Italy, lifestyle factors such as smoking, sedentary lifestyles or obesity can pose greater risks to health compared to purely occupational factors.

This is why Brembo has joined the project "WHP: Workplace Health Promotion" aimed at reducing the diffusion of general risks to health.

The local health authority of Bergamo, which has promoted this important initiative, has developed a local network of businesses which are now taking action to promote all aspects of health care.

By committing to this three-year project, Brembo has agreed to work on six key areas, intended to reduce risk factors through the promotion of healthy eating, physical activity, encouraging people to stop smoking, drinking alcohol and abusing other substances, promoting road safety, personal and social well-being. Brembo has decided to phase in its involvement, starting with employees at the Stezzano plant and gradually moving on to include its other sites.

During 2011, the Group continued its activities for certification of its Safety and Environmental Management System. Highlights included the environmental ISO 14001 certification achieved by the Betim plant in Brazil, and the OHSAS 18001 safety certification at the Stezzano site. This last achievement means that almost all the sites owned by Brembo S.p.A. (with just one exception, to be certified during the next few months) have now obtained accreditation of their Health and Safety System.

With regard to the monitoring of accident prevention, 2011 proved to be the best year yet in the history of the Group, with the number of accidents falling steadily.

The Accident Gravity Indicator has gradually fallen over the years: from 1.76 in 1999 to 0.96 in 2005, and as low as 0.66 in 2011.

This overall result has been achieved thanks to the general performance of all the Group's sites, in which there are no particularly critical issues, and to certain particularly positive figures. For example, at the Belt & Buckle plant in Zilina (Slovak Republic) and the Brembo Brake India plant in Pune, no accidents occurred during the year. Positive results were also recorded at plants where extension works – resulting in the hiring of a number of new workers (notably the foundry at Dabrowa) – inevitably led to new issues arising with regard to the management of health and safety in the workplace.

BREMBO STRUCTURE

In late 2010, Parent Company Brembo S.p.A. launched a project aimed at wider corporate streamlining and reorganisation with the objective of achieving greater flexibility in internal processes and containing structural costs.

The implementation of the aforementioned plan led to the mergers, effective January 2011, between Brembo S.p.A. and Marchesini S.p.A., Brembo S.p.A. and Brembo Performance S.p.A., Brembo Japan Co. Ltd. and Brembo Perfomance Japan Co. Ltd., as well as Brembo North America Inc. and Brembo Performance North America Inc. The above-mentioned transactions did not impact the consolidation area.

Again within the context of the corporate streamlining and reorganisation plan, effective 17 May 2011 Brembo International S.p.A., formerly Brembo International S.A., a company under Luxembourg law, transferred its registered office to Italy. In addition, on 21 June 2011 the Board of Directors approved the plan for the merger of Brembo International S.p.A. into Brembo S.p.A. The merger was finalised on 10 October 2011, effective retroactively from January 2011.

On 24 May 2011, the stake in Softia S.r.l., in which Brembo held a minority interest of 40%, was sold.

The agreement signed on 23 May 2011 by Brembo S.p.A. for the acquisition of the 75% of the share capital of Perdriel S.A. (now Brembo Argentina S.A.), an Argentinian manufacturer of brake discs located in the Buenos Aires area, was executed on 1 August. Under the agreement, Brembo has an option right on the remaining 25%, exercisable after three years of the signature of the agreement.

BREMBO S.P.A.

- 100% **AP RACING LTD.** Coventry UK
- 100% **BREMBO CZECH S.R.O.** Ostrava-Hrabová Czech Republic
- 100% **BREMBO DEUTSCHLAND GMBH** Leinfelden-Echterdingen Germany
- 100% **BREMBO POLAND SPOLKA ZO.O.** Dabrowa Gornicza Poland
- 100% **BREMBO SCANDINAVIA A.B.** Göteborg Sweden
- 100% **BREMBO SPOLKA ZO.O.** Czestochowa Poland
- 100% **BREMBO UK LTD.** London UK
- 100% **LA.CAM (LAVORAZIONI CAMUNE) S.R.L.** Stezzano - Italy
- 68% **CORPORACION UPWARDS 98 S.A.** Zaragoza Spain
- 65% **SABELT S.P.A.** Turin Italy
  - 100% **BELT & BUCKLE S.R.O.** Zilina Slovak Republic
- 50% **BREMBO SGL CARBON CERAMIC BRAKES S.P.A.** Stezzano - Italy
  - 100% **BREMBO SGL CARBON CERAMIC BRAKES GMBH** Meitingen - Germany
- 30% **INNOVA TECNOLOGIE S.R.L.** Almenno San Bartolomeo Italy
- 20% **PETROCERAMICS S.R.L.** Milan Italy
- 10% **INTERNATIONAL SPORT AUTOMOBILE S.A.R.L.** Levallois Perret - France
- 100% **BREMBO JAPAN CO. LTD.** Tokyo Japan
- 100% **BREMBO NANJING FOUNDRY CO. LTD.** Nanjing - China
- 100% **QINGDAO BREMBO TRADING CO. LTD.** Qingdao - China
- 99.99% **BREMBO BRAKE INDIA PVT. LTD.** Pune India
- 67.74% **BREMBO CHINA BRAKE SYSTEMS CO. LTD.** Beijing - Cina
  - 42.25% **BREMBO NANJING BRAKE SYSTEMS CO. LTD.**
- 27.75% **BREMBO NANJING BRAKE SYSTEMS CO. LTD.** Nanjing - China
- 1.20% **FUJI CO.** Tokyo Japan
- 100% **BREMBO NORTH AMERICA INC.** Wilmington, Delaware - USA
  - 51% **BREMBO MEXICO S.A. DE C.V.**
- 49% **BREMBO MEXICO S.A. DE C.V.** Apodaca - Mexico
- 99.99% **BREMBO DO BRASIL LTDA.** Betim Brazil
- 75% **BREMBO ARGENTINA S.A.** Buenos Aires Argentina

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

BREMBO'S CONSOLIDATED RESULTS

Income Statement results

(euro thousand)	31.12.2011	31.12.2010	Change	%
Sales of goods and services	**1,254,513**	**1,075,252**	**179,261**	***16.7%***
Cost of sales, operating costs and other net charges/income *	(851,406)	(731,683)	(119,723)	*16.4%*
Personnel expenses	(254,322)	(213,027)	(41,295)	*19.4%*
GROSS OPERATING INCOME	**148,785**	**130,542**	**18,243**	***14.0%***
% on sales	*11.9%*	*12.1%*		
Depreciation, amortisation and impairment losses	(75,438)	(74,146)	(1,292)	*1.7%*
NET OPERATING INCOME	**73,347**	**56,396**	**16,951**	***30.1%***
% on sales	*5.8%*	*5.2%*		
Interest income (expense) from investments	(18,651)	(10,963)	(7,688)	*70.1%*
RESULT BEFORE TAXES	**54,696**	**45,433**	**9,263**	***20.4%***
% on sales	*4.4%*	*4.2%*		
Taxes	(11,353)	(13,620)	2,267	-16.6%
RESULT BEFORE MINORITY INTERESTS	**43,343**	**31,813**	**11,530**	***36.2%***
% on sales	*3.5%*	*3.0%*		
Minority interests	(406)	458	(864)	-188.6%
GROUP NET RESULT	**42,937**	**32,271**	**10,666**	***33.1%***
% on sales	*3.4%*	*3.0%*		
Basic and diluted earnings per share (euro)	**0.66**	**0.49**		

* The item is obtained by adding the following items of the consolidated income statement: "Other revenues and income", "Costs for capitalised internal works", "Raw materials, consumables and goods" and "Other operating costs".

The performance of 2011 confirmed the Group's expectations, with a very positive trend in sales.

Net sales for 2011 amounted to €1,254,513 thousand, marking a 16.7% increase compared to the same period of 2010. However, it should be noted that the two years are not fully comparable due to the change in the consolidation area, after the inclusion of Brembo Argentina S.A. and to the fact that Brembo Czech S.r.o. started manufacturing and sales operations in 2011. Like for like, net sales would have increased by 15.2%.

In general, all sectors showed a positive performance: car, commercial vehicles and motorbike applications, which together account for over 90% of the Group's turnover, reported an overall average increase of 16.7%. The racing and passive safety segments also performed very well, with an 18.7% total increase in turnover, improving sharply compared to the 2010 results.

At the geographic level, growth was in general reported in all markets, albeit at different extents: growth on the European market was outstanding, particularly in the United Kingdom and France, with an increase of 38.1% and 33.8%, respectively. Germany, which continues to be the Group's key reference market (21.8% of total sales), reported a 15.6% increase to €36,901 thousand. The North American area, another major reference market for the Group, accounting for 19.1% of total turnover for the year, reported a 15.5% growth compared to the previous year. The Asian markets also showed a good rise in turnover compared to 2010, closing the year with a 16.9% increase.

In 2011, the **cost of sales** and other net operating costs amounted to €851,406 thousand, with a ratio of 67.9% to sales, in line with 68% for the previous year. Within this item, **costs for capitalised internal works** included in intangible assets amounted to €11,861 thousand compared to €10,035 thousand for 2010.

Personnel expenses amounted to €254,322 thousand in 2011, with a 20.3% ratio to revenues, substantially in line with the previous year (19.9%).

At 31 December 2011, workforce numbered 6,735 (5,904 at 31 December 2010). The increase compared to the previous year was related to the inclusion of Brembo Czech e Brembo Argentina in the consolidation area (+314 employees), as well as the necessary rise in the number of employees required for the higher level of production associated with the increase in sales.

Gross operating income for the year amounted to €148,785 thousand, compared to €130,542 thousand in 2010, with a ratio to sales of 11.9%.

Net operating income amounted to €73,347 thousand (5.8% of revenues), compared to €56,396 thousand (5.2% of sales) for 2010, after depreciation, amortisation and impairment losses of €75,438 thousand, compared to €74,146 thousand in 2010. The increase in the item "Depreciation, amortisation and impairment losses" was mainly related to the write-down of development costs due to the discontinuation of several projects, goodwill, and plant and equipment of a Chinese subsidiary, which were only partially offset by lower depreciation and amortisation.

Net interest expense amounted to €17,158 thousand (€8,950 thousand in 2010) and included an exchange rate loss of €6,313 thousand (compared to an exchange rate gain of €395 thousand in 2010) and interest expense of €10,845 thousand (€9,345 thousand in the previous year).

Interest expense from investments, which amounted to €1,493 thousand (€2,013 thousand in 2010), were attributable to the effects of valuing investments in associate companies using the equity method. The sale of the investment in Softia S.r.l., which took place on 24 May 2011, had no effects on the income statement.

Result before taxes was €54,696 thousand, compared to €45,433 thousand for the previous year. Estimated **taxation** amounted to €11,353 thousand, with a tax rate of 20.8% compared to 30% for 2010.

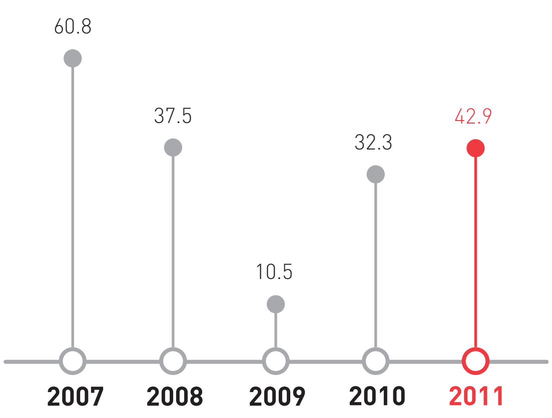
Consolidated net income amounted to €42,937 thousand, after minority interests of €406 thousand, up by 33.1% compared to €32,271 thousand for the previous year.

The design office at Paladina (Bergamo), early Eighties.

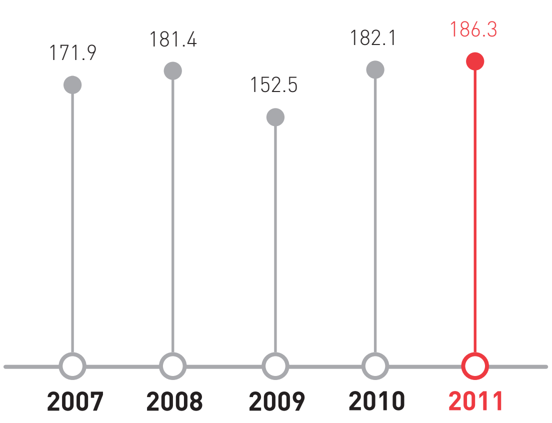
Consolidated Balance Sheet

(euro thousand)	31.12.2011	31.12.2010	Change
Property, plant and equipment	406,562	322,951	83,611
Intangible assets	102,801	104,192	(1,391)
Net financial assets	20,967	22,665	(1,698)
Other receivables and non-current liabilities	19,761	18,948	813
(a) Fixed capital	*550,091*	*468,756*	*81,335*
			17.4%
Inventories	225,028	181,650	43,378
Trade receivables	208,287	201,297	6,990
Other receivables and current assets	37,229	36,513	716
Current liabilities	(337,918)	(279,685)	(58,233)
Provisions / deferred taxes	(14,218)	(16,144)	1,926
(b) Net working capital	*118,408*	*123,631*	*(5,223)*
			(4.2%)
(c) NET INVESTED CAPITAL (a)+(b)	**668,499**	**592,387**	**76,112**
			12.8%
(d) Equity	*333,934*	*325,859*	*8,075*
(e) Employees' leaving entitlement and other funds for personnel	*19,562*	*20,210*	*(648)*
Medium/long-term financial debt	254,645	225,461	29,184
Short-term net financial debt	60,358	20,857	39,501
(f) Net financial debt	*315,003*	*246,318*	*68,685*
			27.9%
(g) COVERAGE (d)+(e)+(f)	**668,499**	**592,387**	**76,112**
			12.8%

GROUP NET RESULT
(euro million)



TURNOVER PER EMPLOYEE
(euro thousand)



The Group's balance sheet reflects reclassifications of consolidated accounting statements, as described in the following pages. More specifically:

- net financial assets include the following items: "Shareholdings" and "Other financial assets";
- the item other receivables and non-current liabilities is made up of the following items: "Receivables and other non-current liabilities", "Deferred tax assets" and "Other non-current liabilities";
- net financial debt includes current and non-current payables to banks and other financial liabilities, net of cash and cash equivalents and current financial assets.

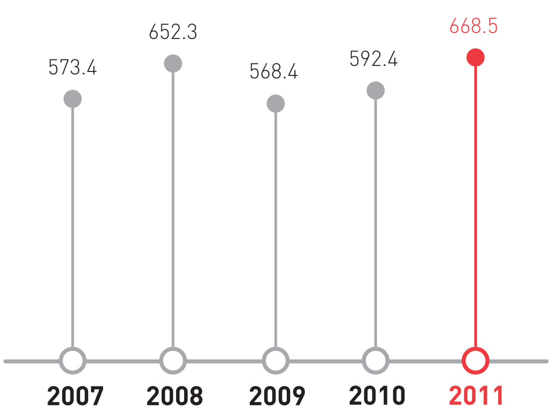
Net invested capital at the end of the year was €668,499 thousand, up by €76,112 thousand. At 31 December 2010, it amounted to €592,387 thousand. **Net financial debt** for 2011 amounted to €315,003 thousand, compared to €246,318 thousand at 31 December 2010.

Net financial debt increased by €68,685 thousand during the reporting year, mainly due to the following factors:

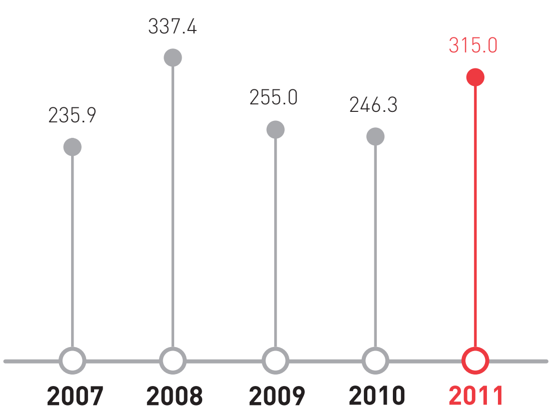
- the upturn in the market allowed the company to achieve a gross operating income of €148,785 thousand, with a limited decrease in net working capital;
- as previously mentioned, investments in property, plant and equipment were resumed and totalled €165,326 thousand;
- the Parent Company paid the approved dividends in May, in the total amount of €19,603 thousand;
- the tax position absorbed €15,018 thousand.

The Notes to the Consolidated Financial Statements provide detailed information on the financial position and its assets and liabilities items.

NET INVESTED CAPITAL
(euro million)



NET FINANCIAL DEBT
(euro million)



Cash Flow Statement

(euro thousand)	31.12.2011	31.12.2010
Net financial position at beginning of year (*)	**(246,318)**	**(254,990)**
Net operating income	**73,347**	**56,396**
Depreciation, amortisation and impairment losses	75,438	74,146
Gross operating income	**148,785**	**130,542**
Investments in property, plant and equipment	(146,320)	(51,915)
Investments in intangible assets	(19,006)	(17,304)
Investments in financial assets	(30)	(60)
Capital increase of consolidated companies by minority shareholders	501	0
Effects of the changes in ownership structure of Brembo Performance S.p.A./Sabelt S.p.A.	0	5,000
Business combination in China	0	(9,433)
Effect of the business combination Perdriel S.A. (now Brembo Argentina S.A.) on the net financial position	(2,081)	0
Sale of Softia S.r.l.	290	0
Disposals	817	1,186
Net investments	**(165,829)**	**(72,526)**
Change in inventories	(44,408)	(37,736)
Changes in trade receivables and receivables from companies valued using the equity method	(3,880)	(38,214)
Changes in trade payables and payables to companies valued using the equity method	40,110	64,785
Change in other liabilities	16,971	11,240
Change in receivables from others and other assets	(4,095)	(12,905)
Change in working capital	**4,698**	**(12,830)**
Change in provisions for employee benefits and other provisions	26	(5,482)
Operating free cash flow	**(12,320)**	**39,704**
Interest income and expense	(16,324)	3,191
Translation reserve not allocated to specific items	(3,380)	(7,966)
Acquisition of own shares	(2,040)	0
Current taxes paid	(15,018)	(11,554)
Cash flows before dividends	**(49,082)**	**23,375**
Dividends paid	(19,603)	(14,703)
Net cash flows	**(68,685)**	**8,672**
Net financial position at end of year (*)	**(315,003)**	**(246,318)**

(*) See Note 13 of the Explanatory Notes of the Consolidated Financial Statements for a reconciliation with financial statement data.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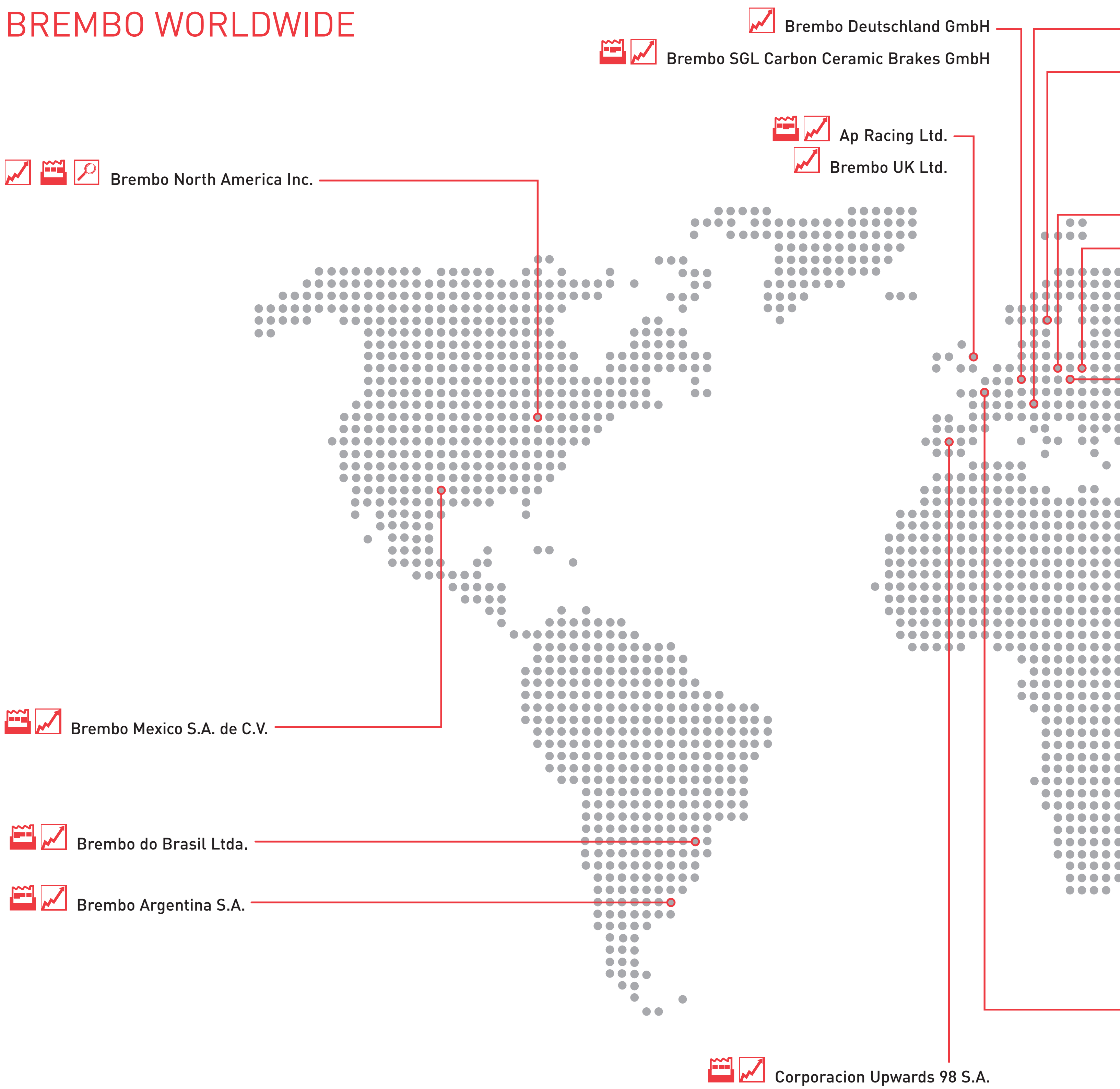
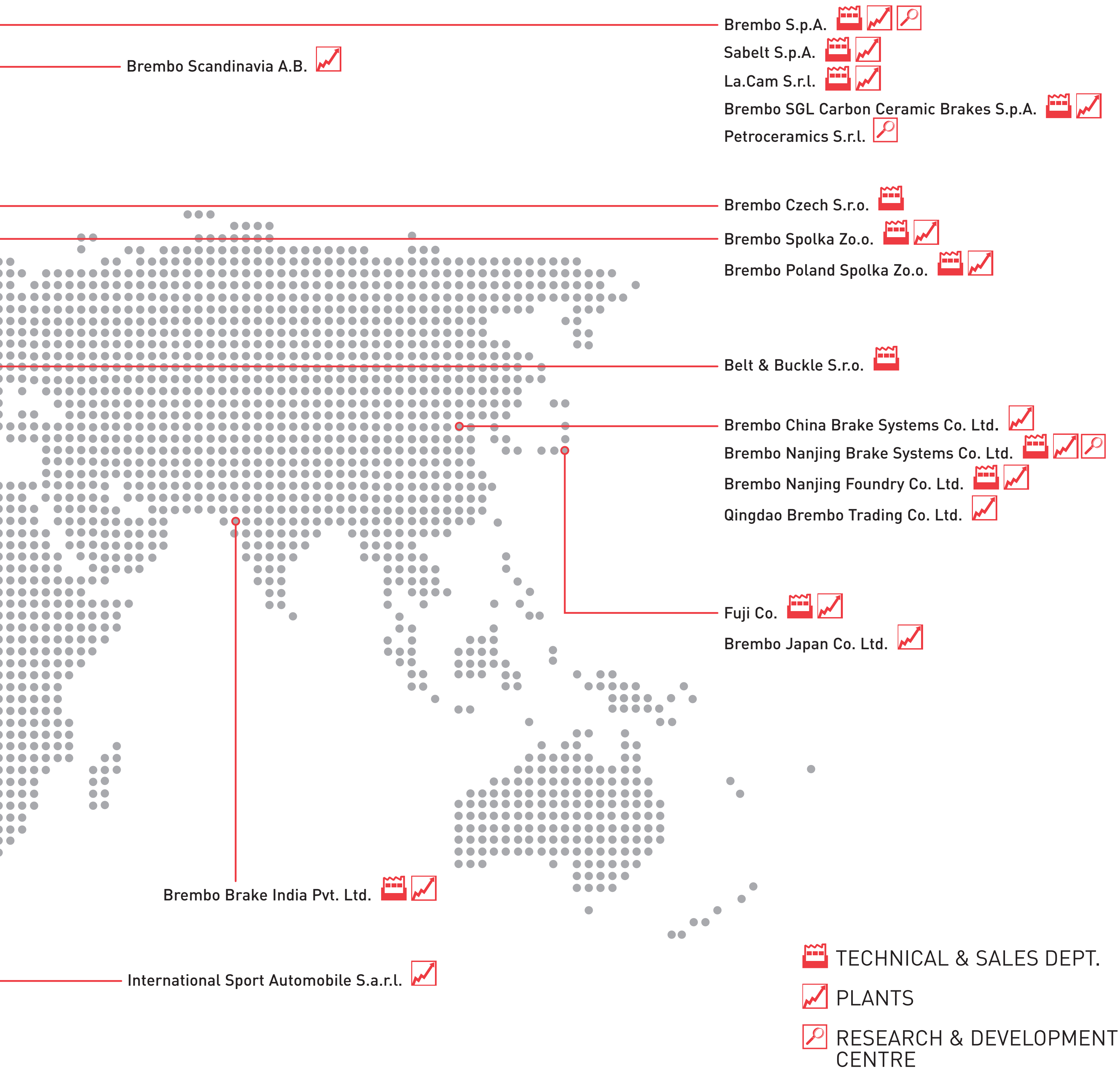
BREMBO WORLDWIDE




Brembo S.p.A.
Sabelt S.p.A.
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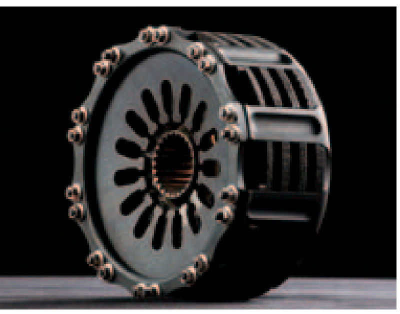
Petroceramics S.r.l.
Brembo Scandinavia A.B.
Brembo Czech S.r.o.
Brembo Spolka Zo.o.
Brembo Poland Spolka Zo.o.
Belt & Buckle S.r.o.
Brembo China Brake Systems Co. Ltd.
Brembo Nanjing Brake Systems Co. Ltd.
Brembo Nanjing Foundry Co. Ltd.
Qingdao Brembo Trading Co. Ltd.
Fuji Co.
Brembo Japan Co. Ltd.
Brembo Brake India Pvt. Ltd.
International Sport Automobile S.a.r.l.
TECHNICAL & SALES DEPT.
PLANTS
RESEARCH & DEVELOPMENT CENTRE

PERFORMANCE OF BREMBO COMPANIES

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



AP Racing. Formula 1 clutch, 2008.

BREMBO S.P.A.

CURNO (ITALY)

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

Brembo S.p.A. closed 2011 with sales of goods and services amounting to €637,716 thousand, up 15.1% compared to the 2010 figure of €554,074 thousand. It should be recalled that the comparison between the two periods is not consistent as the mergers with Brembo Performance S.p.A., Marchesini S.p.A. and Brembo International S.p.A. took place in 2011. The item "Other revenues and income" amounted to €23,498 thousand in 2011, compared to €18,526 thousand in 2010, whereas capitalised development costs in the year increased to €11,674 thousand compared to the previous year.

Gross operating income went from €49,995 thousand (9% of sales) in 2010 to €51,827 thousand (8.1% of sales) in 2011, whereas net operating income, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €40,807 thousand, closed at €11,019 thousand compared to €8,116 thousand for the previous year.

Financing activities yielded net interest expenses of €8,913 thousand, compared to €6,963 thousand for 2010. Income from shareholdings amounted to €23,982 thousand and was mainly attributable to the distribution of dividends by some subsidiaries (AP Racing Ltd., Brembo Spolka Zo.o., Brembo North America Inc. and Brembo Scandinavia A.B.).

Moreover, a provision for current taxes, deferred tax assets and liabilities was made in the amount of €4,507 thousand.

At 31 December 2011, the workforce numbered 2,907, increasing by 203 (of whom 28 as a result of the mergers) compared to 2,704 at the end of 2010.

Companies Consolidated on a Line-by-Line Basis

AP RACING LTD.

COVENTRY (UNITED KINGDOM)

Activities: production and sale of braking systems and clutches for road and 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 One, GT, Touring and Rally teams. It also produces and sells original equipment brakes and clutches for prestige car manufacturers.

Net sales in 2011 amounted to GBP 32,206 thousand (€37,113 thousand), compared to GBP 27,639 thousand (€32,204 thousand) in 2010. In the reporting year, the company reported net income of GBP 4,270 thousand (€4,920 thousand), compared to GBP 2,937 thousand in 2010 (€3,422 thousand).

At 31 December 2011, the workforce numbered 120, two more than at the end of 2010.

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

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

Fully owned by Sabelt S.p.A., this company engages in the sewing of seatbelts for children's seats and jumpsuits for the racing industry manufactured on behalf of its parent company.

At 31 December 2011, net sales – which consisted solely of intragroup sales – amounted to €5,410 thousand, compared to €5,572 thousand for 2010, with a net loss for the year of €23 thousand compared to a net income of €61 thousand in 2010. At 31 December 2011, the workforce numbered 86, compared to 84 at 31 December 2010.

BREMBO ARGENTINA S.A.
BUENOS AIRES (ARGENTINA)

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

Brembo Argentina S.A. (formerly called Perdriel S.A.) is based in Buenos Aires (Argentina). Brembo acquired a 75% stake in the company in August 2011. Under the agreement, Brembo has an option right on the remaining 25%, exercisable after three years of the signature of the agreement.

Net sales from 1 August 2011 amounted to ARS 47,275 thousand (€8,261 thousand), with a net loss of ARS 1,342 thousand (€235 thousand).

The workforce numbered 137 at 31 December 2011.

AP Racing. NASCAR caliper, 2010.

BREMBO BRAKE INDIA PVT. LTD.
PUNE (INDIA)

Activities: development, production and sale of braking systems for motorbikes.

The joint venture is based in Pune, India, and was originally set up in 2006 and held in equal stakes by Brembo S.p.A. and the Indian company Bosch Chassis Systems India Ltd. Since 2008, the company has been wholly owned by Brembo S.p.A.

In 2011, net sales amounted to INR 2,420,894 thousand (€37,321 thousand), with a net income of INR 222,845 thousand (€3,435 thousand). In 2010, net sales amounted to INR 1,784,087 thousand (€29,425 thousand), with a net income of INR 150,078 thousand (€2,475 thousand).

At 31 December 2011, the workforce numbered 419, increasing compared to 330 at the end of the previous year.

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

Activities: production and sale of brake discs for cars. Promotion and development of the Chinese market.

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 2008, Brembo China acquired a 42.25% stake in Nanjing Yuejing Automotive Brake System Co. (now Brembo Nanjing Brake Systems Co. Ltd.).

The company is running solely promotion and development initiatives in the Chinese market, following reorganisation of the Group's operations in China. At 31 December 2011, the company did not record any sales. Net loss for 2011 amounted to CNY 2,974 thousand (€331 thousand), compared to a net loss of CNY 7,898 thousand (€879 thousand) in 2010.

At the end of the year, the workforce numbered 1, compared to 7 at 31 December 2010.

BREMBO CZECH S.R.O.
OSTRAVA-HRABOVÁ (CZECH REPUBLIC)

Activities: production and sale of braking systems for cars.

The company was formed in 2009 and started its production activity in 2011, on the new site, in an existing industrial building. It carries out the casting, processing and assembly of brake calipers and other aluminium components and aims at becoming an integrated industrial hub able to offer to the European market high-tech, quality braking systems. In 2011, net sales amounted to CZK 200,334 thousand (€8,147 thousand), closing the year with a net loss of CZK 185,405 thousand (€7,540 thousand), compared to a net loss of CZK 1,766 thousand (€70 thousand) in 2010. At 31 December 2011, the workforce numbered 177.

BREMBO DEUTSCHLAND GMBH
LEINFELDEN – ECHTERDINGEN (GERMANY)

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

The company, which is 100% owned by Brembo S.p.A., was formed in 2007. It specialises in buying cars for tests and encouraging and simplifying communication between Brembo and its German customers in the various phases of planning, purchase, development and project management.

At 31 December 2011, net sales amounted to €212 thousand (€183 thousand for 2010), with a net loss of €2 thousand (as against a net income of €10 thousand for 2010).

The company has no employees and uses outside consultants only.

BREMBO DO BRASIL LTDA.
BETIM (BRAZIL)

Activities: production and sale of brake discs and flywheels 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. Since 2009, the company has been producing also flywheels for the car industry in São Paulo.

Net sales for 2011 amounted to BRL 158,571 thousand (€68,176 thousand) and net income to BRL 7,245 thousand (€3,115 thousand). In 2010, sales amounted to BRL 156,122 thousand (€66,877 thousand) and net income was BRL 10,674 thousand (€4,572 thousand).

The workforce at 31 December 2011 numbered 358, compared to 383 at the end of the previous year.

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 other companies in the Brembo Group operating in Japan. As of 1 January 2011, Brembo Performance Japan Co. Ltd. was merged into the company.

Net sales for 2011 amounted to JPY 530,611 thousand (€4,779 thousand), up 31.9% compared to JPY 402,387 thousand in 2010 (€3,455 thousand). Net income for the reporting year was JPY 40,213 thousand (€362 thousand), compared to JPY 18,679 thousand in 2010 (€160 thousand).

At 31 December 2011, the workforce numbered 17, an increase compared to four at the end of 2010.

BREMBO MÉXICO S.A. DE C.V. (FORMERLY BREMBO MÉXICO PUEBLA S.A. DE C.V.)

APODACA (MEXICO)

Activities: production and sale of brake discs for cars.

As a result of the merger with Brembo México Apodaca S.A. de C.V. in 2010, the company is now 51% owned by Brembo North America and 49% owned by Brembo S.p.A.

In 2011, net sales amounted to USD 61,957 thousand (€44,518 thousand), with a net income of USD 4,323 thousand for the year (€3,107 thousand).

In 2010, net sales amounted to USD 63,743 thousand (€48,043 thousand), with a net loss of USD 373 thousand (€281 thousand).

At 31 December 2011, the workforce numbered 196.

BREMBO NANJING BRAKE SYSTEMS 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 2008. In 2009, the company changed its name from Nanjing Yuejin Automotive Brake System Co. Ltd. to Brembo Nanjing Brake Systems Co. Ltd.

At 31 December 2011, net sales amounted to CNY 380,755 thousand (€42,325 thousand) and net income was CNY 25,069 thousand (€2,787 thousand); in 2010, net sales amounted to CNY 292,772 thousand (€32,601 thousand) and net income was CNY 11,151 thousand (€1,242 thousand).

At 31 December 2011, the workforce numbered 244, unchanged compared to the previous year.

BREMBO NANJING FOUNDRY CO. LTD.

NANJING (CHINA)

Activities: development, production and sale of foundry products for the automotive market, including the aftermarket.

The company, set up in 2009 and 100% held by Brembo S.p.A., acquired the foundry activities in 2010 from the Chinese company Donghua, belonging to the SAIC group, the leading Chinese car and commercial vehicle manufacturer.

The project envisages the gradual development of an integrated industrial hub, including foundry and manufacture of brake calipers and

Alberto Bombassei meets Enzo Ferrari, Seventies.

Alberto Bombassei and Mikhail Gorbachev in Brembo's headquarters, 1995.

discs for the car and commercial vehicle markets.

Net sales amounted to CNY 184,075 thousand at 31 December 2011 (€20,462 thousand), with a net loss of CNY 69,973 thousand (€7,778 thousand), compared to net sales of CNY 144,752 thousand (€16,118 thousand) and a net loss of CNY 79,931 thousand (€8,901 thousand) for 2010.

At 31 December 2011, the workforce numbered 136.

The first dynamic bench for testing discs at Paladina (Bergamo), 1982. A system for Formula 1 being tested on the bench.

BREMBO NORTH AMERICA INC.

WILMINGTON, DELAWARE (USA)

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

Brembo North America Inc. is based in Homer, Michigan. It produces and sells OEM and aftermarket brake discs, as well as high–performance car braking systems. At its facilities in Plymouth, Michigan, the company, backed by Brembo S.p.A. and local technical staff, develops and markets new solutions in terms of materials and design for the U.S. market. The products are manufactured for the main carmakers and several component manufacturers operating in the United States. Effective 1 January 2011, Brembo Performance North America Inc. was merged into Brembo North America Inc.

Net sales for 2011 amounted to USD 173,581 thousand (€124,725 thousand); in the previous year, the company reported net sales amounting to USD 126,817 thousand (€95,581 thousand).

