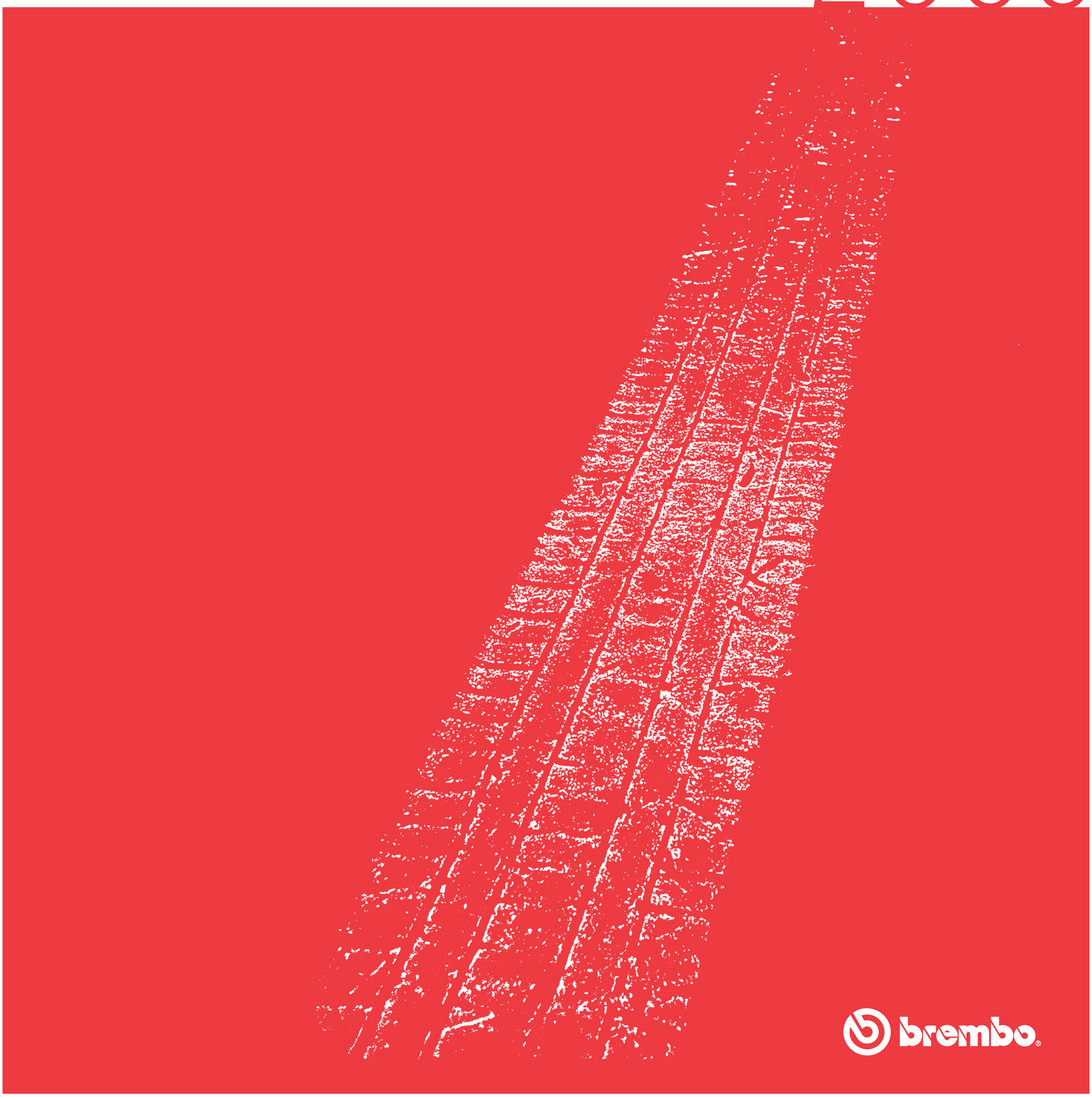