The company reported a net income of USD 8,384 thousand (€6,024 thousand) at 31 December 2011, compared to a net income of USD 9,486 thousand (€7,150 thousand) in 2010.

At the end of the year, the workforce numbered 286, an increase of 65 compared to the end of 2010.

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 for the production of cast-iron discs destined for use in its own production plant or by other Group companies.

In 2011, net sales amounted to PLN 657,926 thousand (€159,741 thousand), compared to PLN 514,805 thousand (€128,864 thousand) in 2010. Net income at 31 December 2011 was PLN 134,847 thousand (€32,740 thousand), compared to PLN 104,283 thousand (€26,104 thousand) for the previous year.

At the end of the year, the workforce numbered 887, compared to 676 at the end of 2010.

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 car sector, destined exclusively for the aftermarket.

Net sales for the year amounted to SEK 6,649 thousand (€736 thousand), with a net income of SEK 1,713 thousand (€190 thousand), compared to net sales of SEK 7,953 thousand (€833 thousand) and net income of SEK 2,747 thousand (€288 thousand) for 2010.

At 31 December 2011, the workforce numbered 1, unchanged compared to the same date of the previous year.

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 2011 amounted to PLN 430,387 thousand (€104,496 thousand), compared to PLN 362,533 thousand (€90,747 thousand) in 2010.

Net income at 31 December 2011 was PLN 44,730 thousand (€10,860 thousand), compared to PLN 37,320 thousand (€9,342 thousand) in the previous year.

At the end of the year, the workforce numbered 416, increasing compared to 385 at the end of 2010.

BREMBO UK LTD.
LONDON (UNITED KINGDOM)

Activities: sale of brake discs for the aftermarket.

The company sells aftermarket discs in the U.K.

Net sales went from GBP 1,143 thousand (€1,332 thousand) in 2010 to GBP 2,019 thousand (€2,327 thousand) in 2011. Net income was GBP 151 thousand (€174 thousand), compared to GBP 89 thousand (€103 thousand) in the previous year.

At 31 December 2011, the workforce numbered 2, unchanged compared to the end of 2010.

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

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

The company has phased out productive activities, to focus almost only on sales activities.

Net sales for 2011 amounted to €22,365 thousand, compared to €21,338 thousand in 2010. Net income was €652 thousand, compared to a net loss of €483 thousand in 2010.

At 31 December 2011, the workforce numbered 87, compared to 91 at the end of 2010.

LA.CAM (LAVORAZIONI CAMUNE) S.R.L.
STEZZANO (ITALY)

Activities: precision mechanical processing, lathe work, mechanical component production and similar activities, on its own account or on behalf of third parties.

The company was incorporated by Brembo S.p.A. on 4 October 2010 and on 22 October leased two companies from an important Brembo Group's supplier that was experiencing financial difficulties. The goal was to safeguard the continuity of supply and the expertise and technological assets achieved by these companies in the course of their many years of collaboration with the Group. The lease transaction involved Immc S.n.c. and Iral S.r.l., companies owned by an entrepreneurial family and both based in the upper region of the valley Val Camonica, province of Brescia, in the municipalities of Berzo Demo and Sellero. The two companies specialise in mechanical component processing, largely on behalf of the Brembo Group. Iral specialises in processing aluminium, steel and cast-iron pistons for brake calipers intended for use in the car, motorbike and industrial vehicle sectors. Immc manufactures other types of components, in-

The Mapello foundry (Bergamo), 1982.

cluding small high-precision metallic parts and bridges for car brake calipers, in addition to aluminium caliper supports for the motorbike sector.

In 2011, net sales amounted to €34,175 thousand, mainly to companies of the Brembo Group. Net loss was €1 thousand.

At 31 December 2011, the workforce numbered 211.

QINGDAO BREMBO TRADING CO. LTD.
QINGDAO (CHINA)

Activities: logistics and sales activities in the economic and technological development hub of Qingdao.

Formed in 2009, Qingdao Brembo Trading Co. Ltd., a wholly owned subsidiary, carries out logistics activities within the Qingdao technological hub.

In 2011, net sales amounted to CNY 201,015 thousand (€22,345 thousand), compared to CNY 179,262 thousand (€19,961 thousand) for the previous year. Net income was CNY 12,546 thousand (€1,395 thousand), an increase compared to net income of CNY 9,444 thousand (€1,052 thousand) in 2010.

At 31 December 2011, the workforce numbered 15, five more than at the same date of the previous year.

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.

The company joined the Brembo Group in 2008. Its operating offices are located in Moncalieri, Turin (Italy).

Following the merger of Brembo Performance S.p.A. into Brembo S.p.A. effective 1 January 2011, the company is 65% held by Brembo S.p.A. At 31 December 2011, net income amounted to €26,693 thousand and net loss was €1,514 thousand, compared to net income of €27,004 thousand and net loss of €3,997 thousand for 2010.

At 31 December 2011, the workforce numbered 74, compared to 72 in 2010.

Companies Valued Using the Equity Method

BREMBO SGL CARBON CERAMIC BRAKES GMBH
MEITINGEN (GERMANY)

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

The company was formed in 2001. In 2009, in executing the joint venture agreement between Brembo and SGL Group, Brembo SGL Carbon Ceramic Brakes S.p.A. acquired 100% of the company.

Net sales for 2011 amounted to €38,131 thousand, down compared to €47,273 thousand for the previous year. At 31 December 2011, net loss amounted to €4,144 thousand, compared to net loss of €2,313 thousand for the previous year.

At 31 December 2011, the workforce numbered 225.

BREMBO SGL CARBON CERAMIC BRAKES S.P.A.
STEZZANO (ITALY)

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

As a result of the joint venture agreements finalised in 2009 between Brembo and SGL Group, the company is 50% owned by Brembo S.p.A. and in turn controls 100% of the German company Brembo SGL Carbon Ceramic Brakes GmbH. Both companies carry out design, development, production and sale of braking systems in general and particularly of carbon ceramic brake discs for the original equipment of top-performance cars, as well as research and development activities concerning new materials and applications.

Net sales at 31 December 2011 amounted to €31,962 thousand, an increase compared to €28,668 thousand in 2010. Net loss for the year was €5,482 thousand (due to the impairment of its equity investment in the German subsidiary in the amount of €7,170 thousand), compared to a net income of €63 thousand in 2010.

At 31 December 2011, the workforce numbered 108.

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 in 2008, has its registered office in the province of Bergamo, and is 30% owned by Brembo S.p.A.

Net loss for 2011 was €270 thousand, compared to net loss of €194 thousand for the previous year.

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 2006.

Net sales for 2011 amounted to €1,432 thousand, with a net income of €40 thousand. In 2010, sales amounted to €1,367 thousand and net income was €113 thousand.

Other Investee Companies

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 S.p.A. The company is engaged in the distribution of products for racing cars and motorbikes on the French market.

RELATED PARTY TRANSACTIONS

In compliance with CONSOB Regulation adopted with Resolution No. 17221 of 12 March 2010, as amended, Brembo S.p.A. adopted the Related Party Transaction Procedure. The Procedure was approved by the Board of Directors of Brembo S.p.A. during the meeting held on 12 November 2010, after receiving the favourable opinion of the Audit Committee, which has been identified as the Body authorised to express its opinions on the matter since it meets the requirements set out by the above-mentioned regulation. The Procedure aims to ensure the full transparency and propriety of transactions with Related Parties and has been published in the Corporate Governance section of the Company's website.

Detailed information on the company's related party transactions is provided in a special section of the Explanatory Notes to the Consolidated Financial Statements (Note 31). During the reporting year, no atypical or unusual transactions were carried out with Related Parties. Furthermore, the total amount of the commercial transactions with Related Parties other than the Group companies, which were carried out at fair market conditions, was not material. The financing transactions undertaken during the year with Related Parties are also discussed in Note 31 to the Consolidated Financial Statements.

A group of office employees photographed in front of plant in Paladina (Bergamo), astride the first motorbikes fitted with Brembo brakes, 1974.

FURTHER INFORMATION

Significant Events During the Year

As part of the plan for the corporate streamlining and reorganisation of the Brembo Group, undertaken at the end of 2010 with the aim of achieving greater flexibility of internal processes and containing structural costs, with effect from January 2011 the mergers took place between Brembo S.p.A. and Marchesini S.p.A., Brembo S.p.A. and Brembo Performance S.p.A., Brembo Japan Co. Ltd. and Brembo Performance Japan Co. Ltd., as well as Brembo North America Inc. and Brembo Performance North America Inc. These operations had no effect on the consolidation area and hence on the consolidated Financial Statements.

On 7 April 2011, Brembo was awarded the Best Brand Award in the brake pad category, assigned by "Das Motorrad", the magazine most widely read by German motorbike users. This award was granted adopting a voting procedure in which the readers of a large number of European magazines also take part. More than 27,000 people (more than 75% of voters) indicated Brembo as the brand most representative of those marketing brake pads.

The Brembo S.p.A.'s General Shareholders' Meeting held on 29 April 2011 approved the separate Financial Statements for the year ended 31 December 2010 and the distribution of a gross dividend of €0.30 per share outstanding at ex-coupon date, with the exclusion of the Company's own shares. As previously described in the Company Officers section, during the same Shareholders' Meeting the Board of Directors and the Board of Statutory Auditors were renewed. The Meeting also approved a new plan for the buy-back and sale of own shares.

Again within the context of the corporate streamlining and reorganisation plan, effective 17 May 2011 Brembo International S.A. changed its company name into Brembo International S.p.A. and transferred its registered office to Italy. In addition, on 21 June 2011 the Board of Directors approved the plan for the merger of Brembo International S.p.A. into Brembo S.p.A. The merger was finalised on 10 October 2011, effective retroactively from January 2011.

The proposed and approved corporate reorganisation will lead to a streamlining of equity investments and will eliminate corporate and administrative overlappings, optimise the management of resources and economic and financial flows from the operations currently carried out by the two companies, thus generating efficiencies and cost savings.

On 6 June 2011, the Board of Directors of Brembo S.p.A. approved the Brembo Group's new organisational structure with the aim of reinforcing the Company's governance model, strengthening the top management team and gradually initiating internal succession mechanisms. Effective from the same date, Matteo Tiraboschi took up the position of Executive Deputy Chairman, while Andrea Abbati Marescotti joined Brembo as Managing Director. Within the revamped management structure, Chairman Alberto Bombassei will gradually take on a more strategic and less operational role.

The strengthening of Brembo's management team is aimed at supporting the Group's rapid international growth also with the contribution of new skills. Matteo Tiraboschi, who reports to Chairman Alberto Bombassei, will set the guidelines concerning the Group's financial reporting and finance, human resources management and organisational development while managing and supervising business operations. Matteo Tiraboschi will continue to act as the Group's CFO, a position he has filled since May 2009, in the interim.

Managing Director Andrea Abbati Marescotti, who reports to Executive Deputy Chairman Matteo Tiraboschi, has been charged with the task of proposing the direction of the Company's future growth, taking direct responsibility for managing all the business lines, business support functions and the Group's international expansion.

Andrea Abbati Marescotti joined the Board of Directors to replace Bruno Saita, who resigned as (non-executive and non-independent) Director to devote himself to other professional commitments.

The agreement signed on 23 May 2011 by Brembo S.p.A. for the acquisition of the 75% of the share capital of Perdriel S.A., an Argentinian manufacturer of brake discs located in the Buenos Aires area was executed on 1 August.

Under the agreement, Brembo has an option right on the remaining 25%, exercisable after three years of the signature of the agreement. The seller is an Argentinean group with significant presence in the domestic car component market. Total outlay for the acquisition of the 75% stake amounted to €3.3 million, and was paid upon execution of the agreement.

Brembo, which already has a share of almost 60% of the Brazilian market in the production of brake discs and drums, deems it strategic to maintain and reinforce its presence in South America, also by taking advantage of the opportunities offered by current and prospective growth of the Argentinian production and sale market.

The South American uptrend in vehicle manufacturing over the past five years has been mostly driven by growing demand from Brazil, which fuelled a significant growth in volumes produced by car plants in South America.

On 26 September 2011, Brembo was selected as exclusive brake system supplier for the new IZOD IndyCar series, which will make its debut in 2012. The agreement will run up to 2015. The IZOD IndyCar Series is the premier championship for American open wheel cars, the most famous race of which is the world-renowned Indianapolis 500 Mile. When designing the new brake system for this single-seater, Brembo considered the requirements of the IZOD IndyCar Series, which demanded a system that is reliable, solid and lightweight but also high-performance and convenient.

On 14 October 2011, the new production facility at the Dabrowa Gornicza plant in Poland was inaugurated. The new production facility will enable Brembo to better serve the plants of its German, French and UK customers throughout Central and Eastern Europe. This facility required investments of over €100 million and was designed to integrate all the production phases of the value chain, from the arrival of raw materials to the shipment of finished products. This new production centre, which extends over a covered area of 90 thousand square meters (twice the previous one), will employ 1,200 people, and thanks to 39 production lines and two foundries, it will double production capacity. The new plants have been constructed according to the most advanced criteria to ensure quality, efficiency and environmental protection, in order to minimise waste and maximise energy recovery.

Privacy

In accordance with the Italian Data Protection Act (legislative decree No. 196 of 30 June 2003), Brembo S.p.A. has carried out a process of analysing and updating its Programmatic Security Document, in relation to the use of personal data on electronic media, in line with legal requirements.

Subsidiaries Formed Under and Governed by the Law of Countries Not Belonging to the European Union – Obligations Under Articles 36 and 39 of Market Regulations

In accordance with the requirements of Articles 36 and 39 of the Market Regulations (adopted with CONSOB resolution No. 16191 of 29 October 2007 and amended with Resolution No. 16530 of 25 June 2008), the Brembo Group identified five subsidiaries based in four countries not belonging to the European Union that are of significant importance, as defined under Paragraph 2 of the same Article 36, and therefore fall within the scope of application of the Regulations.

The Brembo Group believes that its current administrative, accounting and reporting systems are adequate to ensure that the Parent Company's management and auditing firm receive any information regarding income statement, balance sheet and cash flow figures, as necessary for preparing the Consolidated Financial Statements.

For all companies included in the consolidation area, the Parent Company Brembo S.p.A. already has a copy of the By-laws and the composition and powers of the Corporate Bodies.

Commercial vehicles. Rear disc in lamellar grey cast iron with a high carbon content, 2005.

Reconciliation Statement of Brembo S.p.A.'s Equity/Result With Consolidated Equity/Result

The reconciliation of equity and result for the year, as reported in the Parent Company's financial statements, and the equity and result for the year recognised in the Consolidated Financial Statements reveals that the Group's equity at 31 December 2011 was €129,390 thousand higher than the figure reported in the Brembo S.p.A. Financial Statements. Consolidated net result for the year, amounting to €42,937 thousand, was €21,355 thousand higher than that of Brembo S.p.A.

(euro thousand)	Net income 2011	Equity at 31.12.2011	Net income 2010	Equity at 31.12.2010
Brembo S.p.A	**21,582**	**194,204**	**21,207**	**197,212**
Consolidation adjustments:				
Equity of consolidated companies and allocation of their result	52,824	332,126	67,717	368,281
Goodwill and other allocated surplus	(1,904)	11,320	(997)	14,370
Elimination of intra-Group dividends	(26,325)	0	(52,419)	0
Book value of consolidated shareholdings	0	(197,021)	(1,258)	(238,124)
Valuation of shareholdings in associate companies and joint ventures using the equity method	(1,493)	(2,816)	(2,013)	(1,602)
Elimination of intra-Group income	(249)	(5,066)	(352)	(5,296)
Other consolidation adjustments	(1,092)	1,187	(72)	(8,982)
Equity and result for the year attributable to minority interests	(406)	(10,340)	458	(7,840)
Total consolidation adjustments	**21,355**	**129,390**	**11,064**	**120,807**
EQUITY AND RESULT FOR THE YEAR ATTRIBUTABLE TO THE GROUP	**42,937**	**323,594**	**32,271**	**318,019**

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2011

No significant events occurred after the end of 2011 and up to 2 March 2012.

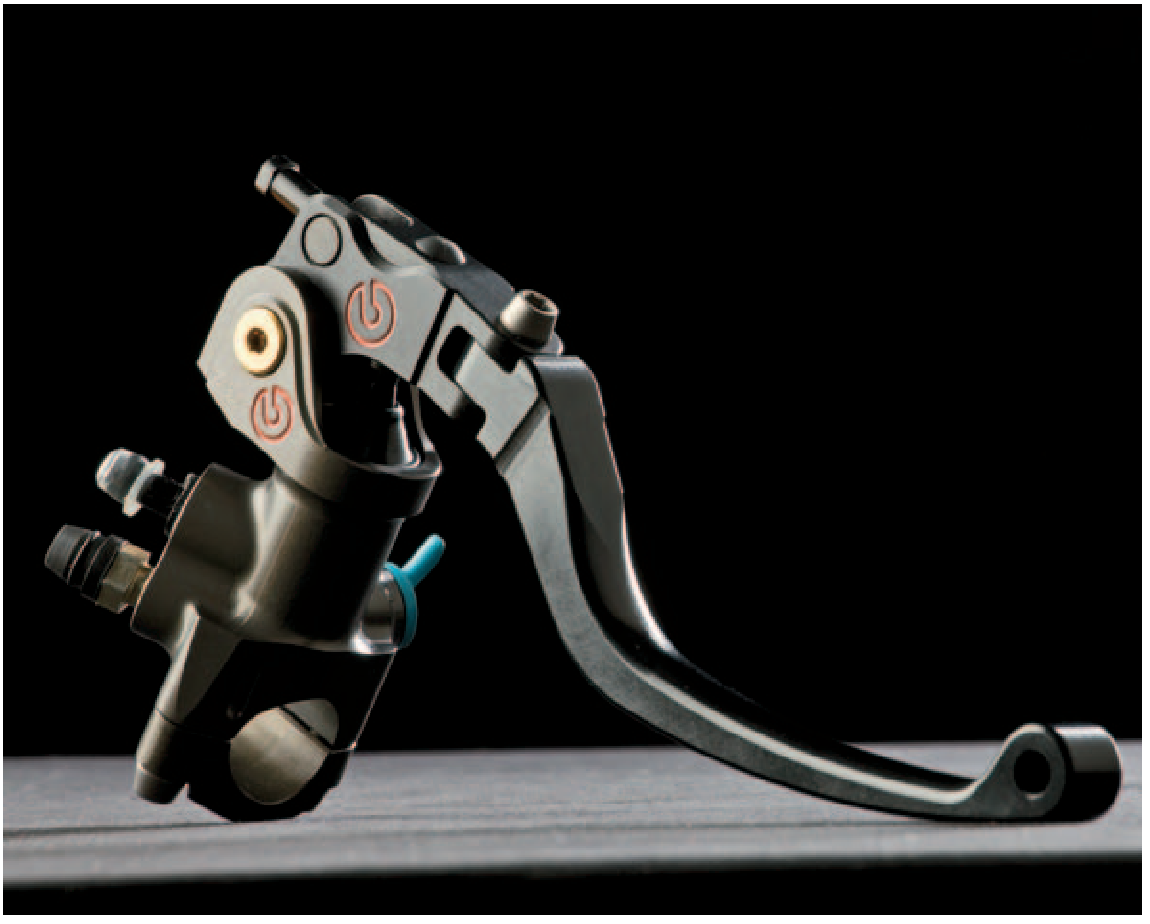

Ferrari
brembo carbon ceramic
BREMBO

FORESEEABLE EVOLUTION

Order book projections confirm the upward trend of sales in all sectors, also in 2012.

The full operation of the new production plants will have a positive effect on margins as from the second half of the year, once the investments to finalise the plants are completed.

Racing motorbikes.
Aluminium front radial master cylinder, 2003.



CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

pursuant to Article 123-*bis* of the Finance Consolidation Law

Approved by the Board of Directors of Brembo S.p.A. during its meeting of 2 March 2012.

GLOSSARY

Brembo/Issuer/Company: Brembo S.p.A., with registered offices in Curno (Bergamo), via Brembo 25, tax code (VAT code) No. 00222620163.

Corporate Governance Code: the Code of Corporate Governance for Listed Companies, approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Civil Code: the Italian Civil Code.

Board/Board of Directors/BoD: the Board of Directors of Brembo S.p.A.

CoSO Report: Report in accordance with the regulations issued by the Committee of Sponsoring Organisations of the Treadway Commission "Internal Control – Integrated Framework".

Financial year: the financial year which the Report refers to, specifically the financial year ended 31 December 2011.

Group: the Brembo Group.

Borsa Italiana Instructions: Instructions on the Rules of Markets organised and managed by Borsa Italiana S.p.A.

Brembo's Corporate Governance Manual: the document in which Brembo has fully adopted the Corporate Governance Code. The fifth edition (March 2011) is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Brembo's 231 Model: the Organisation, Management and Control Model pursuant to Legislative Decree 231/2011 of Brembo S.p.A. – Fourth Edition (November 2011), which is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Related Party Transaction Procedure: the Related Party Transaction Procedure adopted by Brembo S.p.A. on 12 November 2010, in compliance with the CONSOB Resolution No. 17221 of 12 March 2010, and subsequently amended by CONSOB Resolution No. 17389 of 23 June 2010; the Procedure is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

CONSOB Regulation on Related Party Transactions: the CONSOB regulation introduced by Resolution No. 17221 of 12 March 2010, as further amended by resolution No. 17389 of 23 June 2010.

SC: Supervisory Committee.

Rules of Borsa Italiana: the Rules of Markets organised and managed by Borsa Italiana S.p.A.

Rules for Issuers: the Rules for issuers established by CONSOB with Resolution No. 11971 of 1999, as amended and extended.

Market Regulations: the Market Regulations established by CONSOB with Resolution No. 16191 of 2007, as amended and extended.

Report: the corporate governance and ownership structure report that companies have to prepare pursuant to articles 123-*bis* TUF and 89-*bis* of the Rules for Issuers.

By-laws: the By-laws of Brembo S.p.A., as amended by the Board of Directors to comply with the compulsory provisions of Legislative Decree No. 27 of 27 January 2010 (published in the Italy's Official Journal No. 53 of 5 March 2010) on 12 November 2010 by virtue of the powers vested in the Board by Article 16 e) of the By-laws. The By-laws are available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

ICS: Internal Control System.

TUF: Legislative Decree No. 58 of 24 February 1998 (Finance Consolidation Law).

Introduction

Brembo operates on national and international markets in accordance with best practices, and in compliance with applicable regulations and the principles of Italian governance, which it has to abide by also in light of its listing on the STAR segment of Borsa Italiana.

In its operations, Brembo bases its conduct on rigorous principles of 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.

This report provides a general description of the corporate governance system adopted by the Group and information on its ownership structure, as required by current legislation. This report was filed with Borsa Italiana in the manner and within the timeframe required by law and is available on Brembo's website (www.brembo.com - Investors section, Corporate Governance).

1. INFORMATION ON OWNERSHIP STRUCTURE (at 2 March 2012)

Structure of share capital

Brembo's share capital amounts to €34,727,914, has been fully paid up and is divided into 66,784,450 ordinary shares of a par value of €0.52, each bearing voting rights.

Restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

Significant shareholdings

Based on the Shareholders' Register, available information and communications received pursuant to Article 120 of TUF, shareholders who hold shares with voting rights exceeding 2% of the share capital are listed in the following table:

Declarant	Direct shareholder	% on share capital bearing voting rights
Bombassei Alberto	Nuova Fourb Srl	56.517
Goodman & Company Investment Counsel Ltd	Dynamic Global Value Fund	2.083
	Dynamic Global Value Class	0.400
	Total	2.483
Brembo S.p.A.	Own Shares	2.616

Securities carrying special rights

There are no securities that carry special rights with regard to control of the company.

Employee share ownership scheme: exercise of voting rights

There are no employee share ownership schemes in place.

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholders' agreements

To the extent of the company's knowledge, there are no syndicate agreements or other shareholders' agreements.

Change of control clauses

In carrying on its business, Brembo has in place several joint venture agreements or supply and cooperation agreements with other partners, which, as is usual in international agreements, contain clauses entitling each party to terminate or modify such agreements in case of change of direct and/or indirect control of one of the parties to the agreement.

Power to increase the share capital

No capital increases were authorised pursuant to Article 2433 of the Civil Code, nor were powers granted to issue equity instruments.

Authorisation to repurchase own shares

The General Shareholders' Meeting of Brembo S.p.A. held on 29 April 2011 approved a plan for the buy-back of own shares under which Brembo can buy up to 2,680,000 of its own shares (4.01% of share capital), in one or more tranches. The authorisation is valid for a maximum of 18 months from 29 April 2011 (i.e., until 29 October 2012). The purchase price per share has been set from a minimum of €0.52 to a maximum of €12.00. The only condition that applies to the disposal of own shares repurchased is a minimum price requirement, which must be no lower than the official price of Brembo stock during the exchange session prior to each disposal transaction. The Board of Directors has been granted the power to determine all other terms and conditions of disposal transactions on each occasion. In accordance with the plan, own shares can be disposed of in one or more tranches regardless of whether the maximum number of shares has been purchased, as follows:

- trading of own shares and activities intended to stabilise the share price;
- alienation and/or exchange of all or a portion of the shares repurchased to carry out acquisitions and/or business agreements with strategic partners;
- allocation of part or all of own shares to the Directors employed by or collaborating with the Company and/or its subsidiaries in implementation of share-based incentive plans.

At its meeting on 29 April 2011, the Board of Directors granted the powers necessary to implement the plan. Within the framework of the above-mentioned plan, in the period from 5 August to 22 September 2011 included, the company bought back a total of 307,000 own shares, equal to 0.46% of the share capital, at a weighed average price of €6.6452, for an overall value of €2,040,086.

At 31 December 2011, the Company held a total of 1,747,000 own shares, representing 2.616% of the share capital, at an average book value of €7.71 per share and for an overall value of € 13,475,897.

The information required by Article 123-*bis*, first paragraph, letter i) *("agreements between the company and the directors ... providing for compensation in case of resignation or dismissal without just cause or if their employment ceases as a result of a public tender offer")* are contained in the Remuneration Report in accordance with Article 123-*ter* of the TUF, and available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Remuneration Policy).

The information required by Article 123-*bis*, first paragraph, letter l) *("the rules governing the appointment and replacement of directors ... and amendments to the By-laws, if different from the otherwise applicable laws and regulations")* are illustrated in the section of the Report concerning the Board of Directors (Section 3.1.).

1.1 Direction and coordination

Brembo S.p.A. is not subject to any direction and coordination activities by companies or other entities within the meaning of Article 2497-bis of the Civil Code.

However, Brembo S.p.A. directs, coordinates and controls its subsidiaries. The requirements pursuant to Article 2497-bis of the Civil Code have been complied with.

2. COMPLIANCE

While acknowledging the new edition of the Corporate Governance Code (Edition published on 5 December 2011), which will be adopted by Brembo in the year 2012, we confirm that the company, through the adoption of the Corporate Governance Manual, has adopted the Corporate Governance Code (the edition published in March 2006) and in financial year 2011 has fully implemented the principles and criteria established by the new Article 7 (published in March 2010), by amending article 7 (Remuneration of Directors) of the Corporate Governance Manual and the Regulations of the Remuneration Committee, upon proposal of the Remuneration Committee.

3. BOARD OF DIRECTORS

3.1 Appointment and replacement of Company Directors

In line with legislative provisions on the so-called traditional management and control system adopted by the company, as well as the regulatory provisions in force, the By-laws govern the appointment of Directors through a "list-based voting" system, providing that:

- at least one of the members of the Board of Directors, or two members if the Board is made up of more than seven directors, must meet the independence criteria set forth by Article 148 of TUF;
- the Ordinary Shareholders' Meeting appoints the members of the Board of Directors based on candidate lists presented by the Shareholders, so that one member of the Board is chosen from minority lists;
- voting lists may be submitted only by those shareholders who, as at the date on which the lists are lodged with the Company, either on their own or together with others, represent at least the minimum percentage of the shares bearing voting rights at the Ordinary Shareholders' Meeting, established under applicable statutory and regulatory provisions;
- each shareholder, as well as: (i) shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party, or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and regulatory framework may submit, either on their own or jointly with other shareholders, directly or

through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list;
- the lists of candidates, duly signed by the shareholders submitting the same, or the shareholder delegated to make the submission, together with all the other related documents as required under the By-laws, must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General Meeting at first calling and public disclosure must be made both on the Company's website and at its registered offices, in the manner and form specified under applicable statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Meeting. The filing of voting lists pursuant to the provisions of Article 15-bis shall also be valid for General Meetings held at subsequent callings, if any;
- Board members shall be eligible for re-appointment and, save where otherwise established by General Meeting resolution, shall be appointed for a term determined by the General Meeting resolution appointing them, up to a maximum of three financial years.

3.2 Composition

Pursuant to the by-laws, the Board of Directors is composed of a minimum of five and a maximum of eleven members, who hold office for a period determined by the General Meeting resolution, up to a maximum of three financial years.

The General Meeting held on 29 April 2011[1] appointed the current Board of Directors, based on the one sole list submitted by the majority shareholder New FourB S.r.l., confirming

1 Until the General Shareholders' Meeting called to approve the financial statements for the year ended 2010, the Board of Directors was made up of 11 Directors, of whom 3 Executive Directors (Alberto Bombassei, Cristina Bombassei, Matteo Tiraboschi), 2 Non-executive Directors (Bruno Saita and Umberto Nicodano), 6 Non-executive and Independent Directors (Giovanni Cavallini, Giancarlo Dallera, Giovanna Dossena, Pasquale Pistorio, Giuseppe Roma, Pierfranceso Saviotti).

Alberto Bombassei receives the Ferrari Innovation Award, 2005.

the number of eleven members and setting the term of office to coincide with the General Meeting called to approve the Financial Statements for the year ending 2013.

Since 6 June 2011, Matteo Tiraboschi has served as Executive Deputy Chairman.

On the same date, the Board of Directors co-opted Andrea Abbati Marescotti to replace Director Bruno Saita (Non-executive and non-independent director)[2]; Marescotti was appointed Managing Director and General Manager of the company, following revocation of the powers previously granted to the Chairman for this office.

The current members of the Board of Directors are listed in the table below.

All the appointed Directors meet the requirements of personal integrity, professionalism and respectability imposed by applicable Italian statutory and regulatory provisions.

The non-executive directors and those who can qualify as independent directors, meet the requirements set by the Corporate Governance Manual of Brembo SpA and by Article 148, paragraph 3 of TUF, as indicated in the table above. The table also specifies the directors' respective roles within the company, their attendance rate at the meetings held in 2011 and the number of positions held with other companies that are relevant for the purposes of Brembo's Corporate Governance Manual.

3.3 Maximum number of positions held at other companies

At the time of appointment and thereafter on an annual basis, the Board of Directors evaluates the compatibility of positions held by Directors at other companies. The evaluation is not based on specific criteria or quantitative limits, but instead on the evaluation of statements made by the Directors, their professionalism and independence, and by verifying their effective and consistent attendance at Board meetings and other management activities. This evaluation was carried out by the Board of Directors at the meetings of 29 April 2011 (following the appointment by the General Shareholders' Meeting) and 2 March 2012.

3.4 Role of the Board of Directors

In accordance with the law and pursuant to the By-laws, the Governing Body is responsible for managing the company, except for the matters reserved to the General Shareholders' Meeting. In line with the recommendations of the Corporate Governance Code, the Board of Directors shall also carry out the functions and duties defined in Article 1 of Brembo S.p.A.'s Corporate Governance Manual, including the analysis and discussion of annual budgets and strategic, industrial and financial plans of Brembo S.p.A. and the Group.

The Board of Directors met eight times in 2011 (of which, four based on the corporate calendar issued to the public and four in extraordinary sessions) at the company's registered office and/or administrative office; the meetings lasted 3 hours, on average. The Directors' rate of attendance during the year is shown in the table above.

For the year 2012 five meetings have been scheduled, whose calendar was approved by the Board of Directors on 10 November 2011 and then disclosed to the public. At the date of publication of this Report, two meetings were held, one according to the corporate calendar and one extraordinary meeting.

Pursuant to the By-laws:

- Board of Directors' meetings are called by registered letter, telegram, facsimile transmission or e-mail with confirmation of receipt, to be sent to all Board members and all the members of the Board of Auditors, at

2 Resigned from the position of Director on 24 May 2011.

Board of Directors										Audit Committee		Remuneration Committee	
Office held	**Name and surname**	**In office from**	**In office until**	**Exec.**	**Non-exec.**	**Indep. as per Corporate Governance Code**	**Indep. as per TUF**	**% of attendance**	**Other offices held**				
								*	**	*		*	
Chairman	Alberto Bombassei	29.04.11	(1)	X				100%	4				
Executive Deputy Chairman (2)	Matteo Tiraboschi	29.04.11	(1)	X				100%	0				
Managing Director / General Manager	Andrea Abbati Marescotti	06.06.11	(3)	X				100%	-				
Director	Cristina Bombassei	29.04.11	(1)	X				100%	0				
Director	Giovanni Cavallini	29.04.11	(1)		X	X	X	63%	3	X(6)	100%	X(7)	100%
Director	Giancarlo Dallera	29.04.11	(1)		X	X	X	88%	1	X(7)	80%		
Director	Giovanna Dossena	29.04.11	(1)		X	(5)	X	100%	-	X(8)	100%		
Director	Umberto Nicodano	29.04.11	(1)		X			88%	1			X(7)	100%
Director	Pasquale Pistorio	29.04.11	(1)		X	X	X	100%	2	X(6)	100%		
Director	Gianfelice Rocca	29.04.11	(1)		X	X	X	67%	7				
Director	Pierfrancesco Saviotti	29.04.11	(1)		X	X	X	38%	3			X(7)	67%
Outgoing Directors during the year													
Director	Giuseppe Roma	29.04.08	29.04.11	X	X	X	100%	-	X(8)	100%			
Director	Bruno Saita	29.04.11	24.0 5.11 (4)	X			100%	-					

No. of meetings held during 2011: Board of Directors: 8
Audit Committee: 5
Remuneration Committee: 3

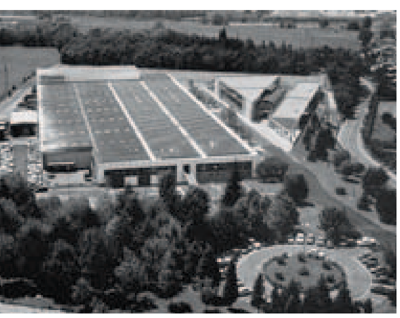
NOTES:

* These columns show the percentage of Board of Directors' meetings and Committee meetings, respectively, attended by Directors (No. of times attended/No. of meetings held during the Director's term of office). It should be noted that the percentage has been calculated based on the meetings in which each Director was entitled to participate in light of his/her date of appointment and expiry of the term of office.

** This column shows the number of positions held by Directors at other companies, other than Brembo, which are deemed relevant based on Article 1.4 of Brembo S.p.A.'s Corporate Governance Manual.

(1) Appointed for a term expiring on the date of approval of the financial statements for the year ending 31 December 2013.
(2) Director Matteo Tiraboschi was appointed Executive Deputy Chairman on 6 June 2011.
(3) On 6 June 2011, Andrea Abbati Marescotti was co-opted by the Board of Directors to replace Director Bruno Saita, who resigned, and was appointed Managing Director and General Manager. Director Andrea Abbati Marescotti will remain in office until the General Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2011.
(4) Director Bruno Saita (Non-executive and Non-independent Director) resigned from this position on 24 May 2011.
(5) Director Giovanna Dossena was deemed independent within the meaning of TUF and non of the Italian Corporate Governance Code, as she has been a Director of the Company for more than 9 years over the past 12 years.
(6) The Director was appointed to this position with the reappointment of officers by the General Shareholders' Meeting held on 29 April 2011.
(7) The Director, who was already a member of the Committee, was reappointed to this office with the reappointment of officers at the General Shareholders' Meeting on 29 April 2011.
(8) The Director was a member of the Committee during the previous appointment, which ended with the General Shareholders' Meeting held on 29 April 2011.

Test bench for checking the hydraulic tightness of calipers at the end of the assembly line at the plant in Paladina (Bergamo), 1973.



The plant in Curno (Bergamo), early Nineties.

least five days, or in the cases of particular urgency, at least two days prior to the scheduled date of the Board meeting;
- Board meetings are valid, as well as their resolutions, even without a formal call, when all the Directors and Statutory Auditors in office are present;
- Board meetings may be held by telecommunication means that allow participation in the discussion and provide the same information to all those in attendance.

Except in cases of particular urgency or confidentiality, each Director and Statutory Auditor is informed sufficiently in advance (five days before the meeting) on the items on the agenda by means of a detailed and analytical report describing the various aspects to be evaluated (in narrative and quantitative terms) in order to take the relevant resolutions on an informed basis; such report is usually accompanied by summary schedules for each topic.

In accordance with applicable laws and regulations and the By-laws, the Board of Directors has reviewed and evaluated:
- **the general performance and outlook on operations,** including by means of the information provided by the relevant Bodies during the periodic results presentation and approval, at the meetings held on 2 March 2011, 12 May 2011, 29 July 2011, 10 November 2011 and 2 March 2012;
- **the adequacy of the organisational, administrative and accounting structure** at the meetings held on 2 March 2011, 12 May 2011, 29 July 2011, 10 November 2011 and 2 March 2012;
- **the implementation of specific plans concerning transactions of significant strategic, economic, or financial relevance for Brembo S.p.A.** during the meetings held on 2 and 14 March 2011, 29 April 2011, 12 May 2011, 29 July 2011, 10 November 2011 and 2 March 2012;
- **the main aspects of risk and compliance** on the basis of periodic reports by the Director in charge of overseeing the Internal Control System and the Supervisory and Control Bodies;
- **the 2010-2014 Plan and the 2012** budget in the meetings held on 14 March 2011 and 12 January 2012, which were also attended by the main Business and Corporate Managers who presented the topics falling within their respective responsibilities.

To provide the necessary **insights on specific issues** referred for examination and approval by the Board of Directors, the Board of Directors' meetings were attended, in addition to the Secretary, by some **Executives of the company or Group companies**, involved in the several projects being discussed by the Governing Body.

The Board of Directors also received the periodic reporting **on the exercise of delegated powers, as well as significant transactions and transactions in potential conflict of interest** during the Board of Directors' meetings held on 2 March 2011, 12 May 2011, 29 July 2011, 10 November 2011, 12 January 2012 and 2 March 2012.

At its meeting of 2 March 2011 the Board of Directors also drew up the proposals presented to the General Shareholders' Meeting of 29 April 2011, including those relating to the appointment of the Corporate Bodies and the authorisation to purchase treasury shares.

In the plenary meeting of 29 April 2011 and on the basis of the Corporate Bodies' appointed by the General Shareholders' Meeting held on the same day, the Board of Directors:
- granted powers to the Chairman for the management of the company;
- appointed the members of the Remuneration Committee and Audit Committee, the Executive Director in charge of overseeing

the Internal Control System and the Lead Independent Director;
- appointed the Person in charge of Internal Control and the Manager in charge of the Company's financial reports, granting the relevant powers;
- appointed the Supervisory Body pursuant to Legislative Decree 231/2001, establishing the relevant remuneration;
- appointed the Secretary of the Board of Directors.

In an extraordinary meeting of 6 June 2011 the Board of Directors, in approving the new **top governance structure**:

- granted new powers to the Chairman;
- appointed Matteo Tiraboschi as Executive Deputy Chairman, granting him the necessary powers to manage the company;
- co-opted Andrea Abbati Marescotti[3], appointing him Managing Director and General Manager, following revocation of the powers previously granted to the Chairman for this office. He was then granted the relevant powers.

As part of a **corporate streamlining process**, the Board of Directors, in its ordinary meetings on 2 March 2011, 29 April 2011 and 29 July 2011 and in the extraordinary meeting of 21 June 2011, approved the following transactions:

a) sale of the equity investment held by Brembo SpA in Softia (40%);

b) transfer of the registered office of Brembo International S.A. to Italy, with consequent change of its company name into Brembo International S.p.A. (effective 17 May 2011). On 29 July 2011, pursuant to Article 16 letter a) of the By-laws, the Board of Directors, after approving the merger plan, resolved to carry out the merger of Brembo International S.p.A. into Brembo S.p.A. pursuant to Article 2505 of the Civil Code, with effect from 10 October 2011 (except for accounting and tax purposes, which, for reasons of simplification, became effective as of 1 January 2011).

With reference to the **Remuneration of the Executive Directors, other Directors vested with special duties and Key Management Personnel**, at the extraordinary meeting of 14 March 2011, the Board of Directors, following the favourable opinion of the Remuneration Committee, approved the Fifth Edition of Brembo's Corporate Governance Manual. Among others, the new Edition amended, Article 7 (Remuneration of Directors) and the Remuneration Committee's Regulations, in order to incorporate the new laws and regulations introduced in 2010 and, specifically, the principles and criteria laid down in Article 7 of the Corporate Governance Code (March 2010 edition).

Thereafter, the Board of Directors, having considered the proposals made by the Remuneration Committee:

- at the meetings of 12 May 2011 and 6 June 2011, allocated the Board of Directors' total annual compensation, granted to it by the General Shareholders' Meeting of 29 April 2011, also taking into account the revised top management structure approved at the meeting held on 6 June 2011;

- at the meeting of 10 November 2011 approved:
  - the General Policies for the Remuneration of Executive Directors, other Directors vested with special duties and Key Management Personnel pursuant to the new Article 7 of the Corporate Governance Code, illustrated in the Remuneration Re-

3 The Directors was co-opted by the Board of Directors to replace Bruno Saita (Non-executive and Non-independent Director), who had resigned from his position as Director on 24 May 2011.

port prepared pursuant to Article 123-ter of TUF, whose first section was also approved;
– the Changes to the Rules of the Three-year Incentive Plan (2010 - 2012) for Executive Directors and Top Managers made necessary by the new Governance Structure.

In relation to the implementation of Brembo's **Internal Control System**, at its meeting on 14 March 2011 the Board of Directors acknowledged the Internal Audit activities carried out in 2010.

During the meeting of 29 July 2011 and 2 March 2012, the Report of the Director in charge for overseeing the Internal Control System and the periodic reports by the Control and Supervisory Bodies were submitted to the Board of Directors for the appropriate evaluation on the adequacy of the Internal Control System.

Moreover, in keeping with the process of constant and continuous improvement of its "Compliance" system, the Board of Directors:
- in its meeting of 2 March 2011, approved a new and completely revised edition of Brembo's 231 Model (Third Edition), also redefining the Principles Governing the System of Delegated Powers with a view to adapting it to the Group's new organisational and compliance needs;
- on 10 November 2011, approved the updating of **Brembo's 231 Model (Fourth Edition)** by introducing, inter alia, the new Special Section on Environmental Offences and the principles of the 2010 Bribery Act.

In accordance with the provisions of the **Corporate Governance Manual**, at its meeting of 29 April 2011 (immediately after its appointment) and that of 2 March 2012 the Board of Directors, on the basis of the statements received by the Directors:
- identified the positions as Director or Statutory Auditor held by Directors in other companies pursuant to Article 1.4 of the Corporate Governance Manual, and deemed them appropriate on the basis of the professionalism and independent judgment demonstrated and a verification of the individual Directors' and Statutory Auditors' active and constant participation at Board of Directors' meetings and at various management activities of the company;
- periodically verified that the requirements of integrity, professionalism and independence were met and continued to be met, giving prompt public disclosure thereof; the outcome of this self-assessment activity is disclosed in this Report in the table above.

No Directors notified circumstances warranting the submission of a report by them under Article 1.6 of Brembo's Corporate Governance Manual (departure from the competition principle).

In accordance with the recommendations of the Corporate Governance Code, the Board of Directors carried out the **Board Performance Evaluation** of the size, composition and functioning of the Board and its Committees for the year 2011, instructing the Lead Independent Director, Pasquale Pistorio, to carry it out. The results of this activity were examined during the meeting between the Independent Directors on 10 November 2011 and, subsequently, during the Board of Directors' plenary meeting held on the same day. Paragraph 3.8 provides details on the evaluation process and the relevant results.

With regard to the Related Party Transaction Procedure, during the year, based on proposals of the Audit Committee (serving as the Related Party Transaction Committee), the Board of Directors:

- at the meeting of 29 July 2011 updated the Significance Indices for the identification of Highly Significant RP Transactions on the basis of data from the 2010 financial statements, and confirmed the amount of €250,000.00 as "threshold" for determining Low Value RP Transactions;

- at the meeting of 12 January 2012, in light of the experience of its first year of operation, confirmed the essential content of the Related Party Transaction Procedure, while clarifying certain definitions and improving the internal information flow.

With regard to **significant transactions**, the Corporate Governance Manual contains instructions for managing the requirements relating thereto. Significant Transactions are the transfers of resources, services or obligations that by purpose, payment, procedures, or execution time may have an impact on the integrity of company assets or the completeness and fairness of information, including accounting. These instructions are intended to regulate the procedures for the quarterly disclosure by Brembo's internal entities to the Board of Directors and by the Board of Directors to the Board of Statutory Auditors of the aforementioned transactions, as well as transactions involving potential conflicts of interest (as specified below) carried out by Brembo S.p.A. or its subsidiaries pursuant to Article 2359 of the Civil Code.

3.5 Delegated Bodies

Chairman of the Board of Directors, Executive Deputy Chairman and Managing Director

On 29 April 2011, the General Shareholders' Meeting confirmed the appointment of Alberto Bombassei as Chairman of Brembo S.p.A. through to the end of the term of the entire Board of Directors.

The Chairman is the company's legal representative, pursuant to law and Brembo's By-laws. He is also the Issuer's controlling shareholder.

In its plenary meeting of 29 April 2011, the Board of Directors granted the Chairman the powers to manage the company, so that he could also discharge the duties of Managing Director.

Subsequently, with the goal of completely reviewing the top governance structure, (including with a view to organise internal succession), on 6 June 2011 the Board of Directors passed the following resolutions:
- it granted new powers to the Chairman;
- it appointed Matteo Tiraboschi as Executive Deputy Chairman, granting him the relevant powers;
- it co-opted Andrea Abbati Marescotti[4], appointing him Managing Director and General Manager, following revocation of the powers previously granted to the Chairman for this office. Then granted him the relevant powers.

The Chairman, in addition to the legal representation pursuant to law and Brembo's By-laws, was granted the widest powers of: direction, coordination and control according to his office; ordinary administration, subject to the limitations established by law and some specific limitations concerning real estate leases and leases of companies and/or business units; purchase and sale of real estate, including registered real estate, companies and business units and, generally, any transactions on movable or unmovable property; purchase and sale of equity investments in Italy and abroad; the incorporation of new companies in Italy and abroad, having the power to choose the organisational system of the new company; and the issuance of letters of patronage, comfort letters, sureties and guarantees (without prejudice to the periodic reporting to the Board of

4 The Director was co-opted by the Board of Directors to replace Bruno Saita (Non-executive and Non-independent Director), who had resigned from his position as Director on 24 May 2011.

Directors), as well as the powers of taking out mortgage loans, loans or finance leases in the various existing forms.

The Executive Deputy Chairman was granted the authority to legally represent the company before third parties and in court and, in addition to the tasks of direction, guidance, communication and control, he was granted extensive powers for the Group strategic direction, the development and proposal of guidelines concerning the Group's international development and its financial and re-organisation policies. He was also granted powers, subject to specific limitations, for the purchase and sale of real estate, representation in trade union matters, the issuance of letters of patronage, comfort letters, sureties and guarantees (without prejudice to the periodic reporting to the Board of Directors), as well as the power to take out mortgage loans, loans or finance leases in the different existing forms and to manage the company.

The Managing Director and General Manager was granted specific powers in terms of organisation, representation in trade union matters, management of the company and its business; he was also granted powers on matters concerning safety in the workplace and the environment.

Therefore, the Board of Directors retains the power to decide, among other issues, on the purchase and sale of shareholdings in other companies (M&As), when these exceed the above-mentioned limitations, the issuance of guarantees to third parties by Brembo S.p.A., and responsibilities regarding annual budgets and strategic plans.

It should be noted that, with the favourable opinion of the Remuneration Committee, in addition to the Directors who have not been vested with specific duties and the Statutory Auditors, the following were identified as **Key Management Personnel of the company**: the Chairman, the Executive Deputy Chairman, the Manager in charge of the Company's financial reports pursuant to Law 262, the Managing Director and General Manager, as the only individuals, together with the Directors and the standing Statutory Auditors, having the powers to influence and/or affect the development, future prospects and overall performance of the company and/or the Group.

The Division Business Unit Directors and other Central Directors have been 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.

In accordance with laws and regulations and pursuant to Brembo's By-laws, the delegated Bodies reported on the activities carried out in the performance of their respective delegated powers, at least on a quarterly basis and, in any case, in the subsequent meeting.

3.6 Other Executive Directors

After the appointment of the Board of Directors by the General Shareholders' Meeting of 29 April 2011 and the renewed top governance structure, in addition to the Chairman, the following directors are considered as Executive Directors:

- Matteo Tiraboschi, who holds the position of Executive Deputy Chairman;
- Andrea Abbati Marescotti, who holds the position of Managing Director and General Manager of the company;
- Cristina Bombassei, who is the Executive Director in charge of overseeing the Internal Control System.

3.7 Independent Directors

The Board verified, at the time of appointment (meeting of 29 April 2011) and thereafter (meeting of 2 March 2012), that the directors continued to meet the independence requirements set out in the Corporate Governance Code and TUF (also see point 3.2).

The following Directors, who have not had, even recently, direct or indirect relations with Brembo S.p.A. or parties associated with Brembo S.p.A. that might compromise their autonomy of judgement, were verified as independent and non-executive Directors: Giovanni Cavallini, Giancarlo Dallera, Giovanna Dossena[5], Pasquale Pistorio, Gianfelice Rocca, Pierfrancesco Saviotti.

Director Umberto Nicodano[6] was designated as non-independent director.

The Board of Statutory Auditors verified that the criteria and procedures adopted by the Board of Directors to assess the Directors' independence were correctly applied.

The Independent Directors meet at least once a year without the other Directors at a meeting coordinated by the Lead Independent Director. During the year under review they met twice (the average length of the meetings was approximately 1 hour):

- on 29 July 2011 for an informative meeting with the newly appointed Independent Directors;
- on 10 November 2011 to review results of the Board Performance Evaluation.

3.8 Lead Independent Director

Pursuant to Article 2.8 of Brembo's Corporate Governance Manual, at its meeting on 29 April 2011 the Board of Directors confirmed Non-executive, Independent Director Pasquale Pistorio as Lead Independent Director. He will remain in office until the General Shareholders' Meeting held to approve the Financial Statements for the year ending 31 December 2013.

The Lead Independent Director is a point of reference and coordination for the needs and contributions of non-executive Directors and, in particular, of independent Directors and acts in accordance with the Lead Independent Director Regulations included in Brembo's Corporate Governance Manual.

During the reporting year, the Lead Independent Director coordinated the meetings of independent Directors and promoted activities and initiatives aimed to improve and expand the knowledge of the company and its operations.

Upon request by the Board of Directors, the Lead Independent Director coordinated the **Board Performance Evaluation** of the size, composition and functioning of the Board of Directors and its Committees for 2011.

The 2011 Board Performance Evaluation was conducted by first sending all Directors a specific, detailed questionnaire aimed at surveying the Directors' judgments of a series of indicators regarding, among other subjects, the composition of the Board of Directors and Committees, their operation, the subject matters dealt with, and any areas for improvement. Thereafter, at the discretion of the Lead Independent Director, some brief telephone interviews took place with some Directors.

The results of this activity, received and processed at the end of October 2011, were examined during the meeting of the Independent Directors on 10 November 2011 and, subsequently, during the Board of Directors' plenary meeting held on the same day.

The independent Directors and the Board of Directors have expressed a general consensus on Brembo's Board of Directors and its overall operation.

The 2011 Board Performance Evaluation has positively assessed the achievement of targets set during the previous year. Some relevant comments concerned participation to meet-

5 Director Giovanna Dossena was deemed independent within the meaning of TUF and non of the Italian Corporate Governance Code, as she has been a Director of the Company for more than 9 years over the past 12 years.

6 Beside Director Bruno Saita for the period of his term (from 29 April 2011 to 24 May 2011).

ings by teleconference, which resulted in the recommendation to Directors to limit participation by teleconference consistently with their respective professional commitments.

4. HANDLING OF CORPORATE INFORMATION

The disclosure of inside or price sensitive information is governed by the procedure for handling inside information, which adopts the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market and international best practices.

In compliance with the procedure for handling price-sensitive information, the company is committed to preparing a report for the financial community. This report will be characterised by timeliness, continuity and consistency and will comply with the principles of correctness, transparency, and equal access to information.

With a view to constantly and continuously updating its governance, the procedure for handling Inside Information was updated (Board resolution of 12 May 2011), including with the aim of improving business control protocols for the prevention of Market Abuse Offences provided for by Legislative Decree 231/2001 (insider dealing offence as per Article 184 of TUF, and market manipulation offence as per Article 185 of TUF).

This procedure is aimed at defining the terms and conditions for the disclosure to the market of Inside Information. It must be observed by any person afforded access to Inside Information pertaining to Brembo by virtue of their professional activity, in particular by its Directors, Statutory Auditors, Company Executives and all employees of Brembo S.p.A. and its subsidiaries.

4.1 Internal Dealing

Brembo adopted Internal Dealing Regulations to govern transactions involving the Company's shares or instruments connected to them carried out either directly or indirectly by Insiders or persons closely associated with them (so-called Internal Dealing). In accordance with applicable laws, these Regulations establish that:

- Insiders must report to the market all transactions involving the Company's shares that have a cumulative value exceeding €5,000, on an annual basis;
- Insiders are not allowed to carry out such transactions during the 15 days prior to Board meetings called to approve the results for the period (black-out period).

A complete copy of the Regulations is available on Brembo's website: www.brembo.com, Investors section.

Four notices were given under the Internal Dealing Regulations in 2011.

5. BOARD COMMITTEES

As recommended by Brembo's Corporate Governance Code, an Audit Committee and a Remuneration Committee were formed, and a Lead Independent Director was appointed. At its meeting on 29 April 2011, the Board of Directors reappointed the members of the two Governance committees that are mandatory for companies belonging to the STAR segment (Audit Committee and Remuneration Committee).

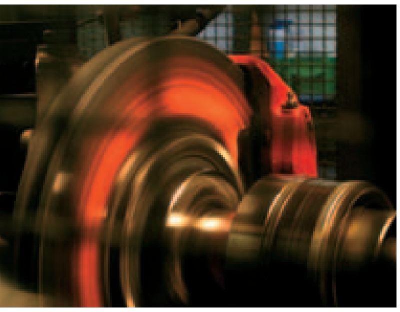
6. NOMINATION COMMITTEE

During financial year 2012, a Nomination Committee will be set up in accordance with the provisions of the new Corporate Governance Code published on 5 December 2011.

This Committee was not set up in the previous years, as the Directors' nominations were directly proposed by the General Shareholders' Meeting in accordance with the law.

7. REMUNERATION COMMITTEE

After the appointment of the Governing Body by the General Meeting on 29 April 2011, the Board of Directors, at its meeting on the same day, confirmed the Remuneration Committee consisting of the Independent, Non-executive Directors Giovanni Cavallini[7] and Pierfrancesco Saviotti[7], as well as Non-executive Director Umberto Nicodano (Chairman).



Test bench at the Stezzano headquarters (Bergamo).

The Committee will remain in office until the approval of the Financial Statements at 31 December 2013.

The composition, duties and functioning of the Committee are defined in the Remuneration Committee Regulations, as amended by the Board of Directors, upon proposal of the Committee itself, on 14 March 2011 in order to fully entrench the principles and criteria established by the new Article 7 of the Corporate Governance Code with regard to the Directors' remuneration. The Regulations are included in Brembo's Corporate Governance Manual.

The Chairman of the Board of Statutory Auditors and another Statutory Auditor delegated by him always attend the Remuneration Committee's meetings.

In 2011, the Remuneration Committee operated regularly and met three times to examine issues within its remit and make appropriate proposals to the Board of Directors (the average length of the meetings, duly recorded in the minutes, was about 1 ½ hours). In addition to the Secretary, the Head of Human Resources & Organization was invited to the meetings, to present the subjects within his responsibility.

7 Member of the Committee with accounting and financial responsibilities.

At its meeting of 9 May 2011, in order to make appropriate proposals to the Board of Directors, the Committee previously:

(i) reviewed the new top governance structure expressing its consent;

(ii) evaluated the proposed allocation of the total annual remuneration granted to the Board of Directors by the General Shareholders' Meeting of 29 April 2011, also taking into account the new structure, specifically examining the proposed remunerations of the Chairman, the Executive Deputy Chairman and the Managing Director, and subsequently reporting them to the Board of Directors.

At its meetings of 25 February 2011 and 8 November 2011 the Committee, including on the basis of an in-depth analysis conducted by the company with ASSONIME and its own trusted professionals, deemed it appropriate to:

(i) confirm the Key Management Personnel to the Board, as follows: the Chairman, the Executive Deputy Chairman, the Manager in Charge of implementing Law 262, the Managing Director, the General Manager, as well as all the Directors not entrusted with special duties and the standing Statutory Auditors;

(ii) express a favourable opinion with respect to the previously examined First Section of the Remuneration Report, which illustrates the General Policies for the Remuneration of Executive Directors, other Directors entrusted with special duties and Key Management Personnel;

(iii) confirm, based on an in-depth analysis conducted by the company, that the Three-Year Incentive Plan for Top Managers approved by Brembo S.p.A.'s General Meeting on 27 April 2010 falls under the rules set forth by Article 114-bis of TUF and that it needs not be amended by introducing share retention mechanisms, as the new Article 7 of the Corporate Governance Code does not contain a mandatory provision but merely suggests an opportunity, which, incidentally, is included in the comments thereto;

(iv) express a favourable opinion on the amendments to be applied to the Plan Regulations, in light of the New Organisational Structure and additions made to the roles of Chairman, Executive Deputy Chairman, Managing Director and General Manager.

The Board of Directors has then implemented the recommendations of the Remuneration Committee.

The Remuneration Report drawn up pursuant to Article 123-ter of TUF provides further information regarding the remuneration policies.

The Report is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Remuneration Policies).

8. REMUNERATION OF DIRECTORS

Please refer to the Remuneration Report pursuant to Article 123-ter of TUF, which is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Remuneration Policies).

9. AUDIT COMMITTEE

After the appointment of the Governing Body by the General Shareholders' Meeting on 29 April 2011, in its meeting on the same day, the Board of Directors appointed the Audit Committee composed of 3 Non-executive, Independent Directors in the persons of: Giovanni Cavallini[8] (Chairman) – Pasquale Pistorio – Giancarlo Dallera[9].

The Board also confirmed that the Audit Committee also acts as the Related Party Transaction Committee.

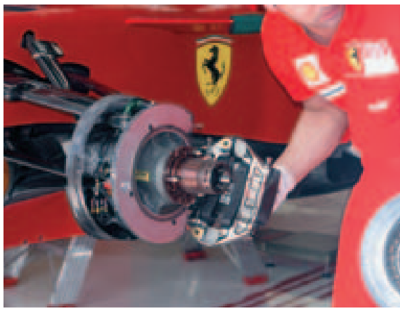
The composition, duties and functioning of the Committee are defined in the Audit Committee Regulations contained in Brembo's Corporate Governance Manual.

The following persons always participate in the Audit Committee's meetings:

- The Chairman of the Board of Statutory Auditors or another Statutory Auditor delegated by him;
- the Executive Director in charge of overseeing the Internal Control System;
- the Managing Director / General Manager (as from September 2011).

In 2011, the Audit Committee held five meetings, duly recorded in the minutes, lasting about 3 hours each, on the following dates: on 23 February 2011, 18 May 2011, 20 July 2011, 22 September 2011, 28 November 2011. One meeting was held on 23 February 2012, in which the 2011 final reports were presented.

The Manager in charge of the company's financial reports, or a person delegated by him, the independent auditors' representatives, the Head of the Legal and Corporate Department, the Legal & Corporate Manager, the Quality & Environment Manager, the Purchasing Manager, the IT Manager and the Human Resources & Organisation Manager also attended the meetings for the discussion of specific items on the agenda.



An assembly phase for a Formula 1 braking system.

8 Member of the Committee with accounting and financial responsibilities.

9 Until the General Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2010, the Audit Committee was made up of the following members: Non-executive, Independent Directors Giuseppe Roma (Chairman), Giovanna Dossena, Giancarlo Dallera.

In the context of the duties assigned to the Audit Committee:

- it assisted the Board of Directors in carrying out the internal control duties falling within its remit;
- 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;
- upon request of the Executive Director in charge of overseeing the Internal Control System, it expressed its opinion on specific aspects regarding the identification of the main risks facing the company, as well as the design, implementation and management of the Internal Control System. It also examined the report presented by the Director in charge of overseeing the Internal Control System (ICS) and the Person in charge of Internal Control upon approval of the 2011 Financial Statements;
- it examined the working plan prepared by the Person in charge of Internal Control, as well as his periodic reports;
- it examined the working plan prepared by the Independent Auditors and the results of their activities;
- it evaluated the 2011 Management Letter issued by the Independent Auditors, which contained suggestions on some aspects of the financial reporting processes;
- it examined some aspects related to Brembo's 231 Model;
- it oversaw the effectiveness of the audit process;
- through reports presented by the Audit Committee Chairman on 29 July 2011 and 2 March 2012, it informed the Board of Directors of the activities carried out and the adequacy of the Internal Control System in 2011;
- it evaluated the organisational structure of the Brembo Group;
- together with the Supervisory Committee, it oversaw the Workplace Safety Management System of the Brembo Group.

Moreover, in each meeting the Audit Committee analysed:

- activities completed by the Internal Audit Department in 2011;
- the progress of the work concerning Law No. 262/05 in Brembo S.p.A. and its extension to Group companies;
- the Chief Financial Officer's report on significant transactions and transactions that might create a conflict of interest under Brembo's current rules.

In its capacity as Related Party Transaction Committee, the Audit Committee:

- carried out the annual assessment of the Significance Indices of Highly Significant RP Transactions and the "threshold" for the identification of Low Value RP Transactions, expressing a favourable opinion on the updating of the Significance Indices of Highly Significant RP Transactions based on the data of Financial Statements at 31 December 2010 approved by the General Shareholders' Meeting on 29 April 2011, and on maintaining the "threshold" for the identification of Low Value RP Transactions at €250,000.00;
- acknowledged that, as set forth by the Board of Directors at its meeting on 2 March 2011, the Executive Deputy Chairman, the Managing Director and the General Manager have been included in the definition of "Key Management Personnel" provided for by the Related Party Transaction Procedure;
- received information on "Ordinary" Related Party Transactions carried out at arm's length or otherwise, with Brembo Group companies and considered as "Exempt"

from the application of the procedural arrangements provided for in Brembo's Procedure, in the meetings held on 20 July 2011, 22 September 2011 and 28 November 2011.

At its meeting of 28 November 2011, in order to allow the Board of Directors to annually assess the effective application of the Related Party Transaction Procedure, it issued a favourable opinion on the following proposals (subsequently approved by the Board of Directors and included in the Procedure):

1) Confirming the essential content already included in the Related Party Transaction Procedure pursuant to CONSOB Regulations and specifically:
   - Audit Committee as the Related Party Transaction Committee;
   - "threshold" of €250,000.00 for Low Value RP Transactions;
   - Significance Indices for the identification of Highly Significant RP Transactions (threshold 5%) to be updated on an annual basis and calculated with reference to data from the Financial Statements approved by the Annual General Meeting;
   - Operating procedures for managing the Procedure;
   - Soft and Strong Procedural Arrangements provided for Moderately or Highly Significant RP Transactions;
   - Non-applicability of the whitewash mechanism and exemptions for transactions carried out in an emergency, as not provided for by the By-laws.

2) Inclusion of some clarifications in the definitions of "Key Management Personnel", "Significant Influence" and "Close Family Members" in light of the in-depth analysis conducted by the company, as well as some specific actions to improve the implementation of the procedure and information flows.

10. INTERNAL CONTROL SYSTEM

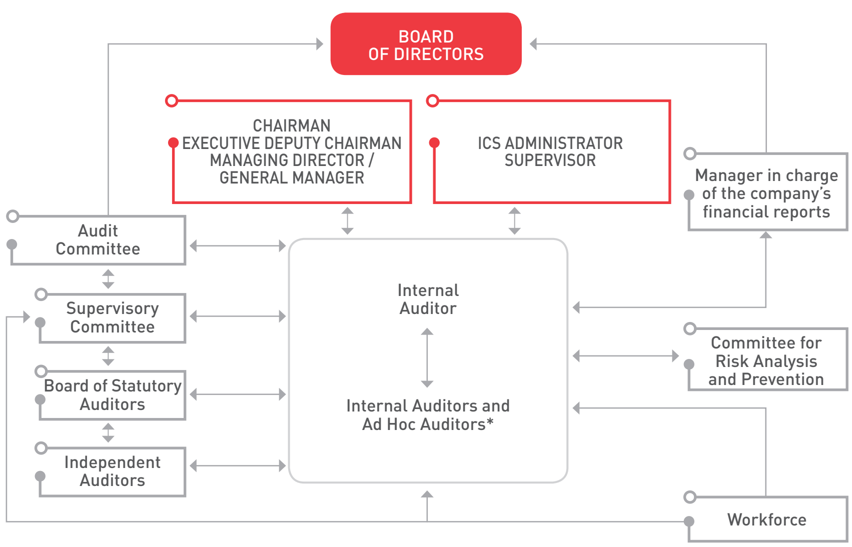
Brembo's Internal Control System complies with the principles set out in Borsa Italiana's Corporate Governance Code (acknowledged by Brembo's Corporate Governance Manual) and is organised as follows:

The Board of Directors:

- defines the general guidelines of 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;
- carries out an annual appraisal that the Internal Control System is adequate and effective and operates efficiently.

With regard to compliance and internal control activities, the following powers were granted within the Board of Directors:

- to the Chairman, the responsibility for defining the general guidelines of compliance and



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

Racing cars. Aluminium fixed two-piece caliper, 1984.

internal control system within the broader powers of direction, coordination or control granted to him in relation to his office;

- to the Executive Deputy Chairman, the tasks of ensuring the implementation and constant updating of the Brembo 231 Model, as well as the implementation of regulations in foreign countries where the investee companies operate, including all necessary training and awareness-building activities necessary to create a compliance culture in Italy and in all investee companies;
- to the Managing Director/General Manager, within the powers granted to him, the task of implementing and enforcing the implementation at all levels in Italy and abroad, of the provisions set forth by the Law, the By-laws, the internal procedures, the Corporate Governance Manual, the Code of Ethics and, more generally, the compliance in force in the Company and its investee companies; in this regard, specific reference is made to the provisions of Legislative Decree 231/2001 and similar provisions in force in foreign countries where the investee companies carry out their operations.

For 2011, the Board of Directors expressed its assessment and respective guidelines in the meetings of 29 July 2011 and 2 March 2012, based on the reports received from the Executive Director in charge of overseeing the Internal Control System, the Chairman of the Audit Committee, the Chairman of the Supervisory Committee and the Person in charge of Internal Control.

10.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 20 July 2011 and 23 February 2011, the Chairman of the Audit Committee informed the Board of Directors of the activities carried out by the Committee and expressed a favourable opinion as to the adequacy of the Internal Control System, leaving the final opinion to the Board of Directors.
After considering the reports of the Chairman of the Audit Committee, the activities undertaken and planned by the Internal Audit of the company, the meetings held by the Person in charge of Internal Control with the Chairman of the Board of Directors, the Executive Director in charge of overseeing the Internal Control System and the Manager in charge of the company's financial reports (also the CFO), the Board of Directors seconded the opinion of the Chairman of the Audit Committee. The Board also acknowledged that the Internal Control and Risk Management System is appropriate for the Group's structure and type of business and that, for the purposes of preparing the Consolidated Financial Statements, the accounting principles are properly used.

In light of the foregoing, the Board of Directors also acknowledged that:

- the process of identifying the main risks and monitoring the associated plans for improvement are continuing in a structured, constant manner in accordance with the audit plan submitted by the Person in charge of Internal Control;
- the process of integration between the Group companies and the Corporate Functions is constantly improving, with a view of implementing the direction, coordination and control by the Parent Company;
- in detail, constant attention is being paid to the processes in place to ensure that Brembo's worldwide Safety & Environment System complies with current regulations, international reference standards and best practices;
- oversight activities are made possible also thanks to the efforts of the Internal Audit team and its reports;
- work to design Brembo's Internal Control

System continues with participation in institutional meetings, calling attention to the guidelines ratified during meetings of the Board of Directors.

10.2 The Risk Management and Internal Control System as it Relates to the Financial Reporting Process

In accordance with the principles outlined by CoSO (Committee of Sponsoring Organizations), the Manager in charge of the Company's financial reports assisted by the Compliance Officer and supported by Internal Audit and, where applicable, the evaluations provided by Brembo's Risk Analysis and Prevention Committee, carries out a process to identify and assess the risks that might prevent the company from achieving its objectives regarding the reliability of financial reporting.

The process for identifying and assessing such risks is reviewed yearly. The Manager in Charge of the company's financial reports is responsible for updating the process to reflect any changes during the year that might influence the risk assessment process (i.e., significant organisational changes, business changes, amendments or updates of accounting standards, etc.).

Control measures taken to minimise risks identified during the risk assessment process are outlined using the appropriate formats (flow charts and matrices). Key control measures have been identified from among these.

In determining whether the administrative and accounting procedures are being effectively applied, the Manager in charge of the Company's financial reports relies on the support of Internal Audit, which, together with the Compliance Officer, prepares an annual Test Plan for the aforementioned control measures. Based on the Test Plan results, the Manager in charge of the Company's financial reports and the Compliance Officer evaluate the need for corrective actions and develop a Corrective Plan.

This Plan is used to address any missing key control measures, existing control measures that are not being effectively applied and existing control measures that are not entirely adequate.

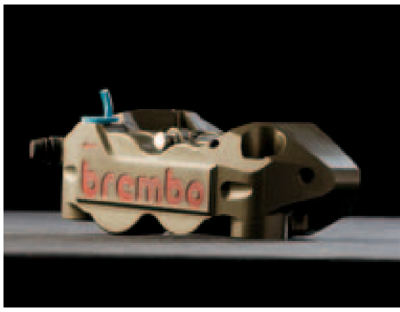
The Corrective Plan is delivered to the Process Contact Persons, who, within the established deadlines, are required to take steps to either implement new control measures or mitigate the risks resulting from the lack thereof.

When this process is complete, through the above-mentioned testing activities Internal Audit evaluates whether the Corrective Plan was effectively implemented.

Any event that could potentially impact the adequacy of the above framework in light of the company's actual situation or that might compromise the reliability of the risk analysis process must be identified by the Process Contact Persons and promptly reported to the Manager in charge of the Company's financial reports (through the Compliance Officer).

The Process Contact Persons are responsible for identifying all events within their processes that could potentially change the above framework and promptly reporting them to the Manager in charge of the Company's financial reports (through the Compliance Officer). Every six months, if no specific events have occurred that could impact the processes or control measures for which they are responsible, the Process Contact Persons must provide a formal communication to that effect. If the Compliance Officer does not receive such communication, he or she must request it.

The Compliance Officer and Internal Audit periodically report to the Manager in charge of the Company's financial reports as to the activities carried out and test results. The main companies in the Brembo Group are subject to analysis and assessment in conjunction with the preparation of the Brembo Group's Consolidated Financial Statements and Six-Monthly Report.



The first fixed monobloc caliper with radial fittings for the "500cc motorcycle Grand Prix", 1997.

Every six months, the Manager in charge of the Company's financial reports (supported by the Compliance Officer) requests that the subsidiaries' Administration Departments conduct a self-assessment to identify risk areas and the key control measures that address them.

Internal Audit, in cooperation with the Compliance Officer, plans and periodically implements an assessment programme at subsidiaries. The results of the assessment are reported to the Manager in charge of the Company's financial reports, who takes any necessary corrective actions. The Manager in charge of the Company's financial reports may base his or her attestation on a process of self-certification that is carried out by Brembo's top management, which provides information used in financial reporting and is responsible for the processes/systems that generate financial data.

10.3 Executive Director charged with overseeing the Internal Control System

Director Cristina Bombassei has been identified as the Executive Director charged with overseeing the Internal Control System.

This Director submitted her annual report to the Board of Directors at the meeting held on 2 March 2012.

In accordance with the instructions provided by the Chairman of the Board of Directors, the Executive Director also determined that the monitoring activity required by the action plans for the audits conducted had been properly implemented.

The main risks to which the Company is exposed continued to be identified and measured in 2011, in a process that involved the Company's entire management in the self-assessment of risks, with the aid of the Internal Audit Department.

10.4 Person in charge of Internal Control

Alessandra Ramorino has been the Person in charge of Internal Control since 2007.

The Person in charge of Internal Control 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 Person in charge of Internal Control has had direct access to the information required to perform her duties, reported on her work at each meeting of the Audit Committee and Supervisory Committee and attended the meetings of the Board of Statutory Auditors.

At its meeting on 23 February 2012, the Audit Committee was provided with appropriate information on the results of her activities for 2011, through the annual report on the adequacy of the Internal Control System.

The Manager in charge of the Company's financial reports was also given due notice of activities carried out by the Person in charge of Internal Control relating to Law No. 262/05 for 2011, in the form of half-yearly reports on the adequacy of the control model implemented for the purposes of Law No. 262 and the results of the tests in this area conducted by the Internal Audit Department.

On 5 November 2011, the Person in charge of Internal Control, issued a favourable opinion to the Audit Committee, on the adequacy of the first revision of the Related Party Transaction Procedure approved by the Board of Directors at its meeting of 12 December 2011.

The Report of the Person in charge of Internal Control was examined by the Board of Directors during its meeting of 2 March 2012.

10.5 Internal Audit

The Internal Audit function reports hierarchically to Brembo S.p.A.'s Chairman, and in operational terms to the Audit Committee; both corporate functions ensure its organisational independence. As part of its work, Internal Audit maintains constant relations with all the institutional control bodies and periodic relations with Function Directors and Managers.

The activities carried out by Internal Audit have continued to be oriented towards risk prevention, the determination of direct action to be taken to eliminate anomalies and irregularities and the provision of support to the Group in the pursuit of pre-set operating targets.