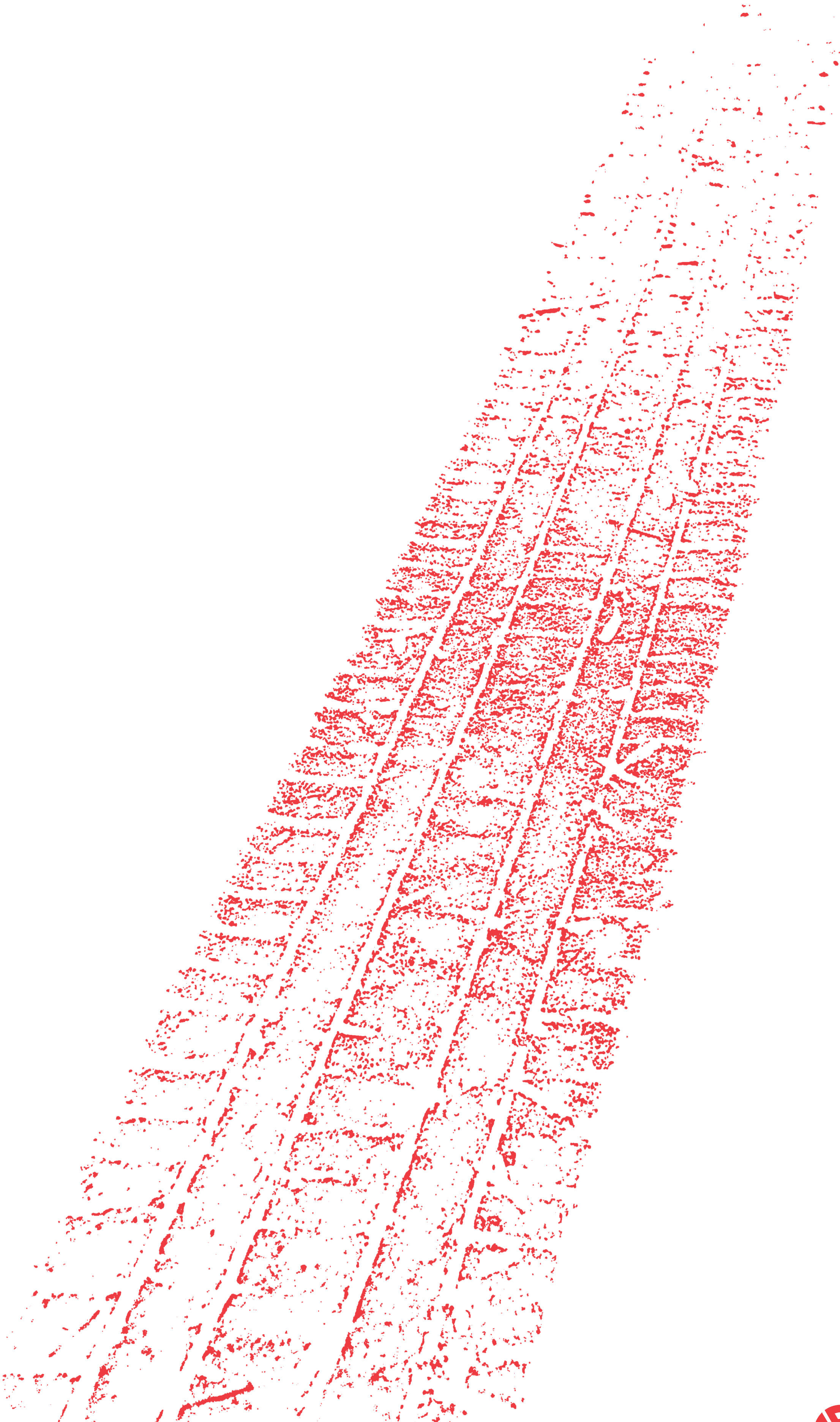
ANNUAL REPORT 2009