During 2011, Internal Audit operated 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 provides for: risk assessments, using the Control Risk Self Assessment method, organisational audits of Group companies, audits of compliance 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.

In 2011, Internal Audit continued to collaborate towards implementing the new IT system, providing advice regarding the compliance of the control processes implemented with an adequate Internal Control System.

Internal Audit is charged with preparing and periodically updating a "Corporate Risk Report" designed to assist the Group and the Executive Director in charge of overseeing the Internal Control System, in assessing corporate risks.

In the context of Legislative Decree No. 231/01 and particularly with regard to methodological improvements, Internal Audit supported Company personnel in charge of the risk-assessment project for activities that might lead to the offences cited in Law No. 231.

In 2011, Internal Audit continued its monitoring of management of the main risks, including through follow-ups of the improvement plans defined by the management; it also provided information and training regarding the Internal Control System to Brembo's management.

Finally, in 2011 Internal Audit initiated an internationalisation process of the function, monitoring, through local auditors, the activities in the countries where Brembo's presence is particularly significant, starting with Poland.

10.6 Organisational Model Within the Meaning of Legislative Decree 231/01

As part of the activities aimed at improving its compliance system and pursuant to Legislative Decree No. 231/01, the Board of Directors constantly adapted Brembo's 231 Model in light of legislative developments and the development of the Group's business mission and organisational structure.

By adopting Model 231, Brembo intends to:

(i) fulfil all the legal requirements and adopt the principles that inspired the Legislative Decree by formalising a structured and organic system, which already exists within the company and is responsible for control procedures and activities (preventive and ex post facto) designed to prevent and mitigate the risk that Offences will be committed, through the identification of Sensitive Activities;

(ii) set up an effective instrument of corporate management, also acknowledging the Model's function of creating and protecting the value of the company.

In keeping with the aim of constant and continuous improvement of its compliance system, the Board of Directors:

- in its meeting of 2 March 2011, approved a new and completely revised edition of the Model (prepared according to best practices), also redefining the Guiding principles of Brembo's System of Delegated Powers to bring it in line with the Group's changed organisational and compliance needs.
- on 10 November 2011, approved the Fourth Edition of the Brembo 231 Model. The main new aspects of this edition are:

- the inclusion of the new Special Section on Environmental Offences, in accordance with the provisions of Legislative Decree 121/2011 implementing the European directives on environmental protection (Directive No. 2008/99/EC) and pollution caused by ships (Directive No. 2009/123/EC);
- the inclusion of control protocols for the prevention of private corruption offences provided for by the 2010 Bribery Act;
- the inclusion, in the appendix, of the Brembo Compliance Guidelines which summarise the main rules of behaviour (indicated in the Special Sections) adopted by Brembo to prevent the commission of offences and make the content of the individual Special Sections clearer and more accessible to the recipients of Brembo's 231 Model.

The text of the Fourth Edition of Brembo's 231 Model, which details its underlying principles and the modalities for its construction and constant updating, can be found on Brembo's website (www.brembo.com, Investors, Corporate Governance, Codes and Manuals).

Given the increasingly international structure of the Group, during the year Brembo also carried out information and training activities on Brembo's 231 Model, including for the subsidiaries, and in the countries where it operates it verified, the compliance of this Model with the local compliance rules in force that are similar to Legislative Decree 231/01.

Brembo's Supervisory Committee is a collegial body composed of at least 3 members, of whom one is the Person in charge of Internal Control and the others are persons complying with the requirements of autonomy, independence, integrity, professionalism, competence and continuity of action required by Legislative Decree 231/01. After the appointment of the Governing Body by the General Shareholders' Meeting of 29 April 2011, the Board of Directors, on the same day, appointed the new Supervisory Committee consisting of the following 3 members:

- Marco Bianchi, Chairman and independent member;
- Giancarlo Dallera, Independent Director pursuant to Article 3 of the Brembo's Corporate Governance Manual and former member of the Supervisory Committee in the previous term;
- Alessandra Ramorino, Brembo's Person in Charge of Internal Control - Internal Audit Director and former member of the Supervisory Committee in the previous term.

Each member complies with the requirements of autonomy, independence, integrity, professionalism, competence and continuity of action required by the Supervisory Committee Regulations and Legislative Decree 231/01.

On 12 May 2011, on the basis of the opinion expressed by the Supervisory Committee concerning the full adoption of the 231 Model, the Chairman of the Board of Directors issued the Company's notice pursuant to Article IA.2.10.2 of the Market Regulation Instructions (full adoption of the Model pursuant to Article 6 of Legislative Decree No. 231/01).

With reference to the specific activities for which the Supervisory Committee is responsible, it should be noted that in 2011 the Committee operated on a regular basis, meeting on 23 February 2011, 4 May 2011, 20 July 2011, 22 September 2011 and 3 November 2011. The Chairman of the Committee also attended the Audit Committee meeting of 28 November 2011 for the matters falling within his responsibility and interest.

In 2012, one meeting was held on 23 February, in which the final reports of 2011 were presented.

The Chairman of the Supervisory Committee also met separately with the Internal Audit

Director for further discussion of several risk-assessment analyses conducted by personnel of the Law No. 231 team and to examine the assessments carried out in response to some reports received.

In the course of five meetings held during the year, the Supervisory Committee verified that the Model was constantly updated to bring it in line with changing laws and regulations, analysed the soundness and functionality requirements, as well as the mode of implementation and checked Internal Audit's supervisory activities carried out on behalf of the Supervisory Committee. More specifically:

- as part of its analysis of the Model soundness and functionality requirements, the Supervisory Committee took part in the drafting of the fourth edition of the Model, suggesting improvements to the functionality and soundness of the Organisation, Management and Control Model;
- audit activities were 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;
- oversight of the Model entailed:
  - an analysis of the reports received by the Supervisory Committee;
  - an analysis of the flow of information contained in the Supervisory Committee's half-yearly report by the internal functions of Brembo S.p.A. and relevant personnel for Group companies;
  - meetings with the managers of sensitive areas and/or functions within the meaning of Legislative Decree No. 231/01.

During the meeting of 3 November 2011 the Supervisory Committee also expressed a favourable opinion on the fourth edition of the Brembo's Organisational Model.

During the year, no violations of laws subject to the penalties provided for in Legislative Decree 231/01 were reported.

10.7 Independent Auditors

The Shareholders' resolution of 26 April 2004, by virtue of which PricewaterhouseCoopers S.p.A. was appointed as the Company's Independent Auditor, was renewed on 27 April 2007 through to the end of financial year 2012.

10.8 Manager in charge of the Company's financial reports

Pursuant to article 27-bis of the By-laws and in light of the non-binding opinion of the Board of

Commercial vehicles. Cast-iron floating front caliper, 1993.

Statutory Auditors, on 29 April 2011 the Board of Directors appointed Matteo Tiraboschi as Manager in charge of the Company's financial reports[10], granting him the relevant powers. He also holds the positions of Executive Deputy Chairman of Brembo S.p.A. and Group CFO.

The Manager in charge of the Company's financial reports must meet the following requirements in terms of professional qualifications:

- diploma or university degree in economics, finance, or subjects related to business management and corporate organisation;
- at least three years of overall professional experience in the discharge of business administration or control functions; or otherwise managerial or administrative responsibilities at corporations; or managerial or administrative functions, or auditing functions, including as an outside auditor or consultant, such as a certified public accountant, in the service of undertakings operating in the credit, financial or insurance sectors; or, in any event, in sectors closely related, or otherwise involving business activities similar to those of the company and therefore entailing the management of financial and economic resources.

The manager is appointed for a three-year term that may be renewed once or several times.

The Manager in charge of the Company's financial reports attended all the Board of Directors' meetings and, directly or through his delegate, the meetings of the Audit Committee and the Board of Statutory Auditors to provide the information within his responsibility.

10 Matteo Tiraboschi has held this office since 2009.

11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

In accordance with CONSOB Regulations (Resolution No. 17221 of 12 March 2010 and Resolution No. 17389 of 23 June 2010), on 12 November 2010 the company adopted the Related Party Transaction Procedure (hereinafter the "RPT Procedure"), in light of the unanimous and favourable opinion of the Audit Committee (appointed for that purpose, being composed of three Independent Directors).

The purpose of the RPT Procedure, as also specified in the Code of Ethics, is to ensure the transparency and the substantive and procedural propriety of Related Party Transactions that are not concluded at arm's length, with a view to safeguarding the company's higher interests. As a general rule, the said transactions may be concluded only when strictly necessary in the company's interest, without prejudice to the foregoing provisions.

The RPT Procedure governs the following aspects, among others:

- it assigns the function of Related Party Transaction Committee to the Audit Committee, as it is made up of 3 Independent, Non-executive Directors;
- it does not extend the scope of the RTP Procedure to parties other than those set forth in Annex 1 to the CONSOB Regulations (which referred to IAS 24 at the date of publication of the Regulations);
- it sets the threshold for low value transactions outside the scope of the new Procedure at €250,000.00, to be revised annually, inasmuch as it was decided that transactions below said threshold cannot constitute a risk for the company;
- it sets the amounts of the thresholds for the significance indices for Highly Significant Transactions on the basis of the previous year's Financial Statement figures and states that they are to be revised annually

according to each year's results;

- it excludes resolutions (other than resolutions passed pursuant to Article 2389, paragraph 3, of the Civil Code) concerning the remuneration of Directors and Directors with special duties and Key Management Personnel from the scope of the new RPT Procedure, inasmuch as such resolutions also involve the Remuneration Committee, which consists solely of non-executive Directors and a majority of independent Directors;
- it exercises the option to exempt ordinary transactions and intra-Group transactions;
- it lays down the rules for the assessment of moderately and highly significant transactions, carried out either directly by Brembo or through its subsidiaries;
- it identifies the organisational structures and information flows deemed appropriate to ensure that the competent bodies are provided all useful information to evaluate such transactions in a timely manner.

The Board of Directors decided not to use the whitewash mechanism in the event of unfavourable opinion for highly significant transactions and did not provide for exceptions in case of urgency.

Moreover, regardless of the provisions of applicable laws and regulations, the Group companies were required to formalise a local procedure that sets out the operating procedures to identify their Related Parties and Related Party Transactions, as well as their approval procedures, consistently with the guidelines set forth by the RPT Procedure adopted by Brembo S.p.A.

During the year, based on proposals by the Audit Committee (serving as the Related Party Transaction Committee), the Board of Directors:

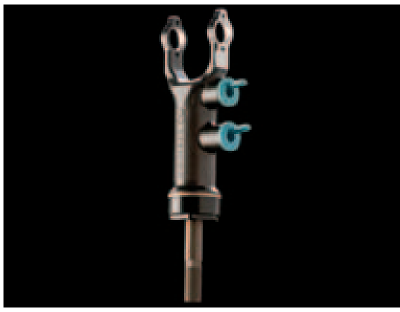
- at the meeting of 29 July 2011 updated the Significance Indices for the identification of Highly Significant RP Transactions on the basis of data from the 2010 financial statements, and confirmed the amount of €250,000.00 as "threshold" for determining Low Value RP Transactions;
- at the meeting of 12 January 2012, in light of the experience of its first year of operation, confirmed the essential contents of the RPT Procedure as described above, while clarifying certain definitions and improving the internal information flows.

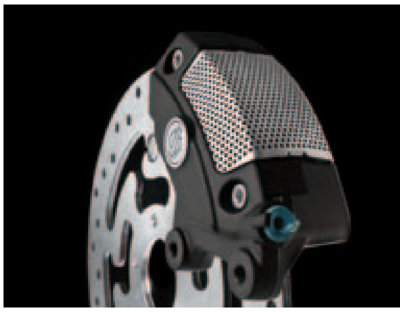
12. APPOINTMENT OF STATUTORY AUDITORS

In line with applicable laws and regulations, the By-laws govern the appointment of Statutory Auditors by providing that:

- the Board of Statutory Auditors is made up of three acting auditors and two alternate auditors, all appointed by the Shareholders' Meeting based on list voting procedures;
- appointment to, and ongoing membership of, the Board of Auditors are strictly subject to full satisfaction of all applicable eligibility requirements, in terms of personal integrity and professional qualifications. Acting auditors are chosen among people who can also meet the applicable independence requirements, meaning that, beside meeting all statutory requirements, they may not have served as a director of acting auditor of Brembo S.p.A. for more than nine of the previous twelve years;
- auditors are appointed for a term of three years and are eligible for re-appointment; their emoluments are determined by the Shareholders' Meeting;
- voting lists may be submitted only by those shareholders who, at the date the lists are submitted, represent, either on their own or together with others, at least the minimum shareholding required for the submission

Racing cars. Master cylinder made from a block of solid aluminium, 2001.





Motorbikes. One Pin disc and caliper, 2007.

of lists of candidates seeking appointment to the Board of Directors, pursuant to article 15-ter of the By-laws, or such other percentage of the share capital, as may be established under applicable statutory and regulatory provisions;

- each shareholder with voting rights, as well as: (i) shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party, or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework may submit, either on their own or jointly with other shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list;
- the lists of candidates, duly signed by the shareholders submitting the same, or the shareholder delegated to make the submission, together with all the other related documents as required under the By-laws, must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General Meeting at first calling and public disclosure must be made both at Company's registered offices and on its website and in the manner and form specified under applicable statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Meeting;
- the Board of Statutory Auditors discharges the supervisory duties entrusted to it under applicable laws and regulations and supervises compliance with the law and By-laws, observance of the principles of sound management and in particular of the adequacy of the organisational, administrative and accounting structures adopted by the Company and the material operation of those structures, as well as the concrete approach to implementing the corporate governance rules set forth in applicable legislation;
- the Board of Statutory Auditors is also in charge of monitoring the independence of the Independent Auditors.

13. STATUTORY AUDITORS

Pursuant to the By-laws, the Board of Statutory Auditors is made up of three acting auditors and two alternate auditors appointed on the basis of the single list submitted by the majority shareholder New FourB S.r.l. for the term set by the Shareholders' Meeting resolution, up to a maximum of three years.

The General Shareholders' Meeting held on 29 April 2011[11] appointed the current Board of Statutory Auditors for the 2011-2013 period, based on the only list presented by the majority shareholder New FourB S.r.l. The members of the current Board of Statutory Auditors are listed in the following table. Therefore, the Board of Statutory Auditors' office will expire with the General Meeting called to approve the Financial Statements for the year ending 31 December 2013. The General Meeting also confirmed Sergio Pivato as Chairman of the Board of Statutory Auditors.

The remuneration of the Board of Statutory Auditors was established by the General

11 The Brembo S.p.A.'s Board of Auditors appointed by the Shareholders' Meeting of 29 April 2008 for a term expiring upon the Shareholders' Meeting called to approve the 2010 Financial Statements, was made up of three acting auditors (Sergio Pivato, Chairman; Enrico Colombo, Daniela Salvioni) and two alternate auditors (Mario Tagliaferri and Gerardo Gibellini).

Shareholders' Meeting on 29 April 2011 in the gross amount of Euro 196,000.00 per annum, to be distributed among all the members.

All the members of the Board of Statutory Auditors must meet applicable statutory integrity, professionalism and independence requirements. They must also comply with the provisions set forth in the Brembo's Corporate Governance Manual.

Upon the appointment of the Board of Auditors (29 April 2011) and subsequently in the Board of Directors' meeting of 2 March 2012, the Company determined that the ceiling on concurrent appointments had not been exceeded in respect of any member of its Board of Statutory Auditors, on the basis of the declarations made by each of the said members in such regard pursuant to Annex 5-bis to the Rules for Issuers.

Pursuant to the Corporate Governance Manual, the Board of Statutory Auditors:

- monitors the independence of the Independent Auditors, verifying both compliance with the relevant laws and regulations and the nature and extent of the services, other than auditing, rendered to Brembo S.p.A. and its subsidiaries by the Independent Auditors and the entities belonging to the Independent Auditors' network;
- may ask the Internal Audit to carry out audits on specific operating areas or company's transactions;
- promptly exchanges information relevant to the discharge of its duties.

In 2011, the Board of Statutory Auditors held five meetings and most of its members participated in all meetings of the Board of Directors. The meetings of the Board of Statutory Auditors lasted about 2 hours on average.

In performing its functions the Board of Statutory Auditors regularly met with the Independent Auditors and the Internal Audit Director.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated

Board of Statutory Auditors

Office held	Members	In office from	In office until	Independent	Attendance rate to the BoD meetings [2]	Attendance rate to the meetings of the Board of Statutory Auditors [2]	Weight of other offices pursuant to Annex 5-bis of the Rules for Issuers[3]
Chairman	Sergio Pivato	29.04.2011	[1]	x	75%	100%	3.8
Acting Auditor	Enrico Colombo	29.04.2011	[1]	x	75%	100%	4.76
Acting Auditor	Mario Tagliaferri	29.04.2011	[1]	x	100%	100%	3.45
Alternate Auditor	Gerardo Gibellini	29.04.2011	[1]	–	–	–	–
Alternate Auditor	Marco Salvatore	29.04.2011	[1]	–	–	–	–
AUDITORS WHO LEFT OFFICE DURING THE YEAR							
Acting Auditor	Daniela Salvioni	29.04.2008	29.04.2011	x	50%	100%	–

Quorum required to present lists for the most recent appointments: 2.5%
Number of meetings of the Board of Directors held during the financial year: 8
Number of meetings held during the financial year: 5

NOTES

(1) Appointed for a term expiring on the date of approval of the financial statements for the year ending 31 December 2013.

(2) Attendance rates at meetings of the Board of Statutory Auditors (number of meetings attended/number of meetings held during the term of office of the auditor). It should be noted that the percentage rate has been calculated based on the meetings in which each Statutory Auditor was entitled to participate in light of his/her date of appointment and expiry of the term of office.

(3) Weight of other positions held, within the meaning of Article 144-terdecies et seq. of the Rules for Issuers (ceiling on concurrent appointments).

by the Chairman, also attended all the meetings of the Audit Committee and the Remuneration Committee.

The composition of the Board of Statutory Auditors did not undergo any changes during financial year 2011.

14. RELATIONS WITH SHAREHOLDERS

Brembo takes special care in monitoring relations with shareholders, institutional and private investors, financial analysts, and the financial community, scrupulously respecting mutual roles.

The financial community is provided numerous opportunities to obtain information from and engage in dialogue with the Company as part of a consistent, effective and ongoing communication process. The Company also holds events for financial analysts, conference calls and meetings with shareholders and investors at major capital markets or the Company's registered office.

In order to provide the market with exhaustive and constantly updated financial information, the company publishes a specific Italian-English Investor Relations section on its website (www.brembo.com – Investors section) with useful information for stakeholders, including: press releases, financial statements and interim reports, presentations to the financial community, stock price trends, etc.

The Investor Relations function devotes particular attention to Ethical Investors, i.e., those who in their investment decisions privilege companies that are particularly attentive to environmental, social and ethical parameters, in addition to traditional financial indicators.

The Investor Relations function is headed by Matteo Tiraboschi, the Group's Executive Deputy Chairman and CFO.

All Investors' requests may be sent to Brembo via the following channels: email "ir@brembo.it"; phone +39.035.60.52.145; fax +39.035.60.52.518.

15. GENERAL SHAREHOLDERS' MEETINGS

With regard to the calling and conduct of the General Shareholders' Meetings, the By-laws establish as follows:

- under Article 10 (CALLING OF GENERAL MEETINGS), the General Meeting shall be called by the Board of Directors by notice of calling containing an indication of the date, time and venue of the scheduled meeting, the items placed on the agenda, as well as further information required by applicable laws and regulations. The notice of calling may provide an indication of the scheduled dates of the meeting at callings subsequent to the first, if any;
- the notice of calling shall be published on the Company's website and in accordance with the other procedures as described, as well as in compliance with the requirements of current laws and regulations. If and to the extent the notice of calling is to be published in one or more daily newspapers pursuant to applicable rules and regulations, such publication shall be made in one or more of the following daily newspapers:
  - Il Sole 24 Ore;
  - Corriere della Sera;
  - Milano Finanza;
  - Italia Oggi.

The Ordinary Shareholders' Meeting must be called by the Governing Body at least once a year within one hundred and twenty days following the end of the Company's financial year, or within one hundred and eighty days from such date in the case where the Company is required to draw up consolidated financial statements or where warranted by specific reasons pertaining to the Company's corporate purpose and structure, such reasons being indicated in the Directors' Report mentioned in Article 2428 of the Civil Code;

- under new Article 10-*bis* (ADDITION OF

ITEMS TO THE AGENDA), the shareholders individually or collectively representing at least 1/40th of share capital may submit a written application, according to the terms and conditions set forth in applicable laws and regulations, to add items to the agenda for the Shareholders' Meeting, indicating the proposed additional items of business in the application;

- under Article 11 (PARTICIPATION IN AND REPRESENTATION AT GENERAL SHAREHOLDERS' MEETINGS), the shareholders entitled to vote may participate in the meeting and cast votes provided that the Company has received an appropriate notice certifying their standing, issued by the intermediary participating in the centralised financial instrument management system, by the third trading day prior to the date for which the Shareholders' Meeting is scheduled (or within other term as provided for under applicable law).

Any party entitled to participate in a Shareholders' Meeting may be represented by written proxy granted to another person, not required to be a shareholder, in accordance with the provisions of laws and regulations in force at the time.

Proxies may also be granted electronically, according to the conditions set out in the Ministry of Justice regulation. In accordance with the notice of the meeting, proxies may be notified electronically using the specific section of the Company's website or, where allowed in the notice of the meeting, by sending the document to the Company's certified e-mail address.

Proxies may be issued only for a specific General Shareholders' Meeting and shall be valid even for subsequent callings of such General Meeting, pursuant to applicable statutory provisions. The Chairman of the General Shareholders' Meeting shall declare the validity of proxies, and in general, the right to participate in the Meeting.

The information that the Board of Directors is required to provide to the Shareholders' Meeting must be of such nature as to provide the latter with an in-depth understanding of all matters relevant to making informed decisions in respect of the items submitted for shareholder approval. Briefly put, during the Shareholders' Meeting, entitled attendees are provided not only the information included in the filings made with Stock Market and Securities Services institutions, but also all the documents regarding the Annual Financial Statements and any resolutions proposed to the Shareholders' Meeting (which reproduce the recommendations placed on the Agenda by the Board of Directors, as disclosed to the public and forwarded to Borsa Italiana and CONSOB, pursuant to applicable laws and regulations). As a general rule, entitled attendees shall also be provided with a summary of the Company's stock price trends.

The By-laws are available on the website: www.brembo.com - Investors section, Corporate Governance, Codes and Manuals. The General Meeting Regulation designed to regulate the functioning of the General Meetings was modified by the General Meeting on 29 April 2011, primarily for the purposes of aligning its content to the changes introduced by Legislative Decree No. 27 of 27 January 2010, "implementing Directive 2007/36/EC on the exercise of certain shareholders' rights in listed companies" ("Legislative Decree 27/2010") and encouraging the active participation of the the company's shareholders. The Shareholders' Meetings Regulations are available on the website: www.brembo.com - Investors section, Corporate Governance, in Brembo's Corporate Governance Manual.

16. CHANGES SINCE THE END OF 2011

No significant changes took place from the end of the financial year through to the date of approval of this Report.

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

To conclude the separate Financial Statements of Brembo S.p.A. for the year ended 31 December 2011, based also on the examination of our Report and the Explanatory Notes to the Separate Financial Statements, in which we outlined the guidelines and operations, we submit for the approval of Shareholders our proposal for distributing the entire net income amounting to €21,581,566.07, as follows:

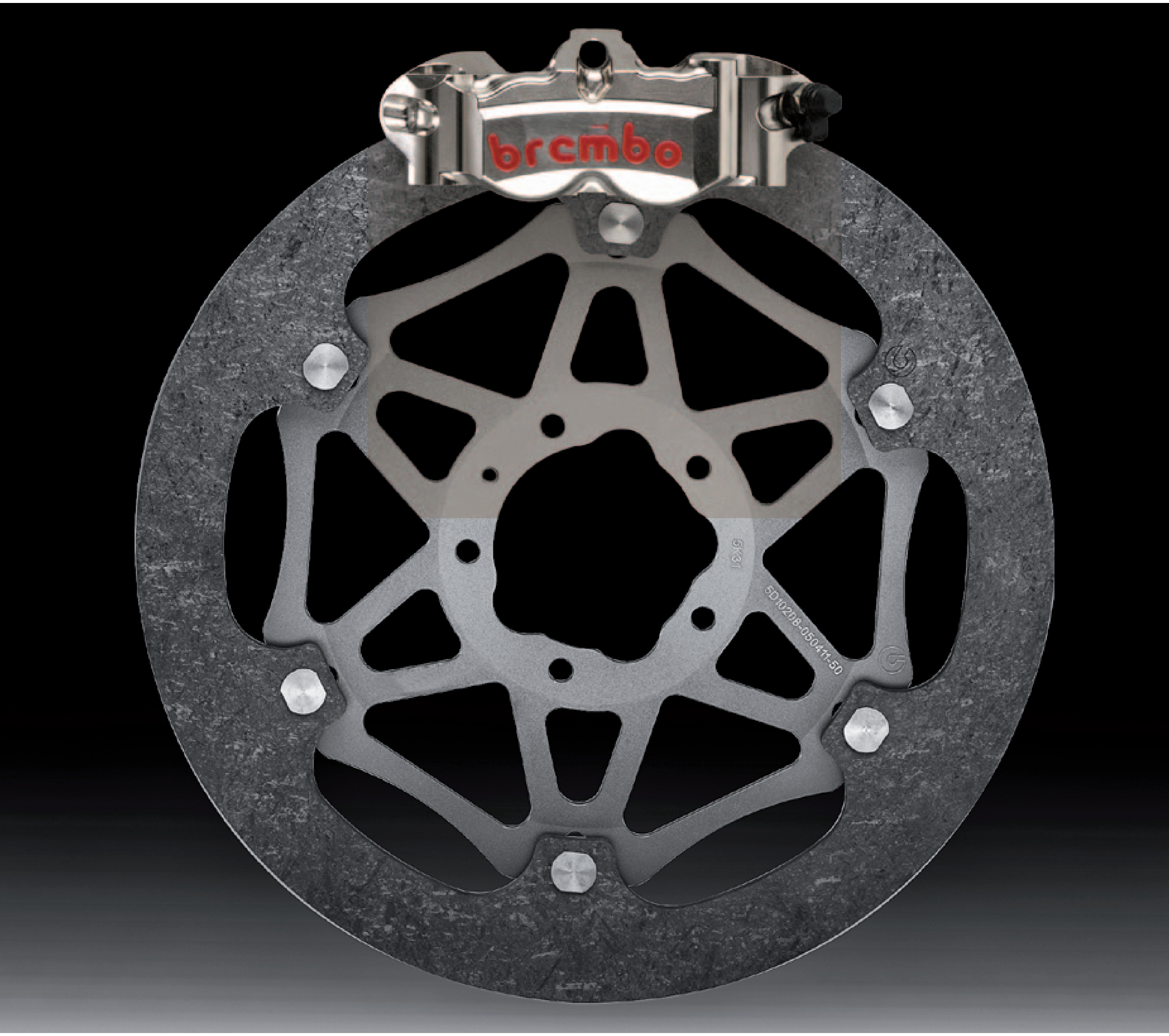
- to the Shareholders a gross dividend of €0.30 per ordinary share outstanding at ex-coupon date, consequently excluding own shares;
- to the reserve established under Article 6 par. 2 of Italian Legislative Decree No. 38/2005 €227,888.27;
- the balance to the extraordinary reserve.

It is also proposed that dividends should be paid as of 10 May 2012, ex-coupon 7 May 2012.

Profits generated prior to 2008 shall be deemed distributed solely for tax purposes.

Stezzano, 2 March 2012

On behalf of the Board of Directors
The Chairman
Alberto Bombassei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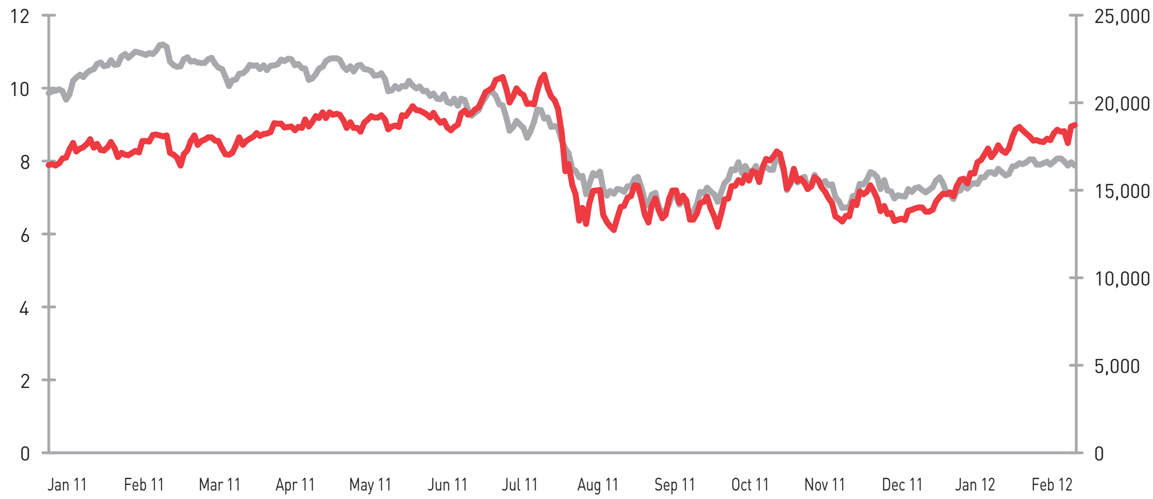
BREMBO S.P.A. STOCK PERFORMANCE



Source: Bloomberg

Brembo stock closed 2011 at €6.62, down 15.62% compared to the beginning of the year. In the same period, the Italian FTSE MIB index decreased by 26.17%, the index of companies belonging to the STAR segment (in which Brembo is included) by 19.09% and the European Euro Stoxx 50 index by 18.42%.

Earlier in the year the stock showed an upward trend, reaching a high for the period at €10.31 on 25 July and then retracing to a low of €6.075 on 23 August, as almost all the world stock markets were falling during that month.

In the second half of the year, the Brembo stock followed the market's volatile trend, and its performance was in line with the Italian FTSE MIB index and the European automobile parts index (BBG EMEA Automobiles Parts), which, however, underperformed compared to Brembo (-20.35%).

The year 2011 was a difficult period for all stock markets due to the worsened global macroeconomic conditions that saw Europe lagging behind in world GDP projected growth for 2012 and because of the public debt crisis, affecting in particular the weakest countries of the Eurozone.

In early 2012 the market has seen a rebound from the lows of December for all stock indices. In this context, Brembo strongly outperformed both the FTSE MIB index and the BBG EMEA Automobiles Parts index.

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

	31. 12. 2011	31.12.2010
Share capital (euro)	34,727,914	34,727,914
No. of ordinary shares	66,784,450	66,784,450
Equity (excluding income for the year) (euro)	172,622,382	176,004,507
Net income for the year (euro)	21,581,566	21,207,288
Trading price (euro)		
Minimum	6,075	4,450
Maximum	10,310	8,280
Year end	6,620	7,725
Market capitalisation (euro million)		
Minimum	406	297
Maximum	689	553
Year end	442	516
Gross dividend per share	0.30 (*)	0.30

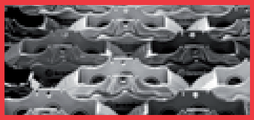
(*) To be approved by the Shareholders' Meeting convened on 20 April 2012.

Further information and updates regarding stock performance and recent corporate information are provided on Brembo's website at: www.brembo.com – Investors section.
Investor Relator: Matteo Tiraboschi.

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

PALMARES 2011


RAUCH
Pepe Jeans
TOTAL




brembo

BREMBO Braking Systems

CARS

Open Wheel Single-Seaters Championships	
F1	
Drivers	Sebastian Vettel - Red Bull Racing
Manufacturers	Red Bull Racing
GP2	
Drivers	Romain Grosjean - Dams
Teams	Barwa Addax Team
GP3	
Drivers	Valtteri Bottas - Lotus ART
Teams	Lotus ART
World Series by Renault	
Drivers	Robert Wickens - Carlin Motorsport
Teams	Carlin Motorsport
F3 Euroseries	
Drivers	Roberto Merhi - Prema Powerteam
Teams	Prema Powerteam

Closed Wheel Championships	
24 Hours of Le Mans	
LMP1 Class	Fässler, Lotterer, Tréluyer - Audi Sport
Intercontinental Le Mans Cup	
LMP1 Class	Peugeot Sport
LMP2 Class	Signatech Nissan
LM GTE Pro Class	AF Corse
Le Mans Series	
LMP1 Class	Drivers Collard, Jousse - Pescarolo Team
FLM Class	Drivers Schell, Schultis, Simon - Pegasus Racing
	Team Pegasus Racing
LM GTE Pro Class	Drivers Fisichella, Bruni - AF Corse
	Team AF Corse
LM GTE Am Class	Drivers Armindo, Narac - IMSA Performance
	Team IMSA Performance
FIA GT	
GT1 World Championship	Drivers Krumm, Luhr - Nissan JR Motorsport
	Team Hexis AMR
GT3 European Championship	Drivers Castellacci, Leo - AF Corse
	Team Heico Motorpsort

BREMBO Braking Systems

CARS

Closed Wheel Championships	
Blancpain Endurance Series	
GT3 Pro CUP	Drivers Greg Franchi
	Team Belgian Audi Club
GT3 Pro/Am CUP	Drivers Louis Machiels
	Team Vita4One
International GT Open	Soheil Ayari - JMB Racing
Ferrari 458 Challenge Italy	
Pirelli Cup	Stefano Gai - Rossocorsa
Pirelli Cup - Shell Cup	Benedetto Marti - Motor / Piacenza
Pirelli Cup (Teams)	Motor / Piacenza

Closed Wheel Championships	
Ferrari 458 Challenge Europe	
Pirelli Cup	Max Blancardi - Motor / Malucelli
Pirelli Cup - Shell Cup	Jean-Marc Bachelier, Yannick Mallegol - Motor / Piacenza
Pirelli Cup (Teams)	Ferrari Moscow
Ferrari 458 Challenge North America	
Pirelli Cup	Enzo Potolicchio - Ferrari of Fort Lauderdale
Pirelli Cup (Teams)	Ferrari of Fort Lauderdale
Ferrari 458 Challenge Asia Pacific	
Pirelli Cup	Ringo Chong
Pirelli Cup - Shell Cup	Steve Wyatt
Lamborghini Blancpain Super Trofeo	Fabio Babini
Trofeo Maserati GranTurismo MC	David Baldi

Rally Championships	
SWRC - WRC Classe S2000	Juho Hanninen - Skoda Fabia S2000 - Red Bull Skoda
IRC - International Rally Challenge	
Drivers	Andreas Mikkelsen
Manufacturers	Skoda Fabia S2000 - Skoda UK
ERC - European Rally Championship	Luca Rossetti - Abarth Grande Punto S2000
CIR - Campionato Italiano Rally	Paolo Andreucci - Peugeot 207 S2000 - Racing Lions

AP RACING Braking Systems and Clutches

CARS

Open Wheel Singles-Seaters Championships		Brakes	Clutch
F1			
Drivers	Sebastian Vettel		•
Manufacturers	Red Bull Racing		•
IRL / Indycar	Dario Franchitti		•
Indy 500	Dan Wheldon (Postumo)		•
Superleague Formula	John Martin		•
GP2			
Drivers	Romain Grosjean		•
Teams	Barwa Addax		•
F2	Mirko Bortolotti	•	•
F Nippon	Andre Lotterer		•
F 3 - British	Felipe Nasr	•	•

Closed Wheel Championships		Brakes	Clutch
24 Hours of Le Mans			
LMP1 Class	Fassler, Lotterer, Treluyer	•	
LMP 2	Ojjeh, Lombard, Kimber-Smith	•	•
LMS			
LMP1	Belicchi, Boullion	•	•
LMP 2	Ojjeh, Lombard, Kimber-Smith	•	•
Nascar			
Sprint Cup	Tony Stewart	•	
Late Model			
CRA Super Series	Derrick Griffin	•	
PASS South Series	Ryan Blaney	•	
NASCAR K&N Pro East Series	Max Gresham	•	
NASCAR K&N Pro West Series	Greg Pursley	•	
FIA			
GT1	Luhr, Krumm		•
GT3	Heico		•

AP RACING Braking Systems and Clutches

CARS

Closed Wheel Championships			
ALMS			
LMP1	Dyson, Smith	•	
LMP2	Bouchut, Tucker	•	•
GT	Mueller, Hand - Rahal BMW	•	•
GTC	Timothy Pappas	•	
Japanese Super GT - GT 300 Class	Taniguchi, Bamba	•	•
Touring Car			
British	Matt Neal - Honda Racing	•	•
DTM	Martin Tomcyck	•	
WTC	Richard Muller	•	•

Rally Championships			
WRC	Sebastian Loeb		•
IRC	Andreas Mikkelsen		•
SWRC	Juho Hanninen		•
PWRC	Hayden Paddon	•	•

SABELT Safety Belts

CARS

F1	
Drivers	Sebastian Vettel - Red Bull Racing
Manufacturers	Red Bull Racing
RALLY	
Drivers	Sebastien Loeb
Manufacturers	Citroen
Fia GT1	
World Championship	Hexis AMR

BREMBO Braking Systems

MOTORBIKES

MotoGP World Championships	
MotoGP Drivers	Casey Stoner - Honda
MotoGP Manufacturers	Honda
Moto2	Stefan Bradl - Kalex
Moto 2 Manufacturers	Suter
125 Drivers	Nicolas Terol - Aprilia
125 Manufacturers	Aprilia

Superbike Championships	
Superbike Drivers	Carlos Checa - Ducati
Superbike Manufacturers	Ducati
Supersport Drivers	Chaz Davies - Yamaha
Supersport Manufacturers	Yamaha
Superstock 1000 Drivers	Davide Giugliano - Ducati
Superstock 1000 Manufacturers	Ducati
AMA Superbike Championship	Josh Hayes - Yamaha
British Superbike BSB Drivers	Tommy Hill - Yamaha
British Superbike BSB Manufacturers	Yamaha
British Supersport BSB	Alastair Seeley - Suzuki
Japan Superbike JSB Drivers	Kousure Akiyoshi TSR - Honda
Japan Superbike JSB Manufacturers	TSR - Honda
Japan GP2	Takaaki Nakagami Harc - Pro - Honda
Japan Supersport	Tatsuya Yamaguchi Toho Racing - Honda
Japan GP3/125	Kenta Fujii TSR - Honda
Japan GP Mono	Tetta Nakashima Project - μ7c Racing - Honda
Spanish Speed Championship 125 (CEV) Drivers	Alex Rins - Aprilia
Spanish Speed Championship Moto2 (CEV) Drivers	Jordi Torres - Suter
Spanish Speed Championship Extreme (CEV) Drivers	Ivan Silva - Kawasaki

Motocross	
MX1 Drivers	Antonio Cairoli - KTM
MX1 Manufacturers	KTM
MX2 Drivers	Ken Roczen - KTM
MX2 Manufacturers	KTM

BREMBO Braking Systems

MOTORBIKES

Enduro	
E1 Drivers	Juha Salminen - Husqvarna
E1 Manufacturers	Husqvarna
E2 Drivers	Antoine Meo - Husqvarna
E2 Manufacturers	Husqvarna
E3 Drivers	Mika Ahola - Honda
E3 Manufacturers	Honda

Italian Speed Championships (CIV)	
125GP Drivers	Niccolò Antonelli - Aprilia
Moto3 Drivers	Armando Pontone Iodaracing
Moto2 Drivers	Alessandro Andreozzi - FTR
1000 STK Drivers	Danilo Petrucci - Ducati
SBK Drivers	Matteo Baiocco - Ducati

European Speed Championships	
125 GP Drivers	Romano Fenati - Aprilia
1000 STK Drivers	Iván Silva - Kawasaki

Supermoto	
S1 Drivers	Thomas Chareyre - Aprilia
S1 Manufacturers	Aprilia

MARCHESINI Wheels

MOTORBIKES

MotoGP World Championships	
MotoGP	
Drivers	Casey Stoner - Repsol Honda Team

British Superbike (BSB)	
Superbike	
Drivers	Tommy Hill Swan - Yamaha

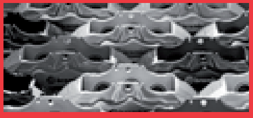
Italian Speed Championships (CIV)	
Superbike	
Drivers	Matteo Baiocco - Barni Racing Team
125GP	
Drivers	Niccolo Antonelli - Team Italia Gabrielli

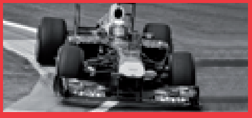
Japanese Superbike (JSB)	
Superbike	
Drivers	Kousuke Akiyoshi - F.C.C. TSR Honda

Supermoto	
Italian Supermoto Championship	
Drivers	Ivan Lazzarini - HM Honda Racing - Assomotor
Internazionali d'Italia Supermoto	
Drivers	Ivan Lazzarini - HM Honda Racing - Assomotor


X-802
HONDA

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011






brembo

BREMBO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

Consolidated Balance Sheet at 31 December 2011

ASSETS

(euro thousand)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*	*Change*
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	406,562		322,951		83,611
Development costs	2	41,372		39,194		2,178
Goodwill and other indefinite useful life assets	2	42,285		44,751		(2,466)
Other intangible assets	2	19,144		20,248		(1,104)
Shareholdings valued using the equity method	3	20,813		22,515		(1,702)
Other financial assets (including investments in other companies and derivatives)	4	154		150		4
Receivables and other non-current assets	5	2,840		548		2,292
Deferred tax assets	6	23,474		20,834		2,640
TOTAL NON-CURRENT ASSETS		**556,644**		**471,191**		**85,453**
CURRENT ASSETS						
Inventories	7	225,028		181,650		43,378
Trade receivables	8	208,287	*24,039*	201,297	*3,870*	6,990
Other receivables and current assets	9	37,229		36,513		716
Current financial assets and derivatives	10	9,784	*9,000*	449		9,335
Cash and cash equivalents	11	95,749	*16,184*	76,292		19,457
TOTAL CURRENT ASSETS		**576,077**		**496,201**		**79,876**
TOTAL ASSETS		**1,132,721**		**967,392**		**165,329**

EQUITY AND LIABILITIES

(euro thousand)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*	Change
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	101,791		120,892		(19,101)
Retained earnings/(losses)	12	144,138		130,128		14,010
Profit/(loss) for the year	12	42,937		32,271		10,666
TOTAL GROUP EQUITY		**323,594**		**318,019**		**5,575**
TOTAL MINORITY INTERESTS		**10,340**		**7,840**		**2,500**
TOTAL EQUITY		**333,934**		**325,859**		**8,075**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	230,840	*10,062*	199,732	*35,000*	31,108
Other non-current financial payables and derivatives	13	23,805		25,729		(1,924)
Other non-current liabilities	14	6,553	*1,480*	2,435	*410*	4,118
Provisions	15	5,642		4,977		665
Provisions for employee benefits	16	19,562	*492*	20,210	*879*	(648)
Deferred tax liabilities	6	8,576		11,167		(2,591)
TOTAL NON-CURRENT LIABILITIES		**294,978**		**264,250**		**30,728**
CURRENT LIABILITIES						
Current payables to banks	13	158,810	*24,861*	89,487	*9,861*	69,323
Other current financial payables and derivatives	13	7,081		8,110	*102*	(1,029)
Trade payables	17	266,573	*9,087*	224,010	*6,314*	42,563
Tax payables	18	5,668		2,538		3,130
Other current payables	19	65,677	*1,223*	53,138	*656*	12,539
TOTAL CURRENT LIABILITIES		**503,809**		**377,283**		**126,526**
TOTAL LIABILITIES		**798,787**		**641,533**		**157,254**
TOTAL EQUITY AND LIABILITIES		**1,132,721**		**967,392**		**165,329**

Consolidated Income Statement at 31 December 2011

(euro thousand)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*	Change
Sales of goods and services	20	**1,254,513**	***60,794***	**1,075,252**	***4,115***	**179,261**
Other revenues and income	21	14,751	*3,917*	9,443	*3,614*	5,308
Costs for capitalised internal works	22	11,861		10,035		1,826
Raw materials, consumables and goods	23	(640,312)	*(45,744)*	(541,361)	*(46,506)*	(98,951)
Other operating costs	24	(237,706)	*(5,661)*	(209,800)	*(3,581)*	(27,906)
Personnel expenses	25	(254,322)	*(2,089)*	(213,027)	*(824)*	(41,295)
GROSS OPERATING INCOME		**148,785**		**130,542**		**18,243**
Depreciation, amortisation and impairment losses	26	(75,438)		(74,146)		(1,292)
NET OPERATING INCOME		**73,347**		**56,396**		**16,951**
Interest income	27	*24,123*		*16,060*		*8,063*
Interest expense	27	*(41,281)*		*(25,010)*		*(16,271)*
Net interest income (expense)	27	(17,158)	*(605)*	(8,950)	*(1,411)*	(8,208)
Interest income (expense) from investments	28	(1,493)		(2,013)		520
RESULT BEFORE TAXES		**54,696**		**45,433**		**9,263**
Taxes	29	(11,353)		(13,620)		2,267
RESULT BEFORE MINORITY INTERESTS		**43,343**		**31,813**		**11,530**
Minority interests		(406)		458		(864)
GROUP NET RESULT		**42,937**		**32,271**		**10,666**
BASIC/DILUTED EARNINGS PER SHARE	30	**0.66**		**0.49**		

Comprehensive Consolidated Income Statement

(euro thousand)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*	Change
RESULT BEFORE MINORITY INTERESTS		**43,343**		**31,813**		**11,530**
Effect of hedge accounting (cash flow hedge) of derivatives		0		677		(677)
Effect of valuation of shareholdings using the equity method	12	0		(10)		10
Change in translation adjustment reserve		(15,226)		14,337		(29,563)
Tax effects on other components of comprehensive income		0		(177)		177
COMPREHENSIVE RESULT FOR THE YEAR		**28,117**		**46,640**		**(18,523)**
Of which attributable to:						
– the Group		*27,218*		*46,773*		*(19,555)*
– Minority Interests		*899*		*(133)*		*1,032*

Consolidated Cash-Flow Statement at 31 December 2011

(euro thousand)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11	**40,584**		**(34,376)**	
Result before taxes		**54,696**		**45,433**	
Depreciation, amortisation/impairment losses		75,438		74,146	
Capital gains/losses		(1,372)		598	
Write-ups/Write-downs of shareholdings		1,492		2,013	
Financial portion defined benefit funds and payables for personnel		834		1,004	
Long-term provisions for employee benefits		855		(121)	
Other provisions net of utilisations		1,498	*(387)*	(2,391)	*(839)*
Cash flows generated by operating activities		**133,441**		**120,682**	
Paid current taxes		(15,018)		(11,554)	
Uses of long-term provisions for employee benefits		(2,327)		(2,971)	
(Increase) reduction in current assets:					
inventories		(44,408)		(37,736)	
financial assets		(4)		(343)	
trade receivables and receivables from companies valued using the equity method		(3,880)	*(20,169)*	(38,214)	*(231)*
receivables from others and other assets		(4,686)		(12,980)	
Increase (reduction) in current liabilities:					
trade payables and payables to companies valued using the equity method		40,110	*2,773*	64,785	*657*
payables to others and other liabilities		20,146	*1,535*	11,240	*1,378*
Translation differences on current assets		(2,498)		5,998	
Net cash flows from / (for) operating activities		**120,876**		**98,907**	

(euro thousand)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*
Investments in:					
intangible assets		(19,006)		(17,304)	
property, plant and equipment		(146,320)		(51,915)	
financial assets (shareholdings)		(30)		(60)	
Business combination in China		0		(9,433)	
Business combination Brembo Argentina S.A.	34	(787)		0	
Sale of Softia S.r.l.		290		0	
Effects of the changes in ownership structure of Brembo Performance S.p.A./Sabelt S.p.A.		0		5,000	
Capital contributions to consolidated companies by minority shareholders		501		0	
Price for disposal, or reimbursement value of fixed assets		2,189		588	
Net cash flows from / (for) investing activities		**(163,163)**		**(73,124)**	
Dividends paid in the year		(19,603)	*(11,365)*	(14,703)	*(8,502)*
Acquisition of own shares		(2,040)		0	
Disbursal of loans		(9,000)	*(9,000)*	0	
Change in fair value of derivatives		280		(811)	
Loans and financing granted by banks and other financial institutions in the year		122,178		162,473	*50,000*
Repayment of long-term loans		(63,511)	*(9,938)*	(97,782)	*(6,139)*
Net cash flows from / (for) financing activities		**28,304**		**49,177**	
Total cash flows		**(13,983)**		**74,960**	
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	**26,601**	*16,184*	**40,584**	

Statement of Changes in Consolidated Equity at 31 December 2011

(euro thousand)	Share capital	Other reserves	Retained earnings (losses)	Hedging reserve (*)
Balance at 1 January 2010	**34,728**	**106,834**	**132,407**	**(490)**
Allocation of result for the previous year		6,442	(10,617)	
Payment of dividends				
Payables to minority shareholders of Sabelt S.p.A.			(2,136)	
Reclassification of reserves		(6,396)	6,396	
Effect of the changes in ownership structure of Brembo Performance S.p.A./Sabelt S.p.A.			4,078	
Components of comprehensive income:				
Valuation of shareholding using the equity method			(10)	
Effect of hedge accounting (cash flow hedge) of derivatives			10	490
Change in translation adjustment reserve		14,012		
Net result for the year				
Balance at 1 January 2011	**34,728**	**120,892**	**130,128**	**0**
Allocation of profit for the previous year		1,604	11,064	
Payment of dividends				
Capital increase of consolidated companies by minority shareholders				
Reclassification of merger surplus		(2,946)	2,946	
Business combination Brembo Argentina S.A.				
Acquisition of own shares		(2,040)		
Components of comprehensive income:				
Change in translation adjustment reserve		(15,719)		
Net result for the year				
Balance at 31 December 2011	**34,728**	**101,791**	**144,138**	**0**

(*) Hedging reserve net of the related tax effect.

Result for the year	Group equity	Result of Minority Interests	Share capital and reserves of Minority Interests	Equity of Minority Interests	Equity
10,528	**284,007**	**(1,006)**	**8,464**	**7,458**	**291,465**
4,175	**0**	1,006	(1,006)	**0**	**0**
(14,703)	**(14,703)**			**0**	**(14,703)**
	(2,136)			**0**	**(2,136)**
	0			**0**	**0**
	4,078		515	**515**	**4,593**
	(10)			**0**	**(10)**
	500			**0**	**500**
	14,012		325	**325**	**14,337**
32,271	**32,271**	(458)		**(458)**	**31,813**
32,271	**318,019**	**(458)**	**8,298**	**7,840**	**325,859**
(12,668)	**0**	458	(458)	**0**	**0**
(19,603)	**(19,603)**			**0**	**(19,603)**
	0		501	**501**	**501**
	0			**0**	**0**
	0		1,100	**1,100**	**1,100**
	(2,040)			**0**	**(2,040)**
	(15,719)		493	**493**	**(15,226)**
42,937	**42,937**	406		**406**	**43,343**
42,937	**323,594**	**406**	**9,934**	**10,340**	**333,934**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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 calipers, brake discs, wheel-side modules, complete braking systems and integrated engineering services, supporting 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. The Group also operates in the passive safety industry.

Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabova), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Puebla and Apodaca), Brazil (Betim and São Paulo), China (Nanjing), India (Pune) and the United States (Wilmington). Other companies located in Sweden (Göteborg), France (Levallois Perret), Germany (Leinfelden-Echterdingen), the United Kingdom (London), the United States (Costa Mesa, California, and Plymouth, Michigan), China (Beijing and Qingdao) and Japan (Tokyo) carry out distribution and sales activities.

Form and Content of the Consolidated Financial Statements at 31 December 2011

Introduction

The Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2011 have been prepared in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2011, issued by the International Accounting Standard Board (IASB) and adopted by EC Regulations. IFRS means all international accounting standards and all interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

The consolidated financial statements include the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity, these Notes, which provide a list of the accounting standards adopted and other explanatory notes, in accordance with IFRS requirements. The Consolidated Financial Statements include the Financial Statements of the Parent Company, Brembo S.p.A., at 31 December 2011, 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 2011, prepared 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.

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 for contingencies, inventory obsolescence, depreciation and amortisation, useful lives of certain assets, write-downs of assets, employee benefits, taxes and other provisions and in determining the fair value of financial instruments, including derivatives.

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. In detail, 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 the current and non-current assets and the 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 in force as of 31 December 2011 and endorsed by the European Union.

Cars. Front wheel-end corner, 1996.

Accounting Standards, Amendments and Interpretations Applied Starting 1 January 2011

The following standards, amendments and interpretations were applied for the first time effective 1 January 2011:

- On 4 November 2009, the IASB issued a revised version of IAS 24 – *Related Party Disclosures*, which simplifies the disclosures required for transactions with government-controlled related parties and clarifies the definition of a related party. The adoption of the amendment has no effects, also in terms of disclosure, in the Consolidated Financial Statements at 31 December 2011.

The following amendments, improvements and interpretations, effective 1 January 2011, regulate situations and circumstances currently not found within the Group, but which could have accounting implications for future transactions or agreements:

- Amendment to IAS 32 – *Financial Instruments*: *Classification of Rights Issues*;
- Amendment to IFRIC 14 – *Prepayments of a Minimum Funding Requirement;*
- Amendment to IFRS 1 – *First-time Adoption of International Financial Reporting Standards*;
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*;
- Improvements to IAS/IFRS (2010).

Accounting Standards, Amendments and Interpretations Not Yet Effective and Not Early-adopted by the Group

On 12 November 2009, the IASB published the IFRS 9 – *Financial Instruments:* this standard was amended on 28 October 2010 and 16 December 2011. The standard, applicable from 1 January 2015, represents the first part of a process by phases, aimed at fully replacing IAS 39. It introduces new criteria for the classification and measurement of financial assets and liabilities and the derecognition of financial assets.

On 7 October 2010, the IASB issued some amendments to IFRS 7 – *Financial Instruments: Disclosures*, applicable for accounting periods starting on or after 1 July 2011. The amendments have been issued with the aim of improving the understanding of financial asset transfer transactions, including an understanding of the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

On 20 December 2010, the IASB issued a minor amendment to IAS 12 – *Income Taxes*, requiring the entity to measure the deferred taxes relating to an asset depending on the way in which the carrying amount of the asset is expected to be recovered (through continuous use or sale). As a result SIC 21 – *Income Taxes – Recovery of Revalued Non-Depreciable Assets* will no longer be applicable. The amendment is applicable from 1 January 2012.

On 13 May 2011, the IASB published IFRSs 10, 11 and 12 and updated IASs 27 and 28, with the aim of redrafting group reporting rules. The new accounting standards will enter into force from 1 January 2013 with substantial changes for consolidated financial statements.

IFRS 13 – *Fair Value Measurement*, also issued on 13 May 2011, will further harmonise all rules regarding this aspect. The new accounting standard will become effective 1 January 2013.

On 16 June 2011, the IASB issued amendments to IAS 19 with the aim of improving requirements for the recognition and disclosure of defined-benefit plans. The new requirements will become effective 1 January 2013.

The amendments to IAS 1, also issued on 16 June 2011, will improve the presentation of components of the statement of comprehensive income. The new requirements are effective for annual periods beginning on or after 1 July 2012.

On 16 December 2011, the IASB issued amendments to IFRS 7 reducing previous requirements concerning the comparative information for periods subject to restatement and the notes in order to allow preparers of financial statements to achieve a better understanding of the effects of the application of IFRS 9.

*Cars (aftermarket).
The Easy Check disc with
a visual indicator of wear.*

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 income or loss of associate companies is recognised separately in the Income Statement from the date significant influence commences 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 the date 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 business combination is the sum of the fair value of the assets acquired and liabilities assumed, including potential liabilities.

The cost of a business combination is identified as the fair value, at the date of control is assumed, of the assets acquired, liabilities assumed and equity instruments issued for the purposes of the combination. That cost is then compared with the fair value of the identifiable assets, liabilities and potential liabilities upon 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 upon 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 contingent 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 recognised 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.

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 recognised in the Income Statement.

The goodwill arising from business combinations is recognised as an asset of the acquired entity.

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).

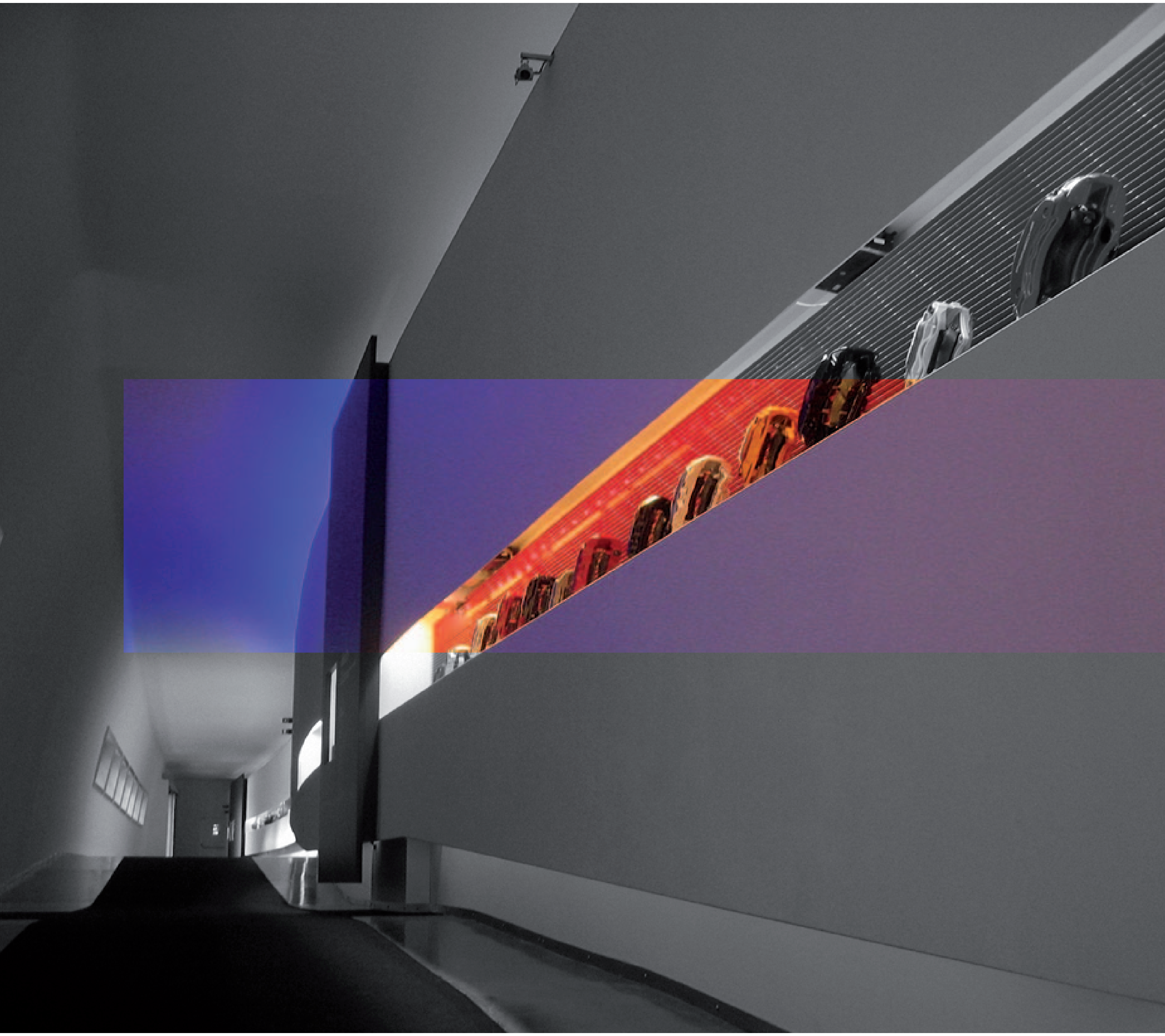
Euro against other currencies	31.12.2011	2011 average	31.12.2010	2010 average
US Dollar	1.293900	1.391710	1.336200	1.326799
Japanese Yen	100.200000	111.021074	108.650000	116.455116
Swedish Krona	8.912000	9.027589	8.965500	9.546918
Polish Zloty	4.458000	4.118704	3.975000	3.994963
Czech Koruna	25.787000	24.589012	25.061000	25.293934
Mexican Peso	18.051200	17.279067	16.547500	16.753161
Pound Sterling	0.835300	0.867768	0.860750	0.858238
Brazil Real	2.415900	2.325915	2.217700	2.334444
Indian Rupee	68.713000	64.866873	59.758000	60.631834
Argentine peso	5.567690	5.722463	5.309940	5.168504
Chinese Renminbi	8.158800	8.996062	8.822000	8.980511

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 to these Explanatory Notes. Corporate transactions carried out in 2011 are as follows:

- effective 1 January 2011, a corporate streamlining and reorganisation process of the Brembo Group was implemented, resulting in the mergers between Brembo S.p.A. and Marchesini S.p.A., Brembo S.p.A. and Brembo Performance S.p.A., Brembo Japan Co. Ltd. and Brembo Perfomance Japan Co. Ltd., as well as Brembo North America Inc. and Brembo Performance North America Inc. The above-mentioned transactions did not impact the consolidation area;
- in May 2011, the 40% interest in Softia S.r.l. was sold;
- on 1 August, the agreement signed on 23 May 2011 by Brembo S.p.A. for the acquisition of a 75% interest in Perdriel S.A. (now Brembo Argentina) was executed.

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; interest expense is also included, if applicable under IAS 23.

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 maintenance or repair 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 useful lives of individual assets is reviewed periodically, so as to ascertain that they are consistent with its economic and technical deterioration.

Leases
Assets held under finance leases (where the company assumes substantially all the risks and rewards of ownership) are recognised as assets and recorded at the inception of the lease under property, plant and equipment at the lower of fair value of the leased asset or the present value of the lease payments. The corresponding liability to the lessor is recognised 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 fixed 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

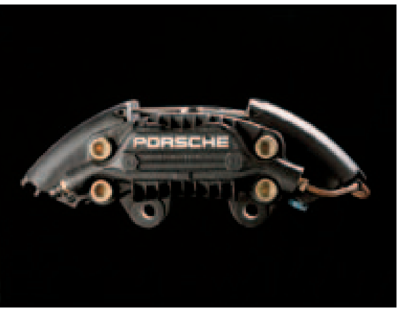
The company recognises intangible assets when the following conditions are met:

- the asset is identifiable, or separable, or can be separated or removed from the entity;
- the asset is controlled by the company, meaning that the company has the power to obtain future economic benefits from the asset;
- it is probable that the company 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 (except for goodwill and other intangible assets with indefinite useful lives), which is calculated using the straight-line method (beginning on the date the assets are available for use) over their useful lives, 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 is recognised as an asset if it is probable that the company will enjoy expected future rewards attributable to the asset developed and if the cost of the asset 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 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 on internal works capitalised" and shown in the item "Costs for capitalised internal works". Amortisation of development costs lasts 5 years, representing the mean useful life of the rewards linked to the developed product.



Cars. Aluminium fixed four-piece caliper, 1983.

Goodwill and trademarks — Goodwill is initially recognised at cost. It represents the excess of purchase cost over the acquired share of net fair value attributed to the identifiable assets, liabilities, and contingent liabilities at the purchase date. After the acquisition date, goodwill is no longer amortised and is allocated to the cash-generating units that are expected to benefit from the synergies deriving from the acquisition. Each cash-generating unit is tested for impairment at least once a year, or more frequently if there are indications of impairment. If the recoverable value (as defined hereinafter) is less than the carrying value, the asset 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 with definite useful lives are amortised using the straight-line method over their estimated useful lives, based on strategic plans for their expected use. Trademarks with indefinite useful lives are not amortised but are tested for impairment.

Impairment of Assets

Goodwill, intangible assets with indefinite lives and development costs underway are systematically tested for impairment at least once a year, if 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, determined as the present value of estimated future cash flows. The value in use is defined as the cash flows expected to arise from the use of an asset, or the sum of the cash flows in the case of more cash-generating units. The expected future cash flows are measured using the unlevered discounted cash flows method and each group of assets is discounted to the present value using the WACC method (weighted average cost of capital). If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and, as a general rule, the relevant 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 exploitation of the production capacity; interest expense is 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 net value corresponds to the replacement cost. For finished products and semi-finished goods, the presumable realisable net 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 on the basis of their possible useful life or realisable value, by creating a special inventory adjustment fund.

Cars. Aluminium and cast-iron fixed caliper, 1997.

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 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 current 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. Provisions are periodically updated to reflect changes in cost estimates, timing and present value, if any; revisions to estimate 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. When provisions are discounted to present value, the change resulting from the passage of time or interest rate fluctuations is recorded under "Net interest income (expense)".

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 difference between defined-contribution plans, wholly unfunded defined-benefit plans, wholly or partly funded defined-benefit plans and other forms of long-term benefits is reported below.

Defined-contribution plans

Defined-contribution plans are post-employment benefit plans under which the company pays contributions to an insurance company or pension fund and has no legal or constructive obligation to pay further contributions if, when the benefit right matures, the fund does not have sufficient assets to pay all 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, Brembo S.p.A. uses the "Projected Unit Credit Method".

This actuarial 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 recognised 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 recognised at cost, which corresponds to fair value plus ancillary costs. The company classifies its financial assets as follows: financial assets at fair value in the Income Statement, loans, trade receivables, other receivables and financial assets available for sale. Financial assets that the company does not hold for trading, including trade receivables, are initially measured at fair value and subsequently at amortised cost. Trade receivables are subject to analysis and 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 the Statement of Changes in Equity.

Financial assets are removed from the Balance Sheet when the right to receive cash ceases or is transferred and the company 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 initially recognised at fair value, net of the transaction costs. After initial recognition, these payables are evaluated using the criterion of amortised cost at the effective interest rate.

Long-term debts for which an interest rate is not specified are recognised 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 "Net interest income (expense)".

Derivatives, including embedded derivatives separated from their host contracts, are initially recognised at fair value.

Derivatives are classified as hedging operations when the relationship between the derivative and the object of the hedge is formally documented and the degree of coverage, which is periodically checked, is high.

When hedging derivatives hedge the risk of changes in the fair values of the hedged instruments, they are recognised at fair value through profit or loss. Accordingly, the hedged instruments are adjusted to reflect changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the hedges are designated on the basis of the exposure to changes in cash flows attributable to risks that may influence profit or loss at a later date. Such risks are generally associated with a recognised asset or liability (such as future payments of variable-rate debt).

The effective portion of the change in the fair value of the part of derivative contracts designated as hedges in accordance with the requirements of IAS 39 is suspended in an equity reserve (the hedging reserve). That reserve is then released to profit or loss when the hedged transaction is recognised in profit or loss.

By contrast, the ineffective portion of the change in fair value, along with the entire change in the fair value of derivatives not designated as hedges or that do not meet the requirements presented in IAS 39, is recognised directly in profit or loss.

On the subject of risks associated with financial instruments and the management of such risks, the reader is referred to the section prepared specifically to meet the disclosure requirements of IFRS 7. Financial guarantees are initially recognised at their fair value, which upon initial recognition is normally represented by the consideration paid or received for the instrument.

If the obligation meets the definition of a financial instrument and qualifies as a contractual agreement between the guarantor and a specific party (subsidiary) for a predetermined amount and in favour of a specifically identified third party, the contract is initially recognised at fair value. If the agreement does not provide for a consideration to be paid by the guarantee, any difference compared to the fair value is recognised as an increase in the item "Shareholdings" in the relevant subsidiary, with a financial liability as counter-entry.

The contract is subsequently recognised at the higher of the estimated liability and the amount originally recognised less cumulative amortisation recognised in accordance with IAS 18 (i.e., the liability net of the amount received/collected measured at amortised cost).

Revenues, Other Revenues and Income

Revenues are recognised in the Income Statement on an accrual basis and to the extent that it is probable that the economic rewards associated with the sale of goods or provision of services will flow to the Company 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 rewards 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.

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.

The carrying value 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

The Group identified the following reportable operating segments based on the qualitative and quantitative criteria specified in the related standard:

- Discs — systems and motorbikes;
- After Market — Performance Group.

Transfer prices applied to transactions between segments for the exchange of goods and services are settled according to usual market conditions.

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 of Brembo S.p.A., which, together with the Group CFO, evaluates the Group's main financial transactions and related hedging policies.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market 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 recognised in the balance sheet (particularly short-term bank loans, other loans, leases, bonds, etc.) that are not hedged by other financial instruments.

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

The Group enters into interest rate hedging agreements (mainly interest rate swaps) to ensure guaranteed interest rates on a portion of its debt that are sustainable in relation to the hedges.

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 2011 and 31 December 2010, with other variables held constant. The potential impacts were calculated on the variable-rate financial assets and liabilities at 31 December 2011. The above change in interest rates would result in a higher (or lower) annual pre-tax expense of approximately €1,184 thousand (€949 thousand at 31 December 2010), gross of the tax effect.

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

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, in order to offset any unbalances; currency forward contracts are also used to hedge this risk category.

A sensitivity analysis is provided below to illustrate the effects on pre-tax result arising on a positive (negative) change in exchange rates.

Starting with the exposures at 31 December 2010 and 2011, a 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 2010 and 2011 to measure exchange rate volatility.

	31.12.2011			31.12.2010		
(euro thousand)	Change %	Effect of increase of exchange rate	Effect of decrease of exchange rate	Change %	Effect of increase of exchange rate	Effect of decrease of exchange rate
EUR/GBP	1.92%	1.7	(1.7)	2.90%	(40.4)	42.8
EUR/JPY	4.91%	86.1	(95.0)	6.09%	174.2	(196.8)
EUR/SEK	1.51%	(1.3)	1.3	3.28%	(64.6)	69.0
EUR/USD	3.31%	(3.8)	4.0	4.53%	(22.4)	24.5
PLN/EUR	5.02%	1.522.2	(1.683.0)	1.98%	48.7	(50.7)
PLN/GBP	5.74%	(2.2)	2.5	4.18%	(1.9)	2.1
PLN/JPY	9.37%	0.3	(0.3)	6.81%	0.4	(0.5)
PLN/SEK	4.45%	0.1	(0.1)	3.40%	0.1	(0.1)
PLN/USD	7.15%	0.1	(0.1)	5.61%	(53.0)	59.2
USD/EUR	3.34%	5.2	(5.6)	4.58%	N/A	N/A
USD/MXN	6.47%	(185.5)	211.2	2.08%	1.3	(1.4)
BRL/EUR	3.26%	134.6	(143.7)	4.51%	326.3	(357.1)
BRL/USD	5.40%	(8.8)	9.8	3.00%	7.4	(7.8)
JPY/EUR	4.94%	12.3	(13.6)	5.86%	30.4	(34.2)
JPY/USD	3.16%	(1.6)	1.7	4.69%	(37.8)	41.6
CNY/EUR	3.83%	188.9	(204.0)	4.43%	(36.3)	39.7
CNY/USD	1.37%	(7.5)	7.7	1.10%	(3.6)	3.7
INR/EUR	4.05%	19.7	(21.3)	3.79%	7.9	(8.5)
INR/USD	5.44%	15.8	(17.6)	1.96%	3.3	(3.5)
CZK/EUR	1.85%	238.2	(247.2)	2.13%	(82.9)	86.5
CZK/GBP	3.22%	0.3	(0.3)	3.08%	N/A	N/A
CZK/PLN	3.78%	0.6	(0.6)	2.09%	N/A	N/A
ARS/BRL	4.53%	10.9	(12.0)	3.95%	N/A	N/A
ARS/EUR	3.56%	3.8	(4.1)	4.28%	N/A	N/A
ARS/USD	2.29%	(32.1)	33.6	1.32%	N/A	N/A

Commodity Risk

The Group is exposed to changes in prices of main raw materials and commodities. In 2011, no specific hedging transactions were undertaken.

Liquidity Risk

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

To mitigate liquidity risk, the Finance and Credit Department:

- 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;
- ensures the appropriate composition of net financial debt, i.e., investments are financed with medium- to long-term debt (as well as with equity), and working capital requirements are financed using short-term credit lines;
- includes the Group companies in cash pooling structures to optimise any excess liquidity of participating companies.

The following table provides information on payables, other payables and derivatives broken down by maturity. The maturities are determined based on the period from the balance sheet date to the expiry 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 2011 plus the relevant spread.

(euro thousand)	Carrying 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	69,148	69,148	69,148	0	0
Payables to banks (loans and bonds)	320,503	345,123	97,652	227,441	20.030
Payables to other financial institutions	15,787	17,661	2,844	11,904	2.913
Finance leases	14,995	16,111	4,857	10,617	637
Trade and other payables	270,950	270,950	270,950	0	0
Derivative financial liabilities					
Derivatives	104	104	104	0	0
Total	**691,487**	**719,097**	**445,555**	**249,962**	**23.580**

The item "Payables to banks" includes certain loans subject to financial covenants.

The financial covenants applicable to the above loans refer to the following parameters, calculated on the basis of the figures presented in the consolidated financial statements:

1. Net financial Debt/Equity < 2
2. Net financial Debt/Equity ≤ 1.7
3. Net financial Debt/Gross Operating Income < 4.5
4. Net financial Debt/Gross Operating Income ≤ 3.75
5. Net financial Debt/Gross Operating Income < 3.5

If the covenants are not met, the financial institution can request early repayment. Considering that all ratios were in excess of the thresholds set out above at 31 December 2011, the loans have been presented in the table according to their contractual maturities.

The residual value of loans subject to covenants amounted to €130.3 million at 31 December 2011.

Management believes that currently available lines of credit, apart from the cash flow generated by current operations, will allow Brembo to meet its financial requirements arising from investing activities, working capital management, and the payment of payables at their natural maturities.

In further detail, at 31 December 2011, unused bank credit facilities were 75.3% (a total of €279.7 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 for the Group arises mainly in relation to trade receivables. Most parties which the Group does business with are leading car and motorbike manufacturers with high credit standings.

The Group evaluates the creditworthiness of all new customers using assessments from external sources and then assigns a credit limit.