brembo



ANNUAL REPORT 2009

brembo

The Annual Report has been translated from that issued in Italy, from the Italian into the English language, solely for the convenience of the International readers.

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 **27 April 2010 at 11:00 a.m. CET** (first call) or, if necessary, on 29 April 2010, at the same place and time (second call), to resolve on the following

AGENDA

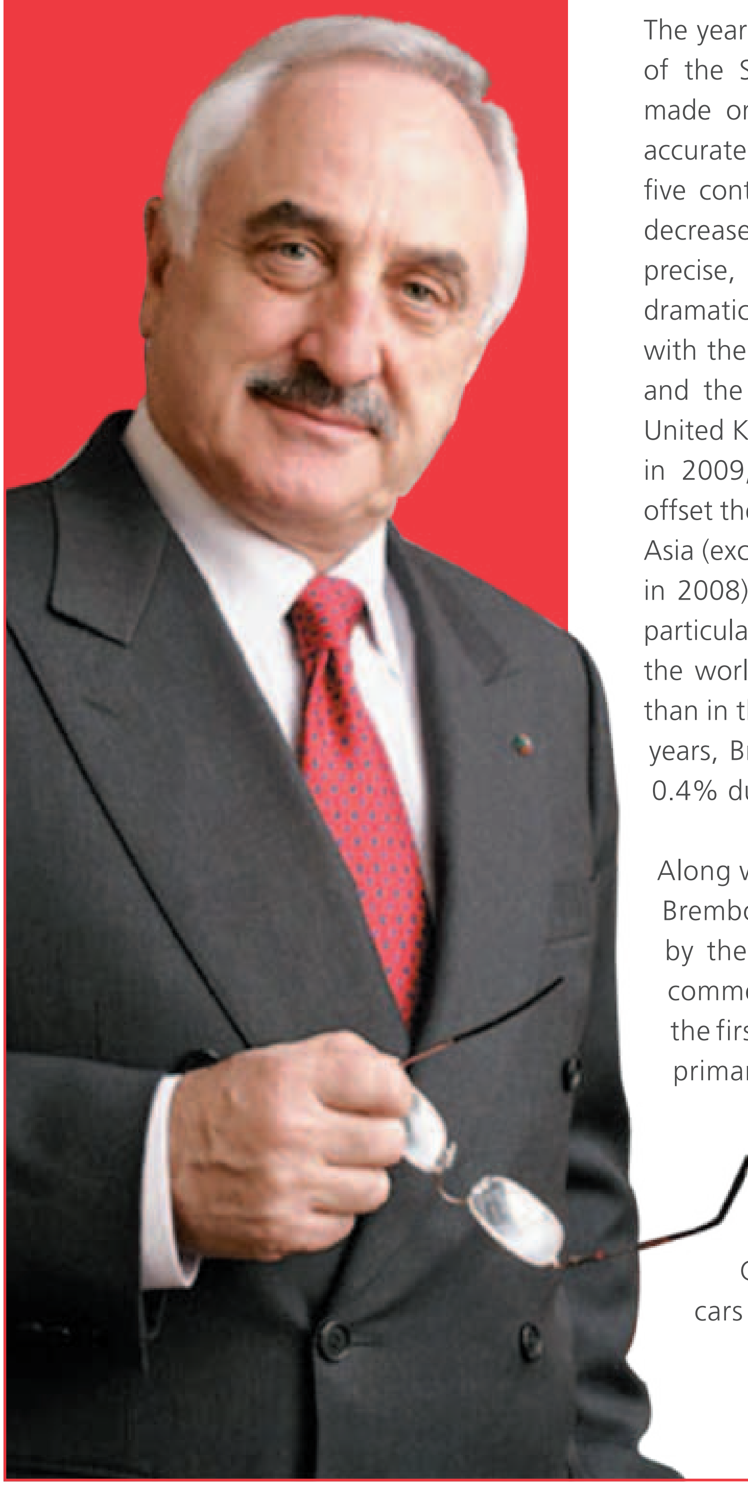
1. Appointment of a member of the Board of Directors pursuant to Article 2386 of the Italian Civil Code. Ensuing resolutions.
2. Presentation of the Separate Financial Statements of Brembo S.p.A. for the year ended 31 December 2009, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and additional documents as requested by law. Ensuing resolutions.
3. Presentation of the Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2009, with the Directors' Report on Operations, the Statutory Auditors' Report and the Independent Auditors' Report.
4. Upward adjustment of PricewaterhouseCoopers S.p.A.'s fees for the audit and certification of the Six Monthly Report 2009. Ensuing resolutions.
5. Purchase and sale of own shares. Ensuing resolutions.
6. Three-year incentive plan (2010/2012) for Executive Directors and Top Managers. Ensuing resolutions.