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:

(euro thousand)	Book value 31.12.2011	Book value 31.12.2010 (*)	Fair value 31.12.2011	Fair value 31.12.2010 (*)
Loans, receivables and financial liabilities valued at amortised costs:				
Current and non-current financial assets (excluding derivatives)	9,646	568	9,646	568
Trade receivables	208,287	201,297	208,287	201,297
Loans and receivables	37,910	32,711	37,910	32,711
Cash and cash equivalents	95,749	76,292	95,749	76,292
Current and non-current payables to banks	(389,650)	(289,220)	(396,218)	(294,548)
Other current and non-current financial liabilities	(30,886)	(33,839)	(31,144)	(33,972)
Trade payables	(266,573)	(224,010)	(266,573)	(224,010)
Other current liabilities	(65,677)	(53,138)	(65,677)	(53,138)
Other non-current liabilities	(6,553)	(2,435)	(6,553)	(2,435)
Derivatives	**187**	**(92)**	**187**	**(92)**
Total	**(407,560)**	**(291,866)**	**(414,386)**	**(297,327)**

(*) Figures for 2010 have been reviewed for better comparability.

The approach used to calculate fair value is the present value of the future cash flows expected to derive from the instrument being measured, determined by discounting the scheduled instalments at a rate equal to the forward rate curve applicable to each account payable.

In detail:

- loans, payables to other financial institutions and intercompany loans with maturities greater than 12 months have been measured at fair value;
- receivables, trade payables, financial assets held to maturity and payables and receivables to and from banks due within 12 months have been measured at their carrying amounts, inasmuch as they are believed to approximate fair values;
- finance leases were valued at cost, as they are outside the scope of IAS 39.

ANALYSIS OF EACH ITEM

BALANCE SHEET

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	23,340	116,562	437,654	122,450	24,141	8,486	**732,633**
Accumulated depreciation	0	(30,409)	(271,577)	(101,497)	(17,102)	0	**(420,585)**
Write-down provision	0	0	(145)	0	0	(65)	**(210)**
Balance at 1 January 2010	**23,340**	**86,153**	**165,932**	**20,953**	**7,039**	**8,421**	**311,838**
Changes							
Translation differences	198	1,409	5,211	325	151	382	**7,676**
Reclassification - historical cost	0	267	6,749	3,595	580	(6,464)	**4,727**
Reclassification - accumulated depreciation	0	1	(1,231)	(2,664)	(735)	0	**(4,629)**
Acquisitions	0	2,180	23,299	6,930	818	26,564	**59,791**
Disposals - historical cost	0	(22)	(4,198)	(1,425)	(410)	0	**(6,055)**
Disposals - accumulated depreciation	0	15	3,479	1,083	357	0	**4,934**
Depreciation	0	(4,300)	(38,943)	(9,865)	(1,946)	0	**(55,054)**
Impairment losses	0	0	(208)	(13)	0	(56)	**(277)**
Total changes	**198**	**(450)**	**(5,842)**	**(2,034)**	**(1,185)**	**20,426**	**11,113**
Historical cost	23,538	120,729	473,457	132,098	25,413	28,942	**804,177**
Accumulated depreciation	0	(35,026)	(310,652)	(113,166)	(19,559)	0	**(478,403)**
Write-down provision	0	0	(2,715)	(13)	0	(95)	**(2,823)**
Balance at 1 January 2011	**23,538**	**85,703**	**160,090**	**18,919**	**5,854**	**28,847**	**322,951**
Changes							
Translation differences	(142)	(2,927)	(4,746)	(258)	(30)	(2,268)	**(10,371)**
Change in consolidation area	0	0	3,556	35	3	88	**3,682**
Reclassification - historical cost	0	132	15,047	1,658	(149)	(10,677)	**6,011**
Reclassification - accumulated depreciation	0	14	(5,386)	(1,199)	516	0	**(6,055)**
Acquisitions	0	6,973	45,564	7,104	1,495	85,184	**146,320**
Disposals - historical cost	0	(100)	(10,141)	(777)	(483)	(70)	**(11,571)**
Disposals - accumulated depreciation	0	17	9,883	427	441	0	**10,768**
Depreciation	0	(4,348)	(38,680)	(8,624)	(2,489)	0	**(54,141)**
Impairment losses	0	0	(901)	(124)	(1)	(6)	**(1,032)**
Total changes	**(142)**	**(239)**	**14,196**	**(1,758)**	**(697)**	**72,251**	**83,611**
Historical cost	23,396	123,889	519,678	140,089	27,426	101,188	**935,666**
Accumulated depreciation	0	(38,425)	(343,346)	(122,836)	(22,269)	0	**(526,876)**
Write-down provision	0	0	(2,046)	(92)	0	(90)	**(2,228)**
Balance at 31 December 2011	**23,396**	**85,464**	**174,286**	**17,161**	**5,157**	**101,098**	**406,562**

During 2011, investments in property, plant and equipment amounted to €146,320 thousand, including €85,184 thousand on assets in course of construction.

As commented upon above in the Report on Operations, in the previous year the Group embarked upon a significant international development programme resulting in considerable investments in Poland, China and the Czech Republic. The other investments are primarily related to Italy and the United States and involved plant and machinery to be used in the production of new platforms.

Net disposals amounted to €803 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.

Total depreciation charges for 2011 amounted to €54,141 thousand (2010: €55,054 thousand).

The following is a breakdown of the net carrying value of owned assets and assets held under finance lease by category:

	31.12.2011		31.12.2010	
(euro thousand)	Leased	Not leased	Leased	Not leased
Land	2,068	21,328	2,371	21,167
Buildings	17,425	68,039	23,329	62,374
Plant and machinery	5,496	168,790	7,736	152,354
Industrial and commercial equipment	0	17,161	0	18,919
Other assets	131	5,026	131	5,723
Assets in course of construction and payments on account	698	100,400	0	28,847
Total	**25,818**	**380,744**	**33,567**	**289,384**

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 A	Intangible assets with indefinite useful lives B	Sub-total A+B	Industrial patent, trademarks and similar rights C	Other intangible assets D	Total other intangible assets C+D	Total
Historical cost	**65,004**	56,418	0	**56,418**	31,775	51,201	**82,976**	**204,398**
Accumulated amortisation	**(25,042)**	0	0	**0**	(23,989)	(36,399)	**(60,388)**	**(85,430)**
Write-down provision	**(176)**	(15,471)	0	**(15,471)**	(27)	0	**(27)**	**(15,674)**
Balance at 1 January 2010	**39,786**	**40,947**	**0**	**40,947**	**7,759**	**14,802**	**22,561**	**103,294**
Changes:								
Translation differences	**1**	2,444	0	**2,444**	23	569	**592**	**3,037**
Change in consolidation area	**0**	(407)	0	**(407)**	0	0	**0**	**(407)**
Reclassification - historical cost	**(386)**	1,734	1,030	**2,764**	(7,901)	(1,572)	**(9,473)**	**(7,095)**
Reclassification - accumulated amortisation	**0**	0	0	**0**	6,877	0	**6,877**	**6,877**
Acquisitions	**10,231**	0	0	**0**	2,026	5,116	**7,142**	**17,373**
Disposals - historical cost	**0**	0	0	**0**	(1)	(246)	**(247)**	**(247)**
Disposals - accumulated amortisation	**0**	0	0	**0**	0	176	**176**	**176**
Amortisation	**(8,277)**	0	0	**0**	(1,886)	(5,485)	**(7,371)**	**(15,648)**
Impairment losses	**(2,161)**	(997)	0	**(997)**	(9)	0	**(9)**	**(3,167)**
Total changes	**(592)**	**2,774**	**1,030**	**3,804**	**(871)**	**(1,442)**	**(2,313)**	**899**
Historical cost	**72,762**	60,559	1,030	**61,589**	26,404	55,325	**81,729**	**216,080**
Accumulated amortisation	**(33,271)**	0	0	**0**	(19,510)	(41,965)	**(61,475)**	**(94,746)**
Write-down provision	**(297)**	(16,838)	0	**(16,838)**	(6)	0	**(6)**	**(17,141)**
Balance at 1 January 2011	**39,194**	**43,721**	**1,030**	**44,751**	**6,888**	**13,360**	**20,248**	**104,193**
Changes:								
Translation differences	**0**	(562)	0	**(562)**	(47)	33	**(14)**	**(576)**
Change in consolidation area	**0**	0	0	**0**	0	625	**625**	**625**
Reclassification - historical cost	**39**	0	3	**3**	14	(174)	**(160)**	**(118)**
Reclassification - accumulated amortisation	**(39)**	0	0	**0**	0	(11)	**(11)**	**(50)**
Acquisitions	**12,656**	0	0	**0**	1,196	5,154	**6,350**	**19,006**
Disposals - historical cost	**0**	0	0	**0**	(12)	(4)	**(16)**	**(16)**
Disposals - accumulated amortisation	**0**	0	0	**0**	2	0	**2**	**2**
Amortisation	**(8,379)**	0	0	**0**	(2,072)	(5,737)	**(7,809)**	**(16,188)**
Impairment losses	**(2,099)**	(1,904)	(3)	**(1,907)**	1	(72)	**(71)**	**(4,077)**
Total changes	**2,178**	**(2,466)**	**0**	**(2,466)**	**(918)**	**(186)**	**(1,104)**	**(1,392)**
Historical cost	**83,650**	60,365	1,033	**61,398**	27,556	61,108	**88,664**	**233,712**
Accumulated amortisation	**(41,654)**	0	0	**0**	(21,579)	(47,934)	**(69,513)**	**(111,167)**
Write-down provision	**(624)**	(19,110)	(3)	**(19,113)**	(7)	0	**(7)**	**(19,744)**
Balance at 31 December 2011	**41,372**	**41,255**	**1,030**	**42,285**	**5,970**	**13,174**	**19,144**	**102,801**

Development costs

The item "Development costs" includes costs for development, internal and external, for a gross historical cost of €83,650 thousand. During the reporting year, this item changed due to higher costs incurred in 2011 for orders received both during the year and in previous years, for which additional development costs were incurred; amortisation was recognised for development costs associated with products that have already entered into production.

The gross amount includes development activities for projects underway totalling €20,270 thousand. The total amount of costs for capitalised internal works charged to the Income Statement in the item "Costs for capitalised internal works" during the year amounted to €11,861 thousand (2010: €10,035 thousand).

Impairment losses totalled €2,099 thousand and were included in the Income Statement under "Amortisation, depreciation and impairment losses". Impairment losses refer to development costs incurred mainly 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.

Goodwill

The item "Goodwill" included:

(euro thousand)

AP Racing Ltd.	12,427
Brembo Brake India Pvt. Ltd.	9,583
Brembo North America Inc. (Hayes Lemmerz)	13,191
Gruppo Sabelt	2,387
Brembo Nanjing Brake Systems Co. Ltd.	858
Brembo México S.A. de C.V. (Hayes Lemmerz)	803
Corporación Upwards '98 S.A. (Frenco S.A.)	2,006
TOTAL	**41,255**

Recognised goodwill was tested for impairment.

Calculations used cash-flow projections for the 2012-2014 period covered by the corporate business plans. Cash flows for subsequent years were extrapolated using a prudential steady 1-1.5% medium- to long-term growth rate, on a case by case basis. The discount rate used was 8.5% (WACC), which reflected the current market assessments of the time value of money and the risks specific to the asset in question.

CGUs are typically identified as the business being acquired and therefore tested for impairment. If the asset being tested for impairment refers to businesses operating in multiple business lines, it is attributed to all business lines in existence at the date of acquisition; this approach is consistent with valuations carried out at the acquisition date, which are typically based on the estimated recoverable amount of the entire investment.

The impairment tests indicated the need to write-down the Sabelt Group's goodwill by €1,904 thousand (After Market - Performance Group segment).

In the event of a change in the WACC from 8.5% to 9% and the growth rate from 1% to 0.5% (or from 1.5% to 1%), no previously unimpaired goodwill would have become impaired. The changes in the WACC and growth rate described above are deemed reasonable. In this respect, only changes in the WACC beyond reasonable levels and the use of growth rates near zero would have resulted in further impairment.

Intangible assets with indefinite useful lives

This item refers to the Villar trademark for €1,030 thousand. For information concerning impairment-testing methods, the reader is referred to the above discussion relating to goodwill. The impairment tests did not detect any impairment losses.

Other intangible assets

Acquisitions of "Other intangible assets" totalled €6,350 thousand, consisting mainly of €1,143 thousand for the purchase of specific patents and trademarks by the Parent Company and the share of the investment for the year associated with the gradual implementation of the new ERP (Enterprise Resource Planning) system within the Group.

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

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

(euro thousand)	31.12.2010	Acquisitions and subscriptions	Disposals	Write ups/ Write downs	Reclassification	31.12.2011
Brembo SGL Carbon Ceramic Brakes S.p.A.	22,058	0	0	(1,420)	0	20,638
Innova Tecnologie S.r.l.	0	30	0	(80)	50	0
Petroceramics S.r.l.	167	0	0	8	0	175
Softia S.r.l.	290	0	(290)	0	0	0
Total	**22,515**	**30**	**(290)**	**(1,492)**	**50**	**20,813**

The shareholding in Softia S.r.l. was sold on 24 May 2011 without creating any gains/losses.

The shareholding in Innova Tecnologie S.r.l. was reduced to zero and further written down by an additional €50 thousand, recognised in "Non-current provisions", for a total amount attributable to Brembo of €294 thousand. During the year, two payments were made to replenish the losses of the same company, for a total amount of €30 thousand.

The shareholding in Brembo SGL Carbon Ceramic Brakes S.p.A. was tested for impairment; value in use was determined for the purpose according to the free operating cash flow method. The calculation was based on the BSCCB Group's five-year plans, approved by the competent bodies, and thus using a WACC of 10.61% and a growth rate of 1.5%. The foregoing analysis did not detect any impairment loss. It should be noted that reasonable changes in the variables WACC and growth rate would not have generated any impairment.

The following is a breakdown of the assets, liabilities, costs and revenues associated with companies under common control and associate companies by ownership interest.

Associate companies under common control

		Brembo Group SGL Carbon Ceramic Brakes	
		31.12.2011	31.12.2010
(euro thousand)	**Country**	**Italy**	**Italy**
	% ownership	***50%***	***50%***
Non-current assets		9,593	11,162
Current assets		19,760	17,687
Non-current liabilities		(1,233)	(1,203)
Current liabilities		(8,318)	(6,502)
Equity (including net result for the year)		(19,802)	(21,144)
Sales of goods and services		35,255	38,068
Costs		(36,385)	(39,127)

Other associate companies

		31.12.2011		31.12.2010		
		Innova Tecnologie S.r.l.	Petroceramics S.r.l.	Softia S.r.l.	Innova Tecnologie S.r.l.	Petroceramics S.r.l.
(euro thousand)	***Country***	***Italy***	***Italy***	***Italy***	***Italy***	***Italy***
	% ownership	***30%***	***20%***	***40%***	***30%***	***20%***
Assets		2,538	380	685	2,539	370
Liabilities		(2,637)	(110)	(396)	(2,587)	(108)
Equity (including net result for the year)		99	(270)	(289)	48	(262)
Sales of goods and services		52	287	1,379	29	276
Net result for the year		(80)	8	41	(58)	23

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

This item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Shareholdings in other companies	96	95
Other	58	55
Total	**154**	**150**

Fixed disc for motorbikes, dated 1976.

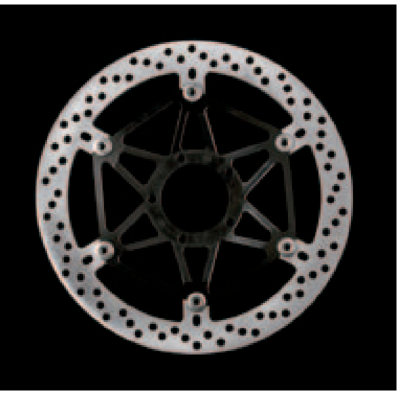
"Shareholdings in other companies" mainly includes the 10% interest in International Sport Automobile S.a.r.l. and 1.20% interest in Fuji Co.

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

5. Receivables and Other Non-current Assets

This item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Receivables from others	2,513	30
Income tax receivables	294	484
Non-income tax receivables	33	34
Total	**2,840**	**548**



Floating disc for motorbikes, 2005. It features an aluminium hat and a stainless-steel braking surface to save on weight.

Tax receivables mostly refer to applications for tax reimbursements.

The item "Receivables from others" includes the first payment of contributions towards the acquisition of a ten-year exclusive supply arrangement to be released to the income statement in accordance with the supply schedule for the client, set to begin in 2014.

6. Deferred Tax Assets and Liabilities

The net balance of deferred tax assets and liabilities at 31 December 2011 was broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Deferred tax assets	23,474	20,834
Deferred tax liabilities	(8,576)	(11,167)
Total	**14,898**	**9,667**

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

Movements for the year are reported in the following table:

(euro thousand)	31.12.2011	31.12.2010
Balance at beginning of year	**9,667**	**6,680**
Deferred tax liabilities generated	(151)	(2,012)
Deferred tax assets generated	9,182	6,310
Use of deferred tax assets and liabilities	(1,732)	(1,890)
Exchange rate fluctuations	(1,411)	723
Reclassification	8	0
Other movements	(665)	(144)
Balance at end of year	**14,898**	**9,667**

The item "Other movements", which amounted to €665 thousand, refers to the change in the consolidation area due to the inclusion of Brembo Argentina S.A.

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

	ASSETS		LIABILITIES		NET	
(euro thousand)	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Property, plant, equipment and other equipment	1,171	859	15,527	13,861	(14,356)	(13,002)
Development costs	0	0	633	843	(633)	(843)
Goodwill and other assets with indefinite useful lives	0	0	213	0	(213)	0
Other intangible assets	1	31	316	4	(315)	27
Other financial assets	0	0	130	0	(130)	0
Trade receivables	139	599	370	386	(231)	213
Inventories	4,977	3,713	0	0	4,977	3,713
Other receivables and current assets	89	79	17	0	72	79
Financial liabilities	4	0	0	0	4	0
Other financial liabilities	717	810	30	78	687	732
Provisions	1,409	705	87	0	1,322	705
Provisions for employee benefits	3,879	1,864	1,698	1,696	2,181	168
Trade payables	8	1,453	0	2	8	1,451
Other liabilities	1,061	1,585	0	0	1,061	1,585
Other	13,882	14,838	388	(1)	13,494	14,839
Tax losses	6,970	0	0	0	6,970	0
Compensation balance between deferred tax assets and liabilities	(10,833)	(5,702)	(10,833)	(5,702)	0	0
Total	**23,474**	**20,834**	**8,576**	**11,167**	**14,898**	**9,667**

The provision for deferred tax assets was made by assessing the existence of the prerequisites for their future recovery based on updated strategic plans; it should be noted in particular that the consolidated subsidiary Brembo Poland Spolka Zo.o. resides in a "special economic zone" and is entitled to deduct 50% of its investments from any current taxes due up to 2020. Based on the estimate of the benefit that can be used over a three-year timeframe, which is the reference period of the plans drawn up by the company, the estimate of benefit recovery for the year was calculated. The company recognised deferred tax assets of €12,158 thousand (PLN 54,200 thousand). In this regard, the potential future benefit valued at 31 December 2011 and not recognised in the Financial Statements amounted to PLN 44.8 million (approximately €10 million).

It should also be noted that Brembo Czech Sro. did not recognise a potential future tax benefit of CZK 368.2 million (approximately €14.3 million), valid until 2016.

On the basis of current projections, there is no certain evidence that the benefit concerned may be used before it expires for either company.

Brembo Czech Sro., Brembo México S.A. de C.V. and La.Cam. S.r.l. recognised deferred tax assets on their losses for the current and previous years for a total of €4,080 thousand, basing their assessment of the satisfaction of requirements for future recoverability of such assets on updated strategic plans.

7. Inventories

A breakdown of net inventories, which is stated net of the inventory write-down provision, is shown below:

(euro thousand)	31.12.2011	31.12.2010
Raw materials	71,023	65,521
Work in progress	49,304	34,793
Finished products	98,066	75,163
Goods in transit	6,635	6,173
Total	**225,028**	**181,650**

The increase in inventories was mainly related to the rise in the volume of business and, partially, also to the extension of the finished product range.

Movements in the inventory write-down provision are reported in the following table:

(euro thousand)	31.12.2010	Provisions	Use	Exchange rate fluctuations	Reclassification	31.12.2011
Inventory write-down provision	16,275	4,847	(2,577)	4	(283)	18,266

8. Trade Receivables

At 31 December 2011, the balance of trade receivables compared to the previous year was as follows:

(euro thousand)	31.12.2011	31.12.2010
Trade receivables	205,662	198,201
Receivables from associate companies and joint ventures	2,625	3,096
Total	**208,287**	**201,297**

The increase in trade receivables is mainly related to the growth in business volumes.

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.

Receivables from associate companies and joint ventures are broken down in Annex 2.

The Parent Company has been selling its receivables to factoring companies under arrangements without recourse, whereby the amounts of the receivables are paid immediately by the factor and all substantial risks associated with the receivables are transferred to the factor. At the end of 2011, the factored receivables amounted to €28,307 thousand (€11,667 thousand for 2010).

Trade receivables are recognised net of the provision for bad debts, which amounted to €4,728 thousand. Movements in the provision for bad debts are shown below:

(euro thousand)	31.12.2010	Provisions	Exchange rate fluctuations	Reclassification	Use/Release	31.12.2011
Provision for bad debts	6,331	1,664	(176)	(1,055)	(2,036)	4,728

The Brembo Group'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 approach taken to presenting the credit quality of financial assets is a distinction between listed and unlisted clients (excluding €11,234 thousand in credit notes and invoices to be issued at 31 December 2011). Listed customers are customers that are listed on a stock market, directly or indirectly controlled by a listed company or closely connected to listed companies.

(euro thousand)	31.12.2011	31.12.2010
Listed clients	149,060	135,487
Unlisted clients	72,564	80,728
Total	**221,624**	**216,215**

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)	31.12.2011	Write-down 2011	31.12.2010	Write-down 2010
Current	132,486	2	124,216	238
Expired by 0 to 30 days	3,824	0	562	10
Expired by 30 to 60 days	5,180	8	3,968	65
Expired by over 60 days	7,570	516	6,741	2,699
Total	**149,060**	**526**	**135,487**	**3,012**
% Ratio of expired receivables not written down to total exposure	10.8%		6.3%	
Total expired receivables, not written down	**16,050**		**8,497**	

Unlisted clients

(euro thousand)	31.12.2011	Write-down 2011	31.12.2010	Write-down 2010
Current	64,607	122	71,255	275
Expired by 0 to 30 days	1,817	0	1,424	54
Expired by 30 to 60 days	1,316	163	1,750	20
Expired by over 60 days	4,824	3,917	6,298	2,970
Total	**72,564**	**4,202**	**80,728**	**3,319**
% Ratio of expired receivables not written down to total exposure	5.3%		8.0%	
Total expired receivables, not written down	**3,877**		**6,428**	

The increase in expired receivables relates chiefly to major listed automotive manufacturers. In further detail, the expired receivables are associated with documentary problems or delayed payments, largely resolved in early 2012.

9. Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Income tax receivables	1,865	3,866
Non-income tax receivables	27,897	19,479
Other receivables	7,467	13,168
Total	**37,229**	**36,513**

The item "Non-income tax receivables" primarily includes VAT receivables and a receivable for which a refund has been requested in connection with previous years.

10. Current Financial Assets and Derivatives

This item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Receivables from associate companies	9,000	0
Derivatives	291	31
Security deposits	477	417
Other receivables	16	1
Total	**9,784**	**449**

This item includes a revolving line of credit of €9 million granted by the Parent Company to the associate Innova Tecnologie Srl.

The derivatives refer to a derivative embedded in a supply contract with a top client.

11. Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	31.12.2011	31.12.2010
Bank and postal accounts	95,632	76,204
Cash-in-hand and cash equivalents	117	88
Total cash and cash equivalents	**95,749**	**76,292**
Payables to banks: ordinary current accounts and foreign currency advances (*)	(69,148)	(35,708)
Cash and cash equivalents from Cash Flow Statement	**26,601**	**40,584**

(*) **Note 13** provides a detailed description.

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

12. Equity

Group consolidated equity at 31 December 2011 increased by €5,575 thousand compared to 31 December 2010. Movements for the year are given in the relevant statement.

Share capital

The subscribed share capital of the Parent Company is fully paid up and amounted to €34,728 thousand at 31 December 2011. 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 2010 and at 31 December 2011:

(No. of shares)	31.12.2011	31.12.2010
Ordinary shares issued	66,784,450	66,784,450
Own shares	(1,747,000)	(1,440,000)
Total shares outstanding	**65,037,450**	**65,344,450**

As part of its share buy-back plan, in 2011 the Company purchased a total of 307,000 own shares, or 0.46% of share capital, at a weighted average price of € 6.6452, for a total of € 2,040 thousand, as indicated above in the Report on Operations.

Other reserves and retained earnings/ (losses)
In accordance with a resolution approved by the Shareholders' Meeting of 29 April 2011, the parent company Brembo S.p.A. allocated €1,604 thousand of its 2010 net income to reserves, and distributed €19,603 thousand as dividends (€0.30 per share).

Share capital and Reserves of Minority Interests
The main changes in the caption refer to the payment to replenish the share capital of the subsidiary Sabelt S.p.A. by minority shareholders, the change in the conversion reserve and the share of the equity of Brembo Argentina S.A., acquired during the year, attributable to minority shareholders.

13. Financial Debt and Derivatives

This item is broken down as follows:

	Balance at 31.12.2011			Balance at 31.12.2010		
(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	69,148	0	69,148	35,708	0	35,708
– loans	89,663	230,840	320,503	53,779	199,732	253,511
Total	**158,811**	**230,840**	**389,651**	**89,487**	**199,732**	**289,219**
Payables to other financial institutions	6,977	23,805	30,782	7,986	25,729	33,715
Derivatives	104	0	104	124	0	124
Total	**7,081**	**23,805**	**30,886**	**8,110**	**25,729**	**33,839**

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

(euro thousand)	Original amount	Amount at 31.12.2010	Amount at 31.12.2011	Portion due within one year	Portion due between 1 and 5 years	Portion due after 5 year
Payables to banks:						
San Paolo IMI loan Law 346/88 (reinforced aluminium project)	3,091	653	(104)	(104)	0	0
UBI Loan (€25 million) – 2008	25,000	13,307	8,189	5,435	2,754	0
San Paolo IMI loan Law 100 (China project)	4,653	3,254	2,327	931	1,396	0
Centrobanca loan 1 (€25 million)	25,000	13,716	10,052	6,336	3,716	0
Centrobanca loan 2 (€25 million)	25,000	16,193	12,584	6,391	6,193	0
Centrobanca loan 3 (€30 million)	30,000	29,852	29,909	8,629	21,280	0
Creberg loan (€50 million)	50,000	44,861	34,922	10,061	24,861	0
Unicredit loan (€50 million)	50,000	29,926	19,978	10,052	9,926	0
Unicredit loan (€10 million)	10,000	0	8,731	2,481	6,250	0
UBI loan (€25 million) – 2011	25,000	0	25,096	5,096	20,000	0
Intesa San Paolo UK loan (€30 million)	30,000	29,718	29,804	5,096	24,708	0
Intesa San Paolo UK loan (€50 million)	50,000	49,517	39,672	10,155	29,517	0
Intesa San Paolo NY credit line	4,298	2,996	0	0	0	0
Intesa San Paolo NY loan	16,982	10,709	8,296	2,776	5,520	0
EIB loan	20,000	7,476	4,170	3,336	834	0
Unicredit loan 4040175	300	33	0	0	0	0
Intesa San Paolo loan 592177	300	50	0	0	0	0
Intesa San Paolo loan 638133	300	50	0	0	0	0
807247788109 loan	1,500	1,200	453	453	0	0
Citibank Shanghai loan (RMB 200 million)	22,727	0	16,424	3,650	12,774	0
Bank Handlowy loan (€40 million)	40,000	0	40,000	8,889	31,111	0
EIB loan (€30 million, New foundry project)	30,000	0	30,000	0	10,948	19,052
Total payables to banks	**464,151**	**253,511**	**320,503**	**89,663**	**211,788**	**19,052**
Payables to other lenders:						
Production activity Ministry Law 46/82 (CCM project)	2,371	1,572	1,344	299	1,045	0
MICA law 46 loan (electrical car)	221	52	27	27	0	0
Payable to Simest S.p.A.	0	102	102	102	0	0
Payable to Simest S.p.A.	4,062	4,693	5,074	0	5,074	0
Payables to factors	N,A,	1,288	2,043	2,043	0	0
Sava loan	0	19	0	0	0	0
MCC Law 598 Isofix	120	124	124	1	123	0
MCC Law 598/94 Research	364	235	170	81	89	0
Ministerio de Industria España	3,237	1,985	2,087	0	324	1,763
Payables to minority shareholders of Sabelt S.p.A.	3,087	2,863	3,878	0	3,878	0
Renault Argentina S.A. loan	797	0	938	151	787	0
Payables for leases	52,924	20,782	14,995	4,273	10,722	0
Total payables to other financial institutions	**67,183**	**33,715**	**30,782**	**6,977**	**22,042**	**1,763**
TOTAL	**531,334**	**287,226**	**351,285**	**96,640**	**233,830**	**20,815**

In 2011, the Company also recognised the account payable associated with the put option on a 35% interest in Sabelt S.p.A. held by minority shareholders of Sabelt, amounting to € 3,878 thousand at 31 December 2011, exercisable on or after 1 January 2015 and within a maximum period of five years. The price of the option is linked to financial and operating variables of Sabelt's business.

It should be recalled that the agreement entered into in 2005 to incorporate the Chinese company Brembo China Brake Systems Co. Ltd. includes an irrevocable obligation for Brembo to purchase the interest held by the shareholder Simest in 2013, with the possibility for Brembo S.p.A. to exercise the call option beginning in 2011. The purchase price is irrevocably agreed to be the greater of the total cost incurred by Simest to purchase the equity interest and the share of equity attributable to the interest held by Simest. Brembo currently does not have any plans to exercise the call option in 2012, therefore the debt has been classified as long-term.

It should also be noted that with reference to the EIB loan, which was obtained in 2004 for an original amount of €20 million (€4,170 thousand at 31 December 2011), the consolidated subsidiary Brembo Poland Spolka Zo.o is committed to not forming liens, mortgages, or privileges on assets and revenues in guarantee of other forms of debt. Moreover, in 2011 Brembo Poland Spolka Zo.o. also contracted a second EIB loan of €30 million subject to the same types of clauses as its predecessor. Similar clauses apply to the Centrobanca loans, the Intesa Sanpaolo loans of €30 million and €50 million and the Unicredit loan of €50 million.

As previously indicated, the Group's compliance with the covenants to which it is subject was assessed at the reporting date.

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

(euro thousand)		31.12.2011			31.12.2010	
	Instalment	Interest	Principal	Instalment	Interest	Principal
Within one year	4,905	632	4,273	6,860	795	6,065
Between 1 and 5 years	10,635	984	9,651	14,928	1,430	13,498
Beyond 5 years	1,209	138	1,071	1,421	202	1,219
Total	**16,749**	**1,754**	**14,995**	**23,209**	**2,427**	**20,782**

The following table provides a breakdown of operating lease instalments:

(euro thousand)	31.12.2011	31.12.2010
Within one year	14,245	13,552
Between 1 and 5 years	37,755	35,912
Beyond 5 years	39,230	46,695
Total	**91,230**	**96,159**

The following table shows the structure of debt towards other lenders and loans, broken down by annual interest rate and currency at 31 December 2011:

	Fixed rate	Variable rate	Total
Euro	56,272	268,074	324,346
US Dollar	0	8,296	8,296
Polish Zloty	1,062	0	1,062
Chinese Renmimbi	0	16,424	16,424
Argentine peso	948	209	1,157
Total	**58,282**	**293,003**	**351,285**

The average variable rate applicable to the Group's debt is 2.89% and the average fixed rate is 3.65%.

It should be noted that, at 31 December 2011, financial debts backed by collateral were repaid. At 31 December 2011, there was an outstanding held-for-trading IRS. The contract was entered into by the consolidated company Sabelt S.p.A. and had a fair value negative at €104 thousand at that date. As the instrument does not qualify for hedge accounting, changes in fair value are recognised in the income statement.

The notional amount of the financial instrument (IRS) held is €1,500 thousand.

Net Financial Position

The following table shows the reconciliation of the net financial position at 31 December 2011 (€315,003 thousand), and at 31 December 2010 (€246,318 thousand), based on the layout prescribed by CONSOB Communication No. 6064293 of 28 July 2006.

(euro thousand)		31.12.2011	31.12.2010 (*)
A	Cash	117	88
B	Other cash equivalents	95,632	76,204
C	Derivatives and securities held for trading	291	31
D	**LIQUIDITY (A+B+C)**	**96,040**	**76,323**
E	Current financial receivables	9,494	417
F	Current payables to banks	69,148	35,708
G	Current portion of non-current debt	89,663	53,779
H	Other current financial debts and derivatives	7,081	8,110
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**165,892**	**97,597**
J	**NET CURRENT FINANCIAL DEBT (I–E–D)**	**60,358**	**20,857**
K	Non-current payables to banks	230,840	199,732
L	Bonds issued	0	0
M	Other non-current financial debts	23,805	25,729
N	**NON-CURRENT FINANCIAL DEBT (K+L+M)**	**254,645**	**225,461**
O	**NET FINANCIAL DEBT (J+N)**	**315,003**	**246,318**

(*) Figures for 2010 have been reviewed for better comparability.

The various components that gave rise to the change in net financial position during the current year are presented in the Cash Flow Statement in the Report on Operations.

14. Other non-current liabilities

This item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Social security payables	1,019	465
Payables to employees	4,513	1,624
Other payables	1,021	346
Total	**6,553**	**2,435**

At 31 December 2011, payables to employees, social security payables and other payables primarily consisted of the liability associated with the 2010-2012 three-year incentive plan to be settled at the end of the plan period.

15. Provisions

This item is broken down as follows:

(euro thousand)	31.12.2010	Provisions	Use/Release	Exchange rate fluctuations	Reclassification	31.12.2011
Provisions for contingencies and charges	3,941	2,836	(2,167)	(98)	(244)	4,268
Provision for tax litigation	1,036	44	0	0	0	1,080
Provision for loss replenishment in associate companies	0	50	0	0	244	294
Total	**4,977**	**2,930**	**(2,167)**	**(98)**	**0**	**5,642**

The amount allocated to the item "Provision for tax litigation" is an estimate of liabilities that could arise as a result of tax litigation underway. Provisions for contingencies and charges totalled €4,268 thousand, including product guarantees, supplemental customer indemnities (in connection with the Italian agency contract) and the valuation of risks related to litigation underway. The item "Provision for loss replenishment in associate companies" includes the provision linked to the valuation of the interest in Innova Tecnologie S.r.l., using the equity method, as previously mentioned in **Note 3**.

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 S.A. de C.V., Brembo Nanjing Brake Systems Co.Ltd. and Brembo Brake India Pvt. Ltd offer pension plans to their employees that qualify 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.

The value of defined-benefit plans is calculated on an actuarial basis using the "Projected Unit Credit Method". "Other employee provisions" refers to other employee benefits.

The balances at 31 December 2011 are shown below:

(euro thousand)	31.12.2010	Provisions	Use/Release	Interest expense	Exchange rate fluctuations	31.12.2011
Employees' leaving entitlement	18,023	0	(1,147)	863	0	17,739
Defined-benefit plans and other long-term benefits	2,123	190	(551)	(29)	0	1,733
Defined-contribution plans	64	665	(629)	0	(10)	90
Total	**20,210**	**855**	**(2,327)**	**834**	**(10)**	**19,562**

Defined-benefit plans

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo Mexico plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
A. Reconciliation of defined-benefit obligations												
Present value of defined-benefit obligation at beginning of year	18,700	18,866	22,326	22,274	299	195	363	438	287	91	202	163
Social security cost for current service	0	13	0	167	31	21	0	0	41	18	31	41
Interest expense	862	898	1,185	1,262	22	17	0	0	0	6	3	2
Employees' contributions	0	0	0	57	0	0	0	0	0	0	0	0
Plan changes	0	0	0	0	0	33	0	0	0	0	0	0
Net actuarial (gains) losses	133	687	(326)	444	11	76	0	0	(8)	16	0	0
Benefits paid by the plan or company	(1,124)	(1,782)	(422)	(351)	0	(47)	(67)	(75)	(5)	(24)	(29)	(7)
Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Insurance premiums	0	0	0	0	0	0	0	0	0	0	0	0
Net transfers (including the effect of mergers and demergers	0	0	0	0	0	0	0	0	0	0	0	0
Decreases	0	0	0	0	0	4	0	0	0	0	0	0
Curtailment	0	0	0	(1,527)	0	0	0	0	0	0	0	0
Eliminations	0	0	0	0	0	0	0	0	0	0	0	0
Exchange rate fluctuations	0	0	697	0	(27)	0	23	0	6	0	17	3
Present value of defined-benefit obligation at end of year	18,571	18,682	23,460	22,326	336	299	319	363	321	107	224	202
B. Reconciliation of plan assets												
Fair value of plan assets at beginning of year	0	0	17,812	15,578	0	0	0	0	20	41	0	0
Expected return of plan assets	0	0	1,258	1,171	0	0	0	0	3	2	0	0
Net actuarial gains (losses)	0	0	(33)	893	0	0	0	0	(1)	1	0	0
Employer's contributions	1,124	1,782	436	464	0	0	0	0	37	0	0	0
Employees' contributions	0	0	0	57	0	0	0	0	0	0	0	0
Benefits paid	(1,124)	(1,782)	(422)	(351)	0	0	0	0	(2)	(24)	0	0
Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Insurance premiums	0	0	0	0	0	0	0	0	0	0	0	0
Eliminations	0	0	0	0	0	0	0	0	0	0	0	0
Business combinations	0	0	0	0	0	0	0	0	0	0	0	0
Exchange rate fluctuations	0	0	591	0	0	0	0	0	(4)	0	0	0
Fair value of plan assets at end of year	0	0	19,642	17,812	0	0	0	0	53	20	0	0

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo Mexico plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
C. Reconciliation of assets or liabilities recognised in the Balance Sheet												
Unfunded plans/Partially or fully funded plans												
Present value of funded defined-benefit obligations	0	0	23,460	22,326	0	0	0	0	115	107	0	0
Fair value of plan assets	0	0	(19,642)	(17,812)	0	0	0	0	(53)	(20)	0	0
Funded plan deficit (surplus)	0	0	3,818	4,514	0	0	0	0	62	87	0	0
Present value of unfunded defined-benefit obligations	18,571	18,682	0	0	336	299	319	363	206	0	224	202
Unrealised net actuarial gains (losses)	(832)	(659)	(3,369)	(3,676)	(67)	(62)	0	0	(1)	0	0	0
Pension (cost) for unrecognised past service	0	0	0	0	0)	0	0	0	0	0	0	0
Amount not recognised as an asset (as explained in Paragraph 58b)	0	0	0	0	0	0	0	0	0	0	0	0
Net liabilities / (assets)	**17,739**	**18,023**	**449**	**838**	**269**	**237**	**319**	**363**	**267**	**87**	**224**	**202**
Amounts recognised in the Balance Sheet:												
Liabilities	17,739	18,023	449	838	269	237	319	363	267	87	224	202
Assets	0	0	0	0	0	0	0	0	0	0	0	0
Net liabilities / (assets)	**17,739**	**18,023**	**449**	**838**	**269**	**237**	**319**	**363**	**267**	**87**	**224**	**202**
D. Amounts recognised in the Income Statement												
Amounts recognised in the Income Statement:												
Social security cost for current service	0	13	0	167	31	21	0	0	41	18	31	41
Interest payable	862	898	1,185	1,262	22	17	0	0	22	6	3	2
Expected return of plan assets	0	0	(1,258)	(1,171)	0	0	0	0	(3)	15	0	0
Expected return of reimbursement rights recognised as assets (paragraph 104A)	0	0	0	0	0	0	0	0	0	(3)	0	0
Amortisation of social security costs for past service	0	0	0	0	0	33	0	0	0	0	0	0
Net amortisation of actuarial (net income) loss	1	0	110	181	2	0	0	0	(7)	0	0	0
Effect of the limit explained in paragraph 58b	0	0	0	0	0	0	0	0	0	0	0	0
Effect of plan reductions – recognised net (income)/ loss	0	0	0	(1,144)	0	16	0	0	0	0	0	0
Effect of plan cancellation – recognised (income)/loss	0	0	0	0	0	0	0	0	0	0	0	0
Total cost recognised in the Income Statement	**863**	**911**	**37**	**(705)**	**55**	**87**	**0**	**0**	**53**	**36**	**34**	**43**

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo Mexico plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
E. Main actuarial assumptions												
Weighted average of the assumptions used for determining defined-benefit obligations												
Discount rates	4.60%	4.75%	4.70%	5.40%	7.60%	7.75%	N/A	N/A	8.40%	7.75%	1.71%	1.50%
Salary increases	N/A	N/A	N/A	N/A	4.00%	4.38%	N/A	N/A	8.00%	8.00%	N/A	N/A
Inflation rate	2.00%	2.00%	3.00%	3.40%	3.00%	3.50%	N/A	N/A	0.00%	N/A	0.00%	0.00%
Expected rate of salary increases	N/A	0.00%	2.90%	3.40%	N/A	N/A	N/A	N/A	0.00%	N/A	1.00%	0.50%
Weighted average of the assumptions used for determining contributions												
Discount rates	4.75%	5.00%	5.40%	5.70%	7.75%	9.00%	N/A	N/A	7.75%	7.75%	N/A	N/A
Expected rate of return of plan assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.50%	8.50%	N/A	N/A
Salary increases	N/A	N/A	N/A	4.55%	4.50%	4.00%	N/A	N/A	8.00%	8.00%	N/A	N/A
Inflation rate	2.00%	2.00%	3.40%	3.55%	3.50%	3.50%	N/A	N/A	0.00%	N/A	N/A	N/A
Expected rate of salary increases	N/A	0.00%	3.40%	3.55%	N/A	N/A	N/A	N/A	0.00%	N/A	N/A	N/A
F. Plan assets												
Asset categories												
Shares	0.00%	0.00%	6.30%	7.70%	0.00%	0.00%	N/A	N/A	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	3.10%	4.18%	0.00%	0.00%	N/A	N/A	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	N/A	N/A	8.50%	0.00%	0.00%	0.00%
Total	**0.00%**	**0.00%**	**4.80%**	**7.12%**	**0.00%**	**0.00%**	**N/A**	**N/A**	**8.50%**	**0.00%**	**0.00%**	**0.00%**
Amounts invested in financial instruments of the Company												
Assets allocated for the plan, invested in shares issued by the Company	0	0	0	0	0	0	0	0	0	0	0	0
Assets allocated for the plan, invested in property used by the Company	0	0	0	0	0	0	0	0	0	0	0	0
Methods used to calculate the overall expected return of plan assets												

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo Mexico plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
G. Past experience of actuarial gains and losses												
Funded defined-benefit obligation	18,571	18,682	0	0	0	0	0	0	0	0	224	202
Fair value of plan assets	0	0	0	0	0	0	0	0	0	0	0	0
Deficit/surplus	18,571	18,682	0	0	0	0	0	0	0	0	224	202
Differences between expected and actual return on plan assets												
a. Amount	0	0	(33)	893	0	0	0	0	1	1	0	0
b. Percentage of assets at reporting date	0.00%	0.00%	0.18%	5.00%	0.00%	0.00%	0.00%	0.00%	-2.22%	0.00%	0.00%	0.00%
Experience (gains) losses on liabilities												
a. Amount	125	226	62	(130)	12	23	0	0	10	(14)	0	0
b. Percentage of plan liabilities at reporting date	0.67%	1.00%	-0.28%	-0.58%	-4.5%-19.1%	3.1% - 8.9%	0.00%	0.00%	6.26%	-2.00%	0.00%	0.00%
I. Other amounts required for disclosure purposes												
Contributions expected to be paid in the subsequent year	1,047	1,064	0	0	0	0	0	0	0	0	0	0
J. Reconciliation of financial position												
Net liabilities / (assets)	18,023	18,894	838	2,006	237	197	363	438	267	88	202	163
Pension costs recognised in the Income Statement	863	911	36	(705)	55	87	0	0	53	23	34	43
Amount recognised in the OCI for the year	0	0	0	0	0	0	0	0	0	0	0	0
Employer's contributions	0	0	(436)	(463)	0	0	0	0	(37)	0	0	0
Benefits paid directly by the Company	(1,147)	(1,782)	0	0	0	(47)	(67)	(75)	(3)	(24)	(29)	(7)
Receivables to be reimbursed	0	0	0	0	0	0	0	0	0	0	0	0
Business combinations/disposals/ transfers	0	0	0	0	0	0	0	0	0	0	0	0
Amount recognised as a result of business combinations	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
(Gains)/losses from exchange rate adjustments	0	0	11	0	(23)	0	23	0	(13)	0	17	3
Net liabilities (assets) at the of year	**17,739**	**18,023**	**449**	**838**	**269**	**237**	**319**	**363**	**267**	**87**	**224**	**202**

17. Trade payables

At 31 December 2011, trade payables were as follows:

(euro thousand)	31.12.2011	31.12.2010
Trade payables	261,182	218,411
Payables to associates and joint ventures	5,391	5,599
Total	**266,573**	**224,010**

The rise in this item is related to the increase in the normal management activities in the year. Annex 2 provides a breakdown of payables to associates and joint ventures.

18. Tax payables

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

(euro thousand)	31.12.2011	31.12.2010
Tax payables	5,668	2,538

19. Other Current Payables

Other current payables at 31 December 2011 are shown below:

(euro thousand)	31.12.2011	31.12.2010
Tax payables other than current taxes	6,640	4,944
Social security payables	13,374	11,139
Payables to employees	25,545	22,267
Other payables	20,118	14,788
Total	**65,677**	**53,138**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CONSOLIDATED INCOME STATEMENT

20. Sales of Goods and Services

Breakdown of sales of goods and services:

(euro thousand)	31.12.2011	31.12.2010
Italy	223,653	198,517
Abroad	1,030,860	876,735
Total	**1,254,513**	**1,075,252**

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

21. Other Revenues and Income

These are made up of:

(euro thousand)	31.12.2011	31.12.2010
Miscellaneous recharges	7,531	4,778
Gains on disposal of assets	1,525	307
Miscellaneous grants	1,437	735
Other revenues	4,258	3,623
Total	**14,751**	**9,443**

Miscellaneous recharges include an indemnity of €2,200 thousand received in connection with the early discontinuation of a project by a client.

22. Costs for Capitalised Internal Works

This item refers to the capitalisation of development costs incurred during the year and amounting to €11,861 thousand (2010: €10,035 thousand).

23. Raw Materials, Consumables and Goods

The item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Change in inventories and inventory write-downs	194,352	22,890
Purchase of raw materials, semi-finished and finished products	395,862	479,451
Purchase of consumables	50,098	39,020
Total	**640,312**	**541,361**

24. Other operating costs

These costs are broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Transports	36,505	30,357
Maintenance, repairs and utilities	64,079	56,720
Contracted work	54,748	51,563
Rent	21,383	16,289
Other operating costs	60,991	54,871
Total	**237,706**	**209,800**

25. Personnel Expenses

Breakdown of personnel expenses is as follows:

(euro thousand)	31.12.2011	31.12.2010
Wages and salaries	179,819	150,016
Social security contributions	47,365	40,434
Employees' leaving entitlement and other personnel provisions	8,534	7,654
Other costs	18,604	14,923
Total	**254,322**	**213,027**

The average number and the year-end number of Group employees by category were as follows:

	Executives	White-collars	Blue-collars	Total
2011 average	215	1,922	4,392	**6,529**
2010 average	198	1,776	3,906	**5,880**
Changes	**17**	**146**	**486**	**649**
Total at 31 December 2011	216	1,970	4,549	**6,735**
Total at 31 December 2010	196	1,785	3,923	**5,904**
Changes	**20**	**185**	**626**	**831**

26. Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Amortisation of intangible assets:		
Development costs	8,379	8,277
Industrial patents and similar rights for original work	1,449	1,313
Licences, trademarks and similar rights	623	573
Other intangible assets	5,737	5,485
Total	**16,188**	**15,648**
Depreciation of property, plant and equipment:		
Buildings	3,786	3,298
Leased buildings	562	1,002
Plant and machinery	37,312	37,046
Leased plant and machinery	1,368	1,897
Industrial and commercial equipment	8,624	9,865
Other property, plant and equipment	2,453	1,915
Other leased property, plant and equipment	36	31
Total	**54,141**	**55,054**
Impairment losses:		
Property, plant and equipment	1,032	277
Intangible assets	4,077	3,167
Total	**5,109**	**3,444**
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	**75,438**	**74,146**

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

27. Net Interest Income (Expense)

This item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Exchange rate gains	20,447	13,432
Interest income from employee's leaving entitlement and other personnel provisions	1,258	1,174
Interest income	2,418	1,454
Total interest income	**24,123**	**16,060**
Exchange rate losses	(26,760)	(13,037)
Interest expense from employees' leaving entitlement and other personnel provisions	(2,092)	(2,178)
Interest expense	(12,429)	(9,795)
Total interest expense	**(41,281)**	**(25,010)**
TOTAL NET INTEREST INCOME (EXPENSE)	**(17,158)**	**(8,950)**

"Net Interest income (expense)" also includes the effect of an adjustment to the estimate of the amount due in relation to the put option on 35% of Sabelt S.p.A., granted to the minority shareholders under the agreements in force. The amount was €1,016 thousand (2010: €821 thousand) and is recognised under "Interest expense".

28. Interest Income (Expense) from Investments

An analysis of the item is provided in the comment on the item of the balance sheet presented in **note 3** above.

29. Taxes

This item is broken down as follows:

(euro thousand)	31.12.2011	31.12.2010
Current taxes	19,835	15,996
Deferred tax assets and liabilities	(7,299)	(2,408)
Estimated tax payables and other taxes	(1,183)	32
Total	**11,353**	**13,620**

30. Earnings per Share

Basic earnings per share were €0.66 at 31 December 2011 (December 2010: €0.49), and were calculated by dividing the net result for the year attributable to holders of ordinary equity instruments of the Parent Company by the weighted average number of ordinary shares outstanding in 2011, amounting to 65,231,002 (December 2010: 65,344,450). The weighted average changed as a result of the buy-back of own shares during the year.

Diluted earnings per share are identical to base earnings per share inasmuch as no diluting transactions were undertaken.

31. Related Parties

The Group carries out transactions with parent companies, subsidiaries, associate companies, joint ventures (for a list, see Annexes 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. Brembo did not engage in dealings with its parent company in 2011.

Information pertaining to the remuneration 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:

	2011		2010	
(euro thousand)	Directors	Auditors	Directors	Auditors
Emoluments for the office held	1,565	196	1,290	105
Participation in committees and specific tasks	105	0	75	0
Salaries and other incentives	2,190	0	831	0

The item "Salaries and other incentives" includes the estimate of the cost of the 2010-12 plan accrued in 2011, compensation paid as salaries for the function of employee and provisions for bonuses still to be paid.

Annex 5 contains a summary of related party transactions as they relate to balances of the Balance Sheet and Income Statement.

Sales of products, supply of services and transfers of fixed assets among Group companies were carried out at prices reflecting fair market conditions, as is customary. The trading volumes reflect the internationalisation process aimed at constantly improving both operating and organisational standards and optimising synergies within the company. From a financial standpoint, the company's subsidiaries operate independently, although some benefit from various forms of centralised financing. In 2008 a zero-balance cash-pooling system was brought into effect with Brembo S.p.A. as the pool leader.

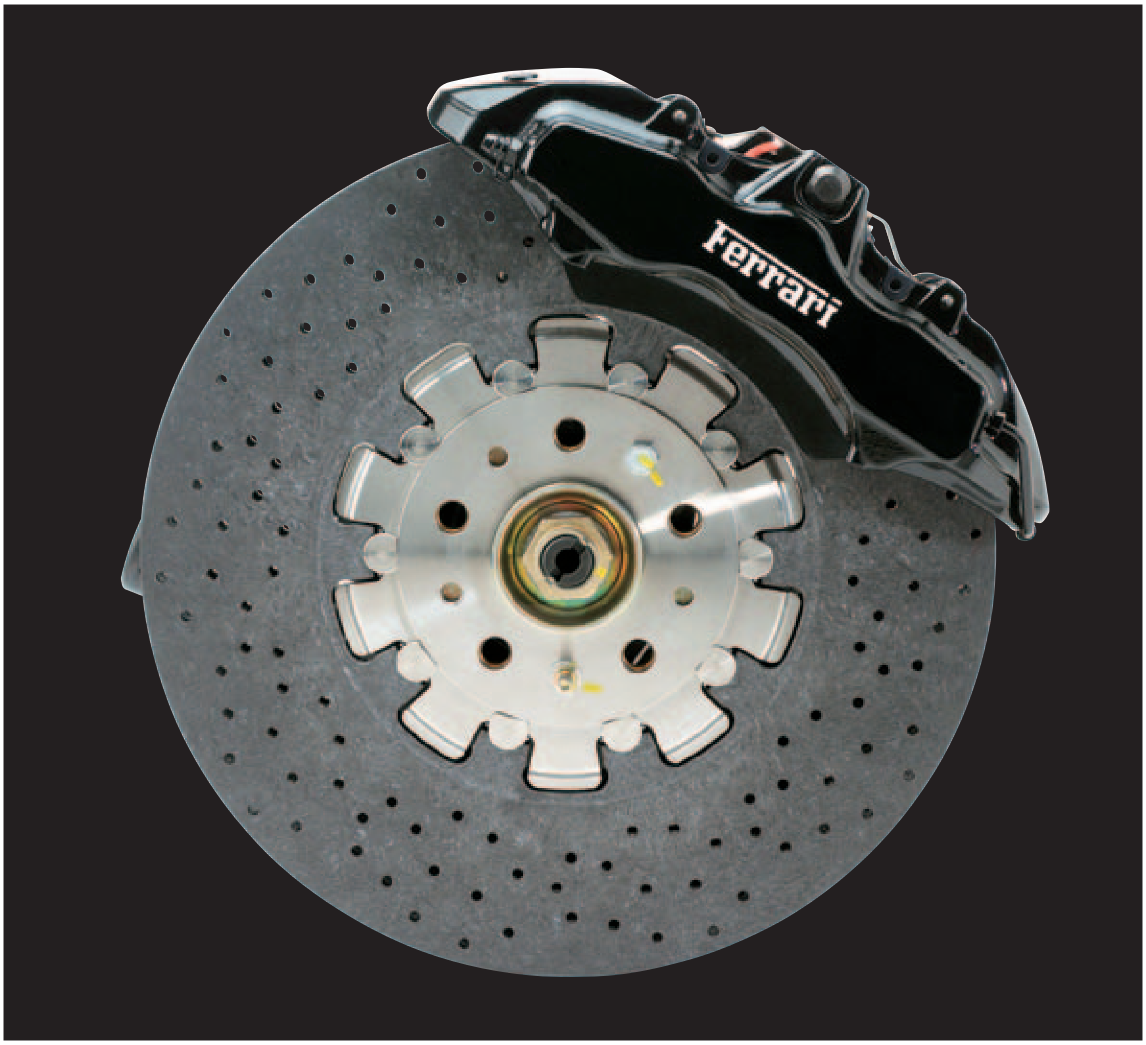
32. Segment Report

The Group identified the following reportable operating segments based on the qualitative and quantitative criteria specified in the related standard:

- Discs — systems and motorbikes;
- After Market — Performance Group.

Transfer prices applied to transactions between segments for the exchange of goods and services are settled according to usual market conditions.

In light of the requirements of IFRS 8 in terms of revenues earned from major customers, where a single customer is defined as all companies that belong to a given Group, Brembo had two customers in 2011 who accounted for over 10% of consolidated net revenues. None of the single car manufacturers comprising such groups exceeded this limit.



The brake module with a CCM disc, which won the Compasso d'Oro *design award in 2004.*

The following table shows segment information on sales of goods and services and results at 31 December 2011 and 31 December 2010:

	Total		Discs/Systems/Motorbikes		After Market / Performance Group		Interdivision		Non-segment data	
(euro thousand)	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Sales	1,271,516	1,088,597	1,044,651	881,763	245,375	220,588	(2,505)	(2,131)	(16,005)	(11,623)
Allowances and discounts	(17,684)	(15,704)	(4,949)	(4,210)	(12,735)	(11,492)	0	0	0	(2)
Net sales	**1,253,832**	**1,072,893**	**1,039,702**	**877,553**	**232,640**	**209,096**	**(2,505)**	**(2,131)**	**(16,005)**	**(11,625)**
Transport costs	16,807	13,387	12,764	9,811	4,048	3,575	0	0	(5)	1
Variable production costs	847,535	709,951	715,574	592,357	151,076	132,040	(2,505)	(2,131)	(16,610)	(12,315)
Contribution margin	**389,490**	**349,555**	**311,364**	**275,385**	**77,516**	**73,481**	**0**	**0**	**610**	**689**
Fixed production costs	177,481	162,184	155,504	139,495	21,711	22,255	(5)	0	271	434
Production gross operating income	**212,009**	**187,371**	**155,860**	**135,890**	**55,805**	**51,226**	**5**	**0**	**339**	**255**
BU personnel costs	92,671	84,681	57,658	51,693	33,441	31,749	0	0	1,572	1,239
BU gross operating income	**119,338**	**102,690**	**98,202**	**84,197**	**22,364**	**19,477**	**5**	**0**	**(1,233)**	**(984)**
Costs for Central Functions	51,526	49,352	36,040	31,659	10,885	11,247	0	0	4,601	6,446
Operating income (loss)	**67,812**	**53,338**	**62,162**	**52,538**	**11,479**	**8,230**	**5**	**0**	**(5,834)**	**(7,430)**
Extraordinary costs and revenues	4,052	220	0	0	0	0	0	0	4,052	220
Financial costs and revenues	(17,697)	(9,368)	0	0	0	0	0	0	(17,697)	(9,368)
Income and charges from shareholdings	(1,493)	(2,013)	0	0	0	0	0	0	(1,493)	(2,013)
Net operating income (loss)	**52,674**	**42,177**	**62,162**	**52,538**	**11,479**	**8,230**	**5**	**0**	**(20,972)**	**(18,591)**
Non-operating costs and revenues	2,045	3,222	0	0	0	0	0	0	2,045	3,222
Result before taxes	**54,719**	**45,399**	**62,162**	**52,538**	**11,479**	**8,230**	**5**	**0**	**(18,927)**	**(15,369)**
Current taxes	(18,665)	(14,473)	0	0	0	0	0	0	(18,665)	(14,473)
Deferred taxes	7,289	886	0	0	0	0	0	0	7,289	886
Result before minority interests	**43,343**	**31,812**	**62,162**	**52,538**	**11,479**	**8,230**	**5**	**0**	**(30,303)**	**(28,956)**
Minority interests	(406)	459	0	0	0	0	0	0	(406)	459
Net result	**42,937**	**32,271**	**62,162**	**52,538**	**11,479**	**8,230**	**5**	**0**	**(30,709)**	**(28,497)**

A reconciliation between the Consolidated Financial Statements and the above information is provided below:

(euro thousand)	31.12.2011	31.12.2010
SALES OF GOODS AND SERVICES	**1,254,513**	**1,075,252**
Scrap sales (in the segment report they are subtracted from "Variable production costs")	(3,917)	(1,523)
Capital gains on sale of equipment (in the Consolidated Financial Statements they are included in "Other revenues and income")	363	79
Effect of adjustment of transactions among consolidated companies	(800)	(1,104)
Miscellaneous recharges (in the Consolidated Financial Statements they are included in "Other revenues and income")	5,326	1,915
Other	(1,653)	(1,726)
NET SALES	**1,253,832**	**1,072,893**

(euro thousand)	31.12.2011	31.12.2010
NET OPERATING INCOME	**73,347**	**56,396**
Differences in preparation criteria of internal and statutory reports	(3,053)	(926)
Claim compensation and subsidies	(1,929)	(809)
Capital gains/losses on disposal of assets (in the segment report they are included in "Non-operating costs and revenues")	(903)	267
Different classification of the provision for receivable write-downs (in the segment report it is included in "Non-operating costs and revenues")	32	3
Different classification of the provision for risks (in the segment report it is included in "Non-operating costs and revenues")	2	34
Different classification of the provision for inventory write-downs (in the segment report it is included in "Non-operating costs and revenues")	(333)	(2,127)
Different classification of banking expenses (in the segment report it is included in "Financial costs and revenues")	606	417
Other	43	83
OPERATING RESULT	**67,812**	**53,338**

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

Balance sheet data at 31 December 2011 and 31 December 2010 are provided in the tables below:

	Total		Discs/Systems/Motorbikes		After Market / Performance Group.		Interdivision		Non-segment data	
(euro thousand)	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Property, plant and equipment	403,972	322,925	357,967	278,939	43,681	43,311	6	0	2,318	675
Intangible assets	61,430	64,999	39,506	40,209	14,160	15,713	(1,210)	0	8,974	9,077
Financial assets and other non-current assets/liabilities	38,838	40,639	0	0	0	0	42	229	38,796	40,410
(a) Total fixed assets	**504,240**	**428,563**	**397,473**	**319,148**	**57,841**	**59,024**	**(1,162)**	**229**	**50,088**	**50,162**
Inventories	225,012	180,271	130,368	109,788	92,163	67,347	(101)	(101)	2,582	3,237
Current assets	245,220	216,860	189,359	161,884	47,355	43,721	(24,066)	0	32,572	11,255
Current liabilities	(333,140)	(255,803)	(257,409)	(179,587)	(57,024)	(40,910)	24,066	0	(42,773)	(35,306)
Provisions for contingencies and charges and other provisions	(2,118)	(5,179)	0	0	0	0	0	0	(2,118)	(5,179)
(b) Net working capital	**134,974**	**136,149**	**62,318**	**92,085**	**82,494**	**70,158**	**(101)**	**(101)**	**(9,737)**	**(25,993)**
NET INVESTED WORKING CAPITAL (a+b)	**639,214**	**564,712**	**459,791**	**411,233**	**140,335**	**129,182**	**(1,263)**	**128**	**40,351**	**24,169**
IAS adjustments	29,285	27,675	169	0	776	421	0	0	28,340	27,254
NET INVESTED CAPITAL	**668,499**	**592,387**	**459,960**	**411,233**	**141,111**	**129,603**	**(1,263)**	**128**	**68,691**	**51,423**
Group equity	323,594	318,019	0	0	0	0	0	0	323,594	318,019
Minority interests	10,340	7,840	0	0	0	0	0	0	10,340	7,840
(d) Equity	**333,934**	**325,859**	**0**	**0**	**0**	**0**	**0**	**0**	**333,934**	**325,859**
(e) Provisions for employee benefits	**19,562**	**20,210**	**0**	**0**	**0**	**0**	**0**	**0**	**19,562**	**20,210**
Medium/long-term financial debt	254,645	225,461	0	0	0	0	0	0	254,645	225,461
Short-term financial debt	60,358	20,857	0	0	0	0	0	0	60,358	20,857
(f) Net financial debt	**315,003**	**246,318**	**0**	**0**	**0**	**0**	**0**	**0**	**315,003**	**246,318**
(g) COVERAGE (d+e+f)	**668,499**	**592,387**	**0**	**0**	**0**	**0**	**0**	**0**	**688,499**	**592,387**

The following should be noted in regard to the non-segment data:

- intangible assets mainly consist of development costs;
- financial assets mainly consist of the value of shareholdings;
- current assets and liabilities mainly consist of trade receivables and payables;
- provisions for contingencies and charges and other provisions are not allocated.

33. Commitments

In 2010, Brembo entered into a lease agreement for two companies owned by an important supplier of mechanical parts requiring a high-tech manufacturing process. The deal was a necessary response to the financial difficulties in which IMMC and IRAL found themselves, given the need to safeguard the know-how and important technological expertise transferred by Brembo to the above-mentioned companies over their many years of collaboration, as well as to ensure the continuity of supply to the Brembo Group. The lease agreement, originally set to expire on 31 December 2011, has been extended until the end of 2012. By the end of the term of the lease, depending on the outcome of the composition procedure in which the companies are participating, Brembo may become involved in the subsequent process of purchasing the business units.

34. Business Combinations

In May 2011 Brembo S.p.A. entered into an agreement to acquire Perdriel S.A. (currently Brembo Argentina S.A.), an Argentine brake disc manufacturer with its manufacturing operations in the Buenos Aires area. Based on the agreement, on 1 August 2011 Brembo took over 75% of the share capital of the company, with option rights on the remaining 25% exercisable after three years of the signature of the agreement. Brembo paid € 3.3 million to purchase assets attributable to an industrial complex capable of functioning autonomously. Accordingly, the transaction is considered a business combination. The breakdown of the acquisition date fair value of the assets and liabilities is as follows:

(euro thousand)	**01.08.2011**
Property, plant and equipment	3,434
Intangible assets	583
Inventories	961
Trade receivables	1,507
Other receivables and current assets	918
Liquid assets	2,513
Current liabilities	(3,603)
Provisions / deferred taxes	(619)
Equity	(4,400)
Short-term financial debt	(1,294)

The business combination did not generate any goodwill. Since 1 August 2011, the acquiree has generated revenues of €8,261 thousand and a net operating income of €37 thousand.

35 Significant Events After 31 December 2011

No other significant events occurred after the end of 2011 and up to 2 March 2012.

Stezzano, 2 March 2012

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 / SELLING COMPANY	BREMBO SPA	CORPORACION UPWARDS 98 S.A.	BREMBO POLAND SPOLKA ZO.O.	BREMBO SPOLKA ZO.O.	AP RACING LTD.	BREMBO UK LTD.	BREMBO NORTH AMERICA INC.	BREMBO MEXICO S.A. DE C.V.	BREMBO DO BRASIL LTDA.	BREMBO JAPAN CO. LTD.	BREMBO SCANDINAVIA A.B.
BREMBO SPA		126 [d]	8,457 [e]	17,747		370	3,548	16	54	976	736
CORPORACION UPWARDS 98 S.A.	2,497		17								
BREMBO POLAND SPOLKA ZO.O.	26,434 [a]	128		1,766			4			2	
BREMBO SPOLKA ZO.O.	4,533		17								
AP RACING LTD.	545										
BREMBO UK LTD.	1,660										
BREMBO NORTH AMERICA INC.	7,396 [b]							133			
BREMBO MEXICO S.A. DE C.V.	937						1,952		259		
BREMBO DO BRASIL LTDA.	1,063		184	1,236			57				
BREMBO JAPAN CO. LTD.	1,781						8				
BREMBO SCANDINAVIA A.B.											
BREMBO NANJING BRAKE SYSTEMS CO. LTD.	72		2,351	1,636							
BREMBO BRAKE INDIA LTD.	1,786										
SABELT SPA	772						94			10	
BELT & BUCKLE S.R.O.	1										
BREMBO DEUTSCHLAND GMBH	44										
BREMBO CZECH S.R.O.	9,417 [c]		1	100							
BREMBO NANJING FOUNDRY CO. LTD	2,067		9	12							
QINGDAO BREMBO TRADING CO. LTD.	273										
LA.CAM (LAVORAZIONI CAMUNE) SRL	789			9							
BREMBO ARGENTINA S.A.	211								806		
Total consolidated companies	**62,278**	**254**	**11,036**	**22,506**	**0**	**370**	**5,663**	**149**	**1,119**	**988**	**736**
PETROCERAMICS SRL	153										
BREMBO SGL CARBON CERAMIC BRAKES SPA	4,210										
BREMBO SGL CARBON CERAMIC BRAKES GMBH	18										
INNOVA TECNOLOGIE SRL	140										
Total associate companies	**4,521**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**66,799**	**254**	**11,036**	**22,506**	**0**	**370**	**5,663**	**149**	**1,119**	**988**	**736**

a) Of which €148 thousand for sales of property, plant and equipment.
b) Of which €10 thousand for sales of property, plant and equipment.
c) Of which €573 thousand for sales of property, plant and equipment.
d) Of which €25 thousand for sales of property, plant and equipment.
e) Of which €5 thousand for sales of property, plant and equipment.
f) Of which €68 thousand for sales of property, plant and equipment.
g) Of which €2 thousand for sales of property, plant and equipment.
h) Of which €92 thousand for sales of property, plant and equipment.
i) Of which €5 thousand for sales of property, plant and equipment.
l) Of which €9 thousand for sales of property, plant and equipment.
m) Of which €17 thousand for sales of property, plant and equipment.
n) Of which €93 thousand for sales of property, plant and equipment.

BREMBO NANJING BRAKE SYSTEMS CO. LTD.	BREMBO BRAKE INDIA LTD.	SABELT SPA	BELT & BUCKLE S.R.O.	BREMBO DEUTSCHLAND GMBH	BREMBO CZECH S.R.O.	BREMBO NANJING FOUNDRY CO. LTD	QINGDAO BREMBO TRADING CO. LTD.	LA.CAM (LAVORAZIONI CAMUNE) SRL	BREMBO ARGENTINA S.A.	Total consolidated companies	PETROCERAMICS SRL	BREMBO SGL CARBON CERAMIC BRAKES SPA	BREMBO SGL CARBON CERAMIC BRAKES GMBH	INNOVA TECNOLOGIE SRL	Total associate companies	TOTAL
(3)	948 f)	219		212	319 h)	3,821	18,130	17,866 i)		**73,542**	757 l)	31,960 n)	13,676		**46,393**	**119,935**
							389			**2,903**					**0**	**2,903**
36							40			**28,410**					**0**	**28,410**
								12,168		**16,718**					**0**	**16,718**
								384		**929**		13			**13**	**942**
										1,660					**0**	**1,660**
		2			138		1,718			**9,387**					**0**	**9,387**
							554			**3,702**					**0**	**3,702**
										2,540					**0**	**2,540**
										1,789					**0**	**1,789**
										0					**0**	**0**
						2,675				**6,734**					**0**	**6,734**
										1,786					**0**	**1,786**
			5,399 g)							**6,275**					**0**	**6,275**
		3,714								**3,715**					**0**	**3,715**
										44					**0**	**44**
								5		**9,523**					**0**	**9,523**
										2,088					**0**	**2,088**
						759				**1,032**					**0**	**1,032**
										798					**0**	**798**
										1,017					**0**	**1,017**
33	**948**	**3,935**	**5,399**	**212**	**457**	**7,255**	**20,831**	**30,423**	**0**	**174,592**	**757**	**31,973**	**13,676**	**0**	**46,406**	**220,998**
										153		6			**6**	**159**
								877		**5,087**	281 m)		59		**340**	**5,427**
										18		689			**689**	**707**
										140					**0**	**140**
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**877**	**0**	**5,398**	**281**	**695**	**59**	**0**	**1,035**	**6,433**
33	**948**	**3,935**	**5,399**	**212**	**457**	**7,255**	**20,831**	**31,300**	**0**	**179,990**	**1,038**	**32,668**	**13,735**	**0**	**47,441**	**227,431**

Annex 2

Transactions with Subsidiaries, Associates and Parent Companies (Receivables/Payables)

PURCHASING COMPANY / SELLING COMPANY	BREMBO SPA	CORPORACION UPWARDS 98 S.A.	BREMBO POLAND SPOLKA ZO.O.	BREMBO SPOLKA ZO.O.	AP RACING LTD.	BREMBO UK LTD.	BREMBO NORTH AMERICA INC.	BREMBO MEXICO S.A. DE C.V.	BREMBO DO BRASIL LTDA.	BREMBO JAPAN CO. LTD.	BREMBO SCANDINAVIA A.B.	BREMBO CHINA BRAKE SYSTEMS CO. LTD.
BREMBO SPA		145 [l]	45,309 [m]	2,492		385	1,004	9,492 [n]	193	309	84	
CORPORACION UPWARDS 98 S.A.	1,073											
BREMBO POLAND SPOLKA ZO.O.	7,595			554								
BREMBO SPOLKA ZO.O.	2,684		10									
AP RACING LTD.	186											
BREMBO UK LTD.	1,514											
BREMBO NORTH AMERICA INC.	16,504 [a]							67				
BREMBO MEXICO S.A. DE C.V.	480						359		477			
BREMBO DO BRASIL LTDA.	3,378 [b]		56	200				1,162 [o]				
BREMBO JAPAN CO. LTD.	438											
BREMBO SCANDINAVIA A.B.												
BREMBO CHINA BRAKE SYSTEMS CO. LTD.	680											
BREMBO NANJING BRAKE SYSTEMS CO. LTD.	970		639	841						2		803
BREMBO BRAKE INDIA LTD.	974											
SABELT SPA	6,109 [c]						73					
BELT & BUCKLE S.R.O.	623 [d]											
BREMBO DEUTSCHLAND GMBH	153 [e]											
BREMBO CZECH S.R.O.	17,295 [f]		1	80								
BREMBO NANJING FOUNDRY CO. LTD	3,705 [g]		17	12								
QINGDAO BREMBO TRADING CO. LTD.	201											1,369
LA.CAM (LAVORAZIONI CAMUNE) SRL	5,659 [h]			4								
BREMBO ARGENTINA S.A.	211								716			
Total consolidated companies	**70,432**	**145**	**46,032**	**4,183**	**0**	**385**	**1,436**	**10,721**	**1,386**	**311**	**84**	**2,172**
PETROCERAMICS SRL	56											
BREMBO SGL CARBON CERAMIC BRAKES SPA	2,438											
BREMBO SGL CARBON CERAMIC BRAKES GMBH	9											
INNOVA TECNOLOGIE SRL	9,000 [i]											
Total associate companies	**11,503**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**81,935**	**145**	**46,032**	**4,183**	**0**	**385**	**1,436**	**10,721**	**1,386**	**311**	**84**	**2,172**

a) Of which €7,509 thousand cash pooling and €6,183 thousand intercompany loan.
b) Of which €639 thousand finance lease.
c) Of which €438 thousand cash pooling and €5,000 thousand intercompany loan.
d) Of which €623 thousand cash pooling.
e) Of which €111 thousand cash pooling.
f) Of which €12,827 thousand cash pooling.
g) Of which €48 thousand intercompany loan.
h) Of which €545 thousand cash pooling and €5,000 thousand intercompany loan.
i) Of which €9,000 thousand intercompany loan.
l) Of which €85 thousand cash pooling.
m) Of which €42,325 thousand cash pooling.