Pursuant to article 84, paragraph 2, of the Rules for Issuers, we point out that the company's share capital amounts to € 34,727,914.00, divided into 66,784,450 ordinary shares with a par value of €0.52 each. Each ordinary share entitles the owner to one vote in ordinary and extraordinary shareholders' meetings. At today's date, the company holds 1,440,000 treasury shares, representing 2.156% of share capital. The voting rights associated with these shares have been suspended pursuant to Article 2357-*ter*, paragraph 2, of the Italian Civil Code. Accordingly, the total number of votes that may be cast at the Ordinary Shareholders' Meeting to be convened amounts to 65,344,450.
In accordance with Article 1, paragraph 1, of the By-laws and applicable laws and regulations, in order for a shareholder to be eligible to participate in the Shareholders' Meeting, an intermediary authorised pursuant to Article 2370, paragraph 2 of the Italian Civil Code must deliver a notice to the Company attesting to the shareholder's eligibility no later than two (2) business days prior to the date of the meeting.
In accordance with Article 11, paragraphs 2 and 3, of the By-laws and applicable laws and regulations, Shareholders may be represented at Shareholders' Meetings by written proxy. A proxy form drawn up in accordance with applicable laws and regulations must be reproduced at the foot of each copy of the notice that the intermediary is required to issue to the Shareholder.
In accordance with Article 126-*bis*, paragraph 1, of Legislative Decree No. 58 of 1998, as amended, Shareholders who individually or jointly represent at least one-fortieth (1/40th) of share capital may request that the items on the agenda be supplemented no later than five (5) days from the publication of the notice of the Shareholders' Meeting by specifying in their request the additional matters that they propose be put before the meeting.

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

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

CONTENTS



LETTER FROM THE CHAIRMAN

Shareholders,

The year 2009 was the worst for the global economy since the end of the Second World War. Regrettably, the pessimistic forecasts made one year ago by the International Monetary Fund proved accurate and, for the first time since 1945, the overall GDP of the five continents shrunk compared to the previous year, marking a decrease of 0.8%. The world ran on two tracks or, to be more precise, in opposite directions. Developed economies showed a dramatic slowdown, posting a worldwide GDP decrease of 3.2%, with the United States down 2.5% and the Eurozone down 3.9%, and the most severe declines (-4.8%) in Italy, Germany and the United Kingdom. From +5.6% in 2008, Russia plummeted to -7.9% in 2009, a negative world record. Emerging economies instead offset the crisis of more developed countries. Economies grew across Asia (except for Japan, which had already entered a severe recession in 2008), as well as Africa and some Middle Eastern countries. In particular, China (+8.7%) and India (+6.1%) continued to show the world's highest growth rates, although at slightly lower levels than in the previous year. After the excellent performances of recent years, Brazil posted a considerable decline, marking a decrease of 0.4% during the year.