BREMBO NANJING BRAKE SYSTEMS CO. LTD.	BREMBO BRAKE INDIA LTD.	SABELT SPA	BELT & BUCKLE S.R.O.	BREMBO DEUTSCHLAND GMBH	BREMBO CZECH S.R.O.	BREMBO NANJING FOUNDRY CO. LTD	QINGDAO BREMBO TRADING CO. LTD.	LA.CAM (LAVORAZIONI CAMUNE) SRL	BREMBO ARGENTINA S.A.	Total consolidated companies	PETROCERAMICS SRL	BREMBO SGL CARBON CERAMIC BRAKES SPA	BREMBO SGL CARBON CERAMIC BRAKES GMBH	INNOVA TECNOLOGIE SRL	Total associate companies	TOTAL
	224	88		136	220	1,250	2,209	5,293		**68,833**	259	4,229 [p]	1,018		**5,506**	**74,339**
										1,073					**0**	**1,073**
39										**8,188**					**0**	**8,188**
								3,606		**6,300**					**0**	**6,300**
								66		**252**		13			**13**	**265**
										1,514					**0**	**1,514**
		1			76		440			**17,088**					**0**	**17,088**
							103			**1,419**					**0**	**1,419**
										4,796					**0**	**4,796**
										438					**0**	**438**
										0					**0**	**0**
										680					**0**	**680**
						2,228				**5,483**					**0**	**5,483**
										974					**0**	**974**
			1,297							**7,479**					**0**	**7,479**
		1,087								**1,710**					**0**	**1,710**
										153					**0**	**153**
								5		**17,381**					**0**	**17,381**
										3,734					**0**	**3,734**
						152				**1,722**					**0**	**1,722**
										5,663					**0**	**5,663**
										927					**0**	**927**
39	**224**	**1,176**	**1,297**	**136**	**296**	**3,630**	**2,752**	**8,970**	**0**	**155,807**	**259**	**4,242**	**1,018**	**0**	**5,519**	**161,326**
										56					**0**	**56**
								122		**2,560**	112		1,984 [q]		**2,096**	**4,656**
										9		331			**331**	**340**
										9,000					**0**	**9,000**
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**122**	**0**	**11,625**	**112**	**331**	**1,984**	**0**	**2,427**	**14,052**
39	**224**	**1,176**	**1,297**	**136**	**296**	**3,630**	**2,752**	**9,092**	**0**	**167,432**	**371**	**4,573**	**3,002**	**0**	**7,946**	**175,378**

n) Of which €9,492 thousand cash pooling.
o) Of which €1,132 thousand finance lease.
p) Of which €129 thousand security deposit.
q) Of which €1,984 thousand cash pooling.

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 Nanjing Foundry Co. Ltd.	Nanjing	China
Brembo Czech S.r.o.	Ostrava-Hrabová	Czech Republic
La.Cam (Lavorazioni Camune) S.r.l.	Stezzano (Bergamo)	Italy
Brembo North America Inc.	Wilmington, Delaware	USA
Qingdao Brembo Trading Co. Ltd.	Qingdao	China
Brembo Spolka Zo.o.	Czestochowa	Poland
Brembo Japan Co. Ltd.	Tokyo	Japan
Brembo Poland Spolka Zo.o.	Dabrowa Gornizca	Poland
Brembo Scandinavia A.B.	Göteborg	Sweden
Brembo UK Ltd.	London	United Kingdom
Brembo Brake India Pvt. Ltd.	Pune	India
Brembo do Brasil Ltda.	Betim	Brazil
Brembo Argentina S.A.	Buenos Aires	Argentina
Corporacion Upwards 98 S.A.	Zaragoza	Spain
Brembo China Brake Systems Co. Ltd.	Beijing	China
Sabelt S.p.A.	Turin	Italy
Brembo Mexico S.A. de C.V.	Apodaca	Mexico
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China
Belt & Buckle S.r.o.	Zilina	Slovak Republic
Brembo Mexico S.A. de C.V.	Apodaca	Mexico
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China

	SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES
Eur	34,727,914		
Gbp	135,935	100%	Brembo S.p.A.
Eur	25,000	100%	Brembo S.p.A.
Cny	170,190,550	100%	Brembo S.p.A.
Czk	365,850,000	100%	Brembo S.p.A.
Eur	100,000	100%	Brembo S.p.A.
Usd	33,798,805	100%	Brembo S.p.A.
Cny	1,365,700	100%	Brembo S.p.A.
Pln	15,279,546	100%	Brembo S.p.A.
Jpy	11,000,000	100%	Brembo S.p.A.
Pln	129,600,000	100%	Brembo S.p.A.
Sek	4,500,000	100%	Brembo S.p.A.
Gbp	600,000	100%	Brembo S.p.A.
Inr	140,000,000	99.99%	Brembo S.p.A.
Brl	17,803,201	99.99%	Brembo S.p.A.
Ars	15,654,600	75%	Brembo S.p.A.
Eur	498,043	68%	Brembo S.p.A.
Cny	125,333,701	67.74%	Brembo S.p.A.
Eur	790,000	65%	Brembo S.p.A.
Usd	20,428,836	49%	Brembo S.p.A.
Cny	115,768,679	27.75%	Brembo S.p.A.
Eur	265,551	100%	Sabelt S.p.A.
Usd	20,428,836	51%	Brembo North America Inc.
Cny	115,768,679	42.25%	Brembo China Brake Systems Co. Ltd.

Annex 4

List of Companies Valued Using the Equity Method

COMPANY	HEADQUARTERS	
Brembo SGL Carbon Ceramic Brakes S.p.A.	Stezzano (Bergamo)	Italy
Innova Tecnologie S.r.l.	Almenno S. Bartolomeo (Bergamo)	Italy
Petroceramics S.r.l.	Milan	Italy
Brembo SGL Carbon Ceramic Brakes GmbH	Meitingen	Germany

	SHARE CAPITAL	STAKE HELD BY GROUP COMPANIES	
Eur	4,000,000	50%	Brembo S.p.A.
Eur	500,000	30%	Brembo S.p.A.
Eur	123,750	20%	Brembo S.p.A.
Eur	25,000	100%	Brembo SGL Carbon Ceramic Brakes S.p.A.

Annex 5

Impact of Related Party Transactions

(euro thousand)

a) Weight of transactions or positions with related parties on items of the Balance Sheet	31.12.2011					
		RELATED PARTIES				
	Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%
Trade Receivables	208,287	24,039	21,414	2,569	56	*11.5%*
Current financial assets and derivatives	9,784	9,000	0	0	9,000	*92.0%*
Cash and cash equivalents	95,749	16,184	16,184	0	0	*16.9%*
Non-current payables to banks	(230,840)	(10,062)	(10,062)	0	0	*4.4%*
Other non-current liabilities	(6,553)	(1,480)	(1,480)	0	0	*22.6%*
Provisions for employee benefits	(19,562)	(492)	(492)	0	0	*2.5%*
Current payables to banks	(158,810)	(24,861)	(24,861)	0	0	*15.7%*
Other current financial payables and derivatives	(7,081)	0	0	0	0	*0.0%*
Trade payables	(266,573)	(9,087)	(3,696)	(5,132)	(259)	*3.4%*
Other current liabilities	(65,677)	(1,223)	(1,094)	(129)	0	*1.9%*

b) Weight of transactions or positions with related parties on items of the Income Statement	31.12.2011					
		RELATED PARTIES				
	Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%
Sales of goods and services	1,254,513	60,794	59,415	1,375	4	*4.8%*
Other revenues and income	14,751	3,917	6	3,762	149	*26.6%*
Raw materials, consumables and goods	(640,312)	(45,744)	(162)	(45,397)	(185)	*7.1%*
Other operating costs	(237,706)	(5,661)	(4,911)	(187)	(563)	*2.4%*
Personnel expenses	(254,322)	(2,089)	(2,087)	(2)	0	*0.8%*
Net interest income (expense)	(17,158)	(605)	(743)	(2)	140	*3.5%*

31.12.2010						Change					
	RELATED PARTIES						RELATED PARTIES				
Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%	Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%
201,297	3,870	774	3,033	63	*1.9%*	6,990	20,169	20,640	(464)	(7)	*288.5%*
449	0	0	0	0	*0.0%*	9,335	9,000	0	0	9,000	*96.4%*
76,292	0	0	0	0	*0.0%*	19,457	16,184	16,184	0	0	*83.2%*
(199,732)	(35,000)	(35,000)	0	0	*17.5%*	(31,108)	24,938	24,938	0	0	*-80.2%*
(2,435)	(410)	(410)	0	0	*16.8%*	(4,118)	(1,070)	(1,070)	0	0	*26.0%*
(20,210)	(879)	(879)	0	0	*4.3%*	648	387	387	0	0	*59.7%*
(89,487)	(9,861)	(9,861)	0	0	*11.0%*	(69,323)	(15,000)	(15,000)	0	0	*21.6%*
(8,110)	(102)	(102)	0	0	*1.3%*	1,029	102	102	0	0	*9.9%*
(224,010)	(6,314)	(715)	(5,325)	(274)	*2.8%*	(42,563)	(2,773)	(2,981)	193	15	*6.5%*
(53,138)	(656)	(528)	(128)	0	*1.2%*	(12,539)	(567)	(566)	(1)	0	*4.5%*

31.12.2010						Change					
	RELATED PARTIES						RELATED PARTIES				
Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%	Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%
1,075,252	4,115	3,373	734	8	*0.4%*	179,261	56,679	56,042	641	(4)	*31.6%*
9,443	3,614	6	3,462	146	*38.3%*	5,308	303	0	300	3	*5.7%*
(541,361)	(46,506)	(45)	(46,382)	(79)	*8.6%*	(98,951)	762	(117)	985	(106)	*-0.8%*
(209,800)	(3,581)	(2,908)	(94)	(579)	*1.7%*	(27,906)	(2,080)	(2,003)	(93)	16	*7.5%*
(213,027)	(824)	(824)	0	0	*0.4%*	(41,295)	(1,265)	(1,263)	(2)	0	*3.1%*
(8,950)	(1,411)	(1,410)	(1)	0	*15.8%*	(8,208)	806	667	(1)	140	*-9.8%*


marchesini

STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors on the Consolidated Financial Statements for the Year Ended 31 December 2011

Shareholders of the Parent Company, Brembo S.p.A., this Report concerns the Brembo Group's Consolidated Financial Statements.

This Report acknowledges the responsibilities assigned to the Board of Statutory Auditors by Legislative Decree 58 of 24 February 1998 and Legislative Decree No. 39 of 27 January 2010, and in this regard, it refers to the Report on Operations accompanying the Financial Statements at 31 December 2011 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, on compliance of the company's organisational structure 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. for 2011 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;
- it has verified that 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 2011 have been drafted in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2011, issued by the International Accounting Standard Board (IASB) and adopted by EC Regulations.

The comparative figures at 31 December 2010 have been restated according to the same principles as those used at 31 December 2011.

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

Balance Sheet

(euro thousand)

Non-current assets	556,644
Current assets	576,077
Total assets	**1,132,721**
Equity and liabilities	
Equity	333,934
Non-current liabilities	294,978
Current liabilities	503,809
Total equity and liabilities	**1,132,721**

Income Statement

(euro thousand)

Gross operating income	148,785
Net operating income	73,347
Income before taxes	54,696
Income before minority interests	43,343
Group net result for the year	**42,937**

In our opinion, the Consolidated Financial Statements present a fair view of Brembo Group's equity, financial situation and operating result for the year ended 31 December 2011, in compliance with above-mentioned regulations for the Consolidated Financial Statements.

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

Stezzano, 19 March 2012

BOARD OF STATUTORY AUDITORS
Sergio Pivato *(Chairman)*
Enrico Colombo *(Auditor)*
Mario Tagliaferri *(Auditor)*

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

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 2011 which comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated statement of cash flows and related explanatory 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, the Italian commission for listed companies and the Stock Exchange. 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 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 opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 18 March 2011.

3 In our opinion, the consolidated financial statements of Brembo Group as of 31 December 2011 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 prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Brembo Group for the period then ended.

4 The directors of Brembo SpA are responsible for the preparation of the Directors' Report on Operations in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' Report on Operations and of the

PricewaterhouseCoopers SpA

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** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 – **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 58 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** 38122 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

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specific section on corporate governance and ownership structure, solely with reference to the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Directors' Report on Operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the specific section of the aforementioned report are consistent with the consolidated financial statements of Brembo Group as of 31 December 2011.

Milan, 19 March 2012

PricewaterhouseCoopers SpA

Signed by
Giorgio Greco
(Partner)

Giorgio Greco

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.

brembo

Attestation of the Consolidated Financial Statements Pursuant to Article 154-*bis* of Legislative Decree No. 58/98

1. We the undersigned, Alberto Bombassei, in his capacity as the Chairman of the Board of Directors, and Matteo Tiraboschi, as the executive officer in charge for the preparation of the Company's financial Statements of Brembo S.p.A., certify, pursuant to the provisions of art. 154-*bis*, clauses 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:
   - the adequacy with respect to the company structure and
   - the effective application

   of the administrative and accounting procedures applied in the preparation of the consolidated financial statements for the period from 1 January to 31 December 2011.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2011 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.

3. We also certify that:

   3.1 The consolidated financial statements:

   a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of European Parliament and of the Council, dated 19 July 2002;

   b) agree with the accounting records and entries;

   c) are suitable for providing a true and fair view of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

   3.2 The report on operations includes a reliable analysis of the performance and results of operations, as well as the condition of the issuer and the aggregate of the companies included in consolidation, together with a description of the main risk and uncertainties to which they are exposed.

2 March 2012

Alberto Bombassei
The Chairman

Matteo Tiraboschi
Executive officer in charge for the preparation of the Company's financial Statements

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

Via Brembo, 25
24035 CURNO
Bergamo (Italy)

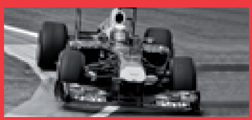
Viale Europa, 2
24040 STEZZANO
Bergamo (Italy)

Tel. +39 035 605 1111
Fax +39 035 605 2300
Cap. Soc. € 34.727.914
Export M BG 020900

R.E.A. 134667
Registro Imprese BG
Codice Fiscale e Partita IVA
n° 00222620163

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2011


embo



SEPARATE FINANCIAL STATEMENTS 2011 OF BREMBO S.P.A.

Balance Sheet at 31 December 2011

ASSETS

(euro)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*	Change
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	129,690,528		138,856,185		(9,165,657)
Development costs	2	40,434,038		38,430,943		2,003,095
Other intangible assets	2	12,714,367		13,057,691		(343,324)
Shareholdings	3	195,559,825		185,875,288		9,684,537
Other financial assets (investments in other companies and derivatives)	4	517,034	*422,479*	572,335	*567,885*	(55,301)
Receivables and other non-current assets	5	327,288		517,983		(190,695)
TOTAL NON-CURRENT ASSETS		**379,243,080**		**377,310,425**		**1,932,655**
CURRENT ASSETS						
Inventories	7	132,119,859		100,443,913		31,675,946
Trade receivables	8	118,096,435	*34,890,453*	127,197,923	*39,886,024*	(9,101,488)
Other receivables and current assets	9	8,786,000		5,975,930		2,810,070
Current financial assets and derivatives	10	47,863,504	*47,501,846*	33,913,614	*33,811,837*	13,949,890
Cash and cash equivalents	11	44,074,731	*16,184,102*	19,178,525		24,896,206
TOTAL CURRENT ASSETS		**350,940,529**		**286,709,905**		**64,230,624**
TOTAL ASSETS		**730,183,609**		**664,020,330**		**66,163,279**

EQUITY AND LIABILITIES

(euro)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*	Change
EQUITY						
Share capital	12	34,727,914		34,727,914		0
Other reserves	12	118,657,288		122,039,413		(3,382,125)
Retained earnings/(losses)	12	19,237,180		19,237,180		0
Profit/(loss) for the year	12	21,581,566		21,207,288		374,278
TOTAL EQUITY		**194,203,948**		**197,211,795**		**(3,007,847)**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	150,601,163	*10,062,173*	117,714,620	*35,000,000*	32,886,543
Other non-current financial payables and derivatives	13	8,998,514		91,693,927	*80,102,279*	(82,695,413)
Other non-current liabilities	14	5,266,771	*1,479,544*	2,095,217	*410,211*	3,171,554
Provisions	15	4,435,351		2,932,644		1,502,707
Provisions for employee benefits	16	17,501,503	*42,613*	17,690,009	*41,501*	(188,506)
Deferred tax liabilities	6	3,087,368		7,444,963		(4,357,595)
TOTAL NON-CURRENT LIABILITIES		**189,890,670**		**239,571,380**		**(49,680,710)**
CURRENT LIABILITIES						
Current payables to banks	13	106,967,491	*24,860,695*	56,495,021	*9,860,695*	50,472,470
Other current financial payables and derivatives	13	56,852,055	*51,902,379*	18,019,789	*11,989,870*	38,832,266
Trade payables	17	142,479,028	*23,800,416*	121,747,518	*22,926,346*	20,731,510
Tax payables	18	2,485,979		905,420		1,580,559
Other current liabilities	19	37,304,438	*1,206,802*	30,069,407	*434,943*	7,235,031
TOTAL CURRENT LIABILITIES		**346,088,991**		**227,237,155**		**118,851,836**
TOTAL LIABILITIES		**535,979,661**		**466,808,535**		**69,171,126**
TOTAL EQUITY AND LIABILITIES		**730,183,609**		**664,020,330**		**66,163,279**

Income Statement at 31 December 2011

(euro)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*	Change
Sales of goods and services	20	**637,715,572**	***53,639,612***	**554,074,376**	***47,834,267***	**83,641,196**
Other revenues and income	21	23,498,046	*16,704,206*	18,526,025	*15,195,759*	4,972,021
Costs for capitalised internal works	22	11,673,888		9,921,552		1,752,336
Raw materials, consumables and goods	23	(329,256,697)	*(111,671,921)*	(279,507,597)	*(93,226,615)*	(49,749,100)
Other operating costs	24	(128,011,038)	*(13,247,403)*	(110,045,212)	*(9,590,742)*	(17,965,826)
Personnel expenses	25	(163,793,168)	*(2,095,426)*	(142,974,390)	*(610,236)*	(20,818,778)
GROSS OPERATING INCOME		**51,826,603**		**49,994,754**		**1,831,849**
Depreciation, amortisation and impairment losses	26	(40,807,353)		(41,878,512)		1,071,159
NET OPERATING INCOME		**11,019,250**		**8,116,242**		**2,903,008**
Interest income	27	*3,855,567*		*5,889,927*		*(2,034,360)*
Interest expense	27	*(12,768,489)*		*(12,852,490)*		*84,001*
Net interest income (expense)	27	(8,912,922)	*(307,430)*	(6,962,563)	*(1,946,562)*	(1,950,359)
Interest income (expense) from investments	28	23,982,121	*23,966,239*	24,568,108	*25,476,000*	(585,987)
INCOME BEFORE TAXES		**26,088,449**		**25,721,787**		**366,662**
Taxes	29	(4,506,883)		(4,514,499)		7,616
NET RESULT		**21,581,566**		**21,207,288**		**374,278**

Comprehensive Income Statement at 31 December 2011

(euro)	Notes	31.12.2011	31.12.2010	Change
NET RESULT		**21,581,566**	**21,207,288**	**374,278**
Effect of hedge accounting (cash flow hedge) of derivatives	12	0	648,130	(648,130)
Tax effects on other components of comprehensive income	12	0	(177,873)	177,873
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**21,581,566**	**21,677,545**	**(95,979)**

Cash-flow Statement at 31 December 2011

(euro)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*
Cash and cash equivalents at beginning of year	11	**(3,269,547)**		**(65,500,740)**	
Income for the year before taxes		**26,088,449**		**25,721,787**	
Depreciation, amortisation/Impairment losses		40,807,353		41,878,512	
Capital gains/losses		(867,330)		(155,151)	
Write-ups/Write-downs of shareholdings		(15,882)		908,394	
Financial portion of provisions for payables for personnel		848,504	*1,112*	895,389	*1,359*
Income from shareholdings		(23,966,239)	*(23,966,239)*	(25,476,502)	*(25,476,502)*
Other provisions net of utilisations		3,623,162		(215,407)	
Cash flows generated by operations		**46,518,017**		**43,557,022**	
Paid current taxes		(7,101,772)		(862,519)	
Uses of long-term provisions for employee benefits		(1,098,312)		(1,705,060)	
(Increase) reduction in current assets:					
inventories		(30,633,782)		(14,835,739)	
financial assets		(399,789)		(818,796)	
trade receivables and receivables from other Group companies		9,243,176	*3,546,194*	(30,272,148)	*(14,401,233)*
receivables from others and other assets		47,588		(316,083)	
Increase (reduction) in current liabilities:					
trade payables and payables to other Group companies		19,008,183	*300,820*	22,669,513	*4,427,474*
payables to others and other liabilities		10,575,580	*1,738,913*	4,381,711	*(1,569,730)*
Net effect arising on merger		(3,297,669)	*2,022,626*	0	
Net cash flows from / (for) operating activities		**42,861,220**		**21,797,901**	

(euro)	Notes	31.12.2011	*of which with related parties*	31.12.2010	*of which with related parties*
Investments in:					
intangible assets		(15,844,842)		(15,946,862)	
property, plant and equipment		(17,886,621)		(9,845,194)	
financial assets (shareholdings)	3	(22,962,751)		(8,354,757)	
Price for disposal, or reimbursement value of fixed assets		1,352,460		1,279,012	
Price for disposal, or reimbursement value of shareholdings		289,000		0	
Net effect arising on merger		12,700,676		0	
Net cash flows from / (for) investing activities		**(42,352,078)**		**(32,867,801)**	
Dividends paid in the year		(19,603,335)	*(11,364,826)*	(14,702,501)	*(8,502,316)*
Loans to Group companies and amounts payable to companies participating in the centralised treasury system		32,257,176	*32,257,176*	21,276,671	*21,276,671*
Acquisition of own shares		(2,040,086)		0	
Change in fair value valuation of derivatives		(259,544)		(753,133)	
Dividends received		23,966,239	*23,966,239*	25,476,502	*25,476,502*
Loans and financing granted by banks and other lenders		37,043,288		80,000,000	*50,000,000*
Repayment of long-term loans		(51,337,917)	*(9,937,827)*	(37,996,446)	*(5,139,305)*
Net effect of change in equity arising on mergers		(2,945,990)		0	
Net effect arising on merger		(6,652,374)	*(85,886,410)*	0	
Net cash flows from / (for) financing activities		**10,427,457**		**73,301,093**	
Total cash flows		**10,936,599**		**62,231,193**	
Cash and cash equivalents at end of year	11	**7,667,052**	*(16,184,102)*	**(3,269,547)**	

Statement of Changes in Equity at 31 December 2011

(euro)	Share capital	Other reserves	Retained earnings/ (losses)	Result for the year	Equity
Balance at 1 January 2010	**34,727,914**	**121,523,614**	**12,840,937**	**21,144,284**	**190,236,749**
Allocation of profit for the previous year	0	6,441,783	0	(6,441,783)	0
Payment of dividends	0	0	0	(14,702,501)	(14,702,501)
Reclassification (**)	0	(6,396,243)	6,396,243	0	0
Rounding off	0	2	0	0	2
Components of comprehensive income:					
Effect of hedge accounting (cash flow hedge) of derivatives (*)	0	470,257	0	0	470,257
Net result for the year	0	0	0	21,207,288	21,207,288
Balance at 31 December 2010	**34,727,914**	**122,039,413**	**19,237,180**	**21,207,288**	**197,211,795**
Balance at 1 January 2011	**34,727,914**	**122,039,413**	**19,237,180**	**21,207,288**	**197,211,795**
Allocation of profit for the previous year	0	1,603,953	0	(1,603,953)	0
Payment of dividends	0	0	0	(19,603,335)	(19,603,335)
Acquisition of own shares	0	(2,040,086)	0	0	(2,040,086)
Effect of mergers	0	(2,945,990)	0	0	(2,945,990)
Rounding off	0	(2)	0	0	(2)
Components of comprehensive income:					
Net result for the year	0	0	0	21,581,566	21,581,566
Balance at 31 December 2011	**34,727,914**	**118,657,288**	**19,237,180**	**21,581,566**	**194,203,948**

(*) Hedging reserve net of the related tax effect.

(**) The restricted reserve Re. Article 2426 of the Italian Civil Code No. 8-*bis* and, partially, the reserve Re. Article 6, paragraph 2, of Legislative Decree 38/2005 were reclassified under retained earnings, since they are no-longer subject to non-availability restrictions.

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 2011

Shareholders,

pursuant to Article 153 of Legislative Decree No. 58 of 24 February 1998, the Board of Statutory Auditors must report to the General Shareholders' Meeting on its supervision, and on omissions and censurable operations observed. Furthermore, the Statutory Auditors may put forward proposals with regards to Financial Statements and 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 Article 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 2011 are listed below:
   a) Effective 17 May 2011, the registered office of Brembo International S.A. was transferred to Italy, with consequent change of its company name into Brembo International S.p.A. Subsequently, on 29 July 2011 pursuant to Article 16, letter a), of the By-laws, the Board of Directors, after approving the merger plan, approved the merger of Brembo International S.p.A. into Brembo S.p.A. pursuant to Article 2505 of the Italian Civil Code, with effect from 10 October 2011 (except for accounting and tax purposes, which, for reasons of simplification, will be effective 1 January 2011).
   b) On 24 May 2011, the contract for the transfer of equity investments held by Brembo S.p.A. in Softia S.r.l. (40%) was finalized.
   c) On 1 August 2011, the agreement signed on 23 May 2011 by Brembo S.p.A. for the acquisition of the 75% of the share capital of Brembo Argentina S.A. (formerly Perdriel S.A.), an Argentinian manufacturer of brake discs located in the Buenos Aires area, was executed. Under the agreement with the minority shareholder (an Argentinian group with significant presence in the domestic car component market), Brembo S.p.A. has an option right on the remaining 25%, exercisable after three years of the signature of the agreement. Overall outlay amounted to €3.3 million.
2. On the basis of the appointments of the Company boards by the Shareholders' Meeting of 29

April 2011, the governance committees provided for in the Borsa Italiana Governance Code and the Supervisory Board pursuant to Legislative Decree No. 231/2001 were appointed and management power over the Company was granted to the Executive Directors.

3. During 2011, the Company also renewed its top governance structure, which currently consists of its Chairman, Executive Deputy Chairman, Chief Executive Officer and General Manager, to whom the associated management powers were granted.
4. On the basis of the total remuneration for the governing body authorised by the Shareholders' Meeting of 29 April 2011, the total annual consideration was allocated to the directors, including in light of the renewed top governance structure approved.
5. On 10 November 2011 the General Policies were approved for the Remuneration of Executive Directors, other Directors vested with special duties and Key Management Personnel pursuant to the new Article 7 of the Corporate Governance Code, illustrated in the Remuneration Report prepared pursuant to Article 123-ter of the TUF, whose first section was also approved; the Changes to the Rules of the Three-year Incentive Plan (2010 - 2012) for Executive Directors and Top Managers made necessary by the new Governance Structure, that will be submitted for review to the next Ordinary Shareholders' Meeting, were also approved.
6. During the year, two medium-/long-term loans were obtained in the total amount of €35 million with the aim of restoring a balance between medium-/long-term and short-term debt.
7. In 2011, the Company did not carry out any atypical or unusual transactions.
   No atypical or unusual transactions 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 intra-Group companies.
   Ordinary transactions within the Group related to the purchase and sale of products, services and the transfer of property, plant, equipment and shareholdings. 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 fair market values. These transactions are deemed fair and have been carried out in the interest of the Company.
   Significant intercompany transactions included the financing provided to Innova Tecnologie S.r.l. (in which Brembo S.p.A. holds a 30% interest); this transaction was considered at market conditions inasmuch as the rate applied by Brembo S.p.A. was deemed consistent with the relationship between Brembo S.p.A. and Innova Tecnologie S.r.l.
   From a financial standpoint, the company's subsidiaries operate independently, although some benefit from various forms of centralised financing.
   Since 2008, a zero-balance cash-pooling system has been effective, with Brembo S.p.A. as the pool leader.
   Ten companies are currently participating, but Brembo plans to gradually extend the system to all Group companies to the extent allowed by the tax and other laws of the individual countries.
   It is noted that the Annual Financial Report contains specific detailed information regarding intra-Group transactions and transactions with related parties.
8. Within the framework of the plan for the buy-back and sale of own shares passed by the General Shareholders' Meeting on 29 April 2011, in the period from 5 August to 22 September 2011 included, the company bought back a total of 307,000 own shares, equal to 0.46% of the share

capital, at a weighed average price of €6.6452, for an overall value of €2,040,086. At 31 December 2011, the Company held a total of 1,747,000 own shares, representing 2.616% of the share capital, at a weighted average price of €7.71 per share and for an overall value of €13,475,897.

9. The Independent Auditors' Report drafted on 19 March 2012 does not set forth any items particularly worthy of note.
10. We did not receive any reports as per Article 2408 of the Italian Civil Code.
11. We received no complaints in 2011.
12. PricewaterhouseCoopers was paid €19 thousand for the provision of auditing services, including certification on the procedures for the billback of costs for central services.
13. Entities linked to PricewaterhouseCoopers by continuous working relationships were paid €268 thousand for providing technical and methodological assistance in relation to the "Management of ERP Project Risks."
14. During the year, the Board of Statutory Auditors checked that, pursuant to Articles 3 and 5 of the Corporate Governance Code, the criteria and assessment procedures adopted by the Board of Directors in order to appraise the independence of its members have been correctly applied.
15. In accordance with CONSOB Regulations (Resolution No. 17221 of 12 March 2010 and Resolution No. 17389 of 23 June 2010), on 12 November 2010 the Company adopted the Related Party Transactions Procedure, in light of the unanimous and favourable opinion of the Audit Committee (appointed for that purpose, being composed of three Independent Directors). The Board of Directors decided not to use the whitewash mechanism in the event of unfavourable opinion for highly significant transactions and did not provide for exceptions in case of urgency.
16. During the year, based on proposals of the Audit Committee (serving as the Committee for Transactions with Related Parties), the Significance Indices for the identification of highly significant related party transactions were updated on the basis of data from the 2010 financial statements, and the amount of €250,000.00 as "threshold" for determining low value related party transactions confirmed. In light of the experience of its first year of operation, with the favourable opinion of both the Audit Committee and the Board of Statutory Auditors, the essential content of the Related Party Transactions Procedure was confirmed, while clarifying certain definitions and improving the internal information flow.
17. During 2011, the Board of Directors met eight times, the Board of Statutory Auditors met eight times, the Audit Committee met five times, and the Remuneration Committee met three times. The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by him always attends the meetings of the Audit Committee and the Remuneration Committee.
18. 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.
19. Brembo's organisational structure is constantly adjusted to the size and complexity reached by the company.
20. The internal control system is adequate, and it appears to be suitable for pursuing risk pre-

vention and ensuring the effective application of standards of corporate conduct, which have been acknowledged in the Code of Ethics. During 2011, 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, as well as upon request by the Board of Statutory Auditors itself. The audit plan provides for: risk assessments, using the Control Risk Self Assessment method, organisational audits of all Group companies, audits of compliance with Law No. 262/2005 and Legislative Decree No. 231/2001, operating audits on specific areas of activity and ethics audits on the basis of specific reports received. In 2011, the Internal Audit function continued to collaborate towards implementing the new information technology system, providing advice regarding the compliance of the control processes implemented with an adequate Internal Control System.

21. 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. The Company issued instructions to subsidiaries, as provided for by Article 114, paragraph 2, of Legislative Decree No. 58/1998: these instructions are deemed in line with regulations.

22. 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.

23. Brembo's System of Corporate Governance was implemented also in financial year 2011, fully complying with the provisions of the "Corporate Governance of Listed Companies" and the new requirements for companies listed on the STAR segment. In March 2011, following the favourable opinion of the Remuneration Committee, the Fifth Edition of Brembo's Corporate Governance Manual, amending among others Article 7 (Remuneration of Directors) and the Remuneration Committee's Rules, in order to implement the various new laws and regulations introduced in 2010, and specifically the principles and criteria laid down in the new Article 7 of the Corporate Governance Code was approved. 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.

24. In compliance with Article 6 of Legislative Decree No. 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 No. 231/2001 and 61/2002. In keeping with the aim of constant and continuous improvement of its compliance system:
    - in March 2011, a new and completely revised edition of the Model was approved (prepared according to best practices), also redefining the Guiding principles of Brembo's System of Delegated Powers to bring it in line with the Group's changed organisational and compliance needs;
    - on 10 November 2011, the Fourth Edition of Brembo's 231 Model was approved by introducing, inter alia, the new Special Section on Environmental Offences and the principles concerning private corruption offences provided for by the 2010 Bribery Act.

    The Brembo Compliance Guidelines, which summarise the main rules of behaviour (indicated in the Special Sections) adopted by Brembo to prevent the commission of offences and make

the content of the individual Special Sections clearer and more accessible to the recipients of Brembo's 231 Model, were approved and introduced in the appendix of the Model.
Given the increasingly international structure of the Group, during the year Brembo also carried out information and training activities on Brembo's 231 Model, including for the subsidiaries, and in the countries where it operates it verified the compliance of this Model with the local compliance rules in force that are similar to Legislative Decree No.231/2001.

25. During the year, we carried out the monitoring activities set forth in the Article 149 of TUF and Article 19 of Legislative Decree No. 39/2010.
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. Attending the meetings of the Audit Committee and the Remuneration Committee, as well as during our frequent meetings with the Independent Auditors, we were able to obtain detailed information on the Internal Control System and on the Company's level of administration-accounting organisation.
We can confirm that in performing our activities, we did not note any irregularities, omissions or censurable events.

26. We hereby propose that the General Shareholders' Meeting approve the Financial Statements for the year ended 31 December 2011 and we further express our favourable opinion on the proposal of the Board of Directors for the distribution of dividends.

Stezzano, 19 March 2012

BOARD OF STATUTORY AUDITORS
Sergio Pivato *(Chairman)*
Enrico Colombo *(Auditor)*
Mario Tagliaferri *(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 19 March 2012 (Attachment pursuant to Article 144-quinquiedecies of the Rules for Issuers).

Sergio Pivato: member of the Supervisory Committee for Unione di Banche Italiane SCPA, Chairman of the Board of Statutory Auditors for Società Editoriale Vita S.p.A., Sma S.p.A., Reno De Medici, and Statutory Auditor of Auchan S.p.A.

Enrico Maria Colombo: Chairman of the Board of Statutory Auditors at Tod's S.p.A., Bolton Group International S.r.l., Riva Fire S.p.A., Ceccato Aria Compressa S.p.A., Misco Italy Computer Supplies S.p.A., Collistar S.p.A., DEL.COM. S.r.l., Riva Acciaio S.p.A., Filangeri 29 S.r.l., and Statutory Auditor at Davide Campari Milano S.p.A. and Società Italo Britannica Manetti & Roberts S.p.A.

Mario Tagliaferri: Chairman of the Board of Statutory Auditors at Banca Cremasca di Credito Cooperativo a.r.l., S.C.S. Società Cremasca Servizi S.p.A., BIBO S.p.A., San Michele S.p.A., Coats Cucirini S.r.l., SCS Gestioni S.r.l., Coats Thread Italy S.r.l., Sabelt S.p.A., and Statutory Auditor at Marsilli & Co. S.p.A., Sipral Padana S.p.A., Brembo SGL Carbon Ceramic Brakes S.p.A., Mediorischi S.p.A., Rollon S.r.l. and Crema Diesel S.p.A.

Attestation of the Separate Financial Statements Pursuant to Article 154-*bis* of Legislative Decree No. 58/98

1. We the undersigned, Alberto Bombassei, in his capacity as the Chairman of the Board of Directors, and Matteo Tiraboschi, as the executive officer in charge for the preparation of the Company's financial Statements of Brembo S.p.A., certify, pursuant to the provisions of art. 154-bis, clauses 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:
   - the adequacy with respect to the company structure and
   - the effective application

   of the administrative and accounting procedures applied in the preparation of the financial statements for the period from 1 January to 31 December 2011.
2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the financial statements at 31 December 2011 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.
3. We also certify that:

   3.1 The financial statements:

   a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of European Parliament and of the Council, dated 19 July 2002;

   b) agree with the accounting records and entries;

   c) are suitable for providing a true and fair view of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

   3.2 The report on operations includes a reliable analysis of the performance and results of operations, as well as the condition of the issuer and the aggregate of the companies included in consolidation, together with a description of the main risk and uncertainties to which they are exposed.

2 March 2012

Alberto Bombassei
The Chairman

Matteo Tiraboschi
Executive ~~officer in charge~~ for the preparation of the Company's financial Statements

BREMBO S.p.A. Sede legale
Via Brembo, 25
24035 CURNO
Bergamo (Italy)

Sede amministrativa e uffici
Viale Europa, 2
24040 STEZZANO
Bergamo (Italy)

Tel. +39 035 605 1111
Fax +39 035 605 2300
Cap. Soc. € 34.727.914
Export M BG 020900

R.E.A. 134667
Registro Imprese BG
Codice Fiscale e Partita IVA
n° 00222620163

BREMBO S.p.A.
Headquarters c/o Kilometro Rosso Science and Technology Park
Viale Europa, 2 - 24040 Stezzano - Bergamo - Italy
Tel. +39 035 605.2111 - www.brembo.com
E-mail: press@brembo.it - ir@brembo.it

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