Along with the financial sector, the automotive industry, in which Brembo markets its products, was the most heavily penalised by the severe recession. Registrations of cars, motorbikes and commercial vehicles plummeted in all Western countries during the first six months of the year. In Europe, which remains Brembo's primary market, the first signs of a recovery started to emerge only in the second half of 2009, owing to the incentives introduced by some governments. However, in the United States and at the global level the turnaround only occurred in the fourth quarter. Within this scenario, China achieved another historic record and produced more cars than the United States: 12.4 million units in the People's

Republic of China and 10.4 million in the USA. In the midst of such a huge crisis, Brembo's top priority was maintaining a strong financial solidity. Although sacrifices were required of everyone, the Group succeeded in adapting itself to the market's difficulties, owing to the management's skill and flexibility, the devotion and commitment of all employees and collaborators, the strategic decisions and efficiency-raising effort made in recent years. After many years, the Company was forced to apply for redundancy fund benefits and block turnover, while also limiting new investments in 2009 with the aim of achieving further efficiency gains.
These measures allowed the Group to maintain an operating and financial equilibrium that allow us to continue to be confident about future. Despite the sharp decline in revenues (-22.1%), all of the main indicators were positive at year-end, first and foremost net income and operating income, albeit at lower levels than in the past. EBIT was positive in all four quarters and debt decreased significantly at year-end (-24.4%) compared to 2008.

During 2009, Brembo continued to apply its internationalisation strategy, with a primary focus on emerging markets where the automotive industry is growing rapidly. It also proceeded to implement policies of production integration, high-technology investment, research and development of new application solutions, diversification of offerings and the search for marketing and production synergies. These decisions have proven rewarding, and Brembo will continue to proceed in this direction in the future.

In January 2009, through our subsidiary Brembo do Brasil we acquired the business unit of Brazil-based Sawem Industrial that specialises in the manufacture and sale of flywheels for the car industry. In January we also inaugurated a new Indian facility that manufactures disc braking systems for the local scooter and motorbike markets.
In May, we set up a fifty-fifty joint venture with the SGL Group to manufacture very high performance carbon-ceramic brake discs. The JV is already operational, with one facility in Germany and another in Italy.
In September, a new fully-owned Brembo subsidiary was incorporated in China. Through this company, we purchased a cast-iron foundry in Nanjing from China's largest car and commercial vehicle manufacturer in January 2010. Along with our other facility that has been operating since 2001, this foundry will act as an integrated hub for the manufacture of brake callipers and discs for what has become the world's largest automotive market. In December, our presence in China was further expanded through the incorporation of a company intended to handle logistical activities within the Qingdao hub.

The contingent difficulties experienced by the market and the entire international economic system did not restrain the Group's dynamic nature. Our plans and development strategies are proceeding towards their objectives. Thanks to the gradual internationalisation processes implemented by Brembo, we expect 2010 to witness an increase in our market share, especially in countries such as China, India and Brazil, which already confirmed their great potential in 2009.

We have successfully navigated a difficult year while preparing ourselves to tackle the future, and now we are ready to continue with the process of developing and consolidating Brembo's leadership around the world.

The Chairman
Alberto Bombassei

COMPANY OFFICERS

The Shareholders' Meeting of the Parent Company Brembo S.p.A., held on 29 April 2008, passed a resolution in favour of the reappointment of Company Officers for the following three-year period (2008-2010).
On 31 July 2009, Mauro Pessi, Director and Managing Director of the Company resigned from his post and from the company effective 1 September 2009; as a result, at the meeting held on 31 July 2009 the Board of Directors of Brembo S.p.A. appointed Alberto Bombassei as Managing Director effective 1 September 2009.

At 31 December 2009, Company Officers included:

Board of Directors

Chairman and Managing Director	Alberto Bombassei (1) (5)
Directors	Cristina Bombassei (3) (5) (7)
	Giovanni Cavallini (2)
	Giancarlo Dallera (2)
	Giovanna Dossena (2)
	Umberto Nicodano (4)
	Pasquale Pistorio (2) (6)
	Giuseppe Roma (2)
	Pierfrancesco Saviotti (2)
	Matteo Tiraboschi (3) (5) (9)

Board of Statutory Auditors

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

Independent Auditors

PricewaterhouseCoopers S.p.A. (8)

Manager in Charge of the Company's Financial Reports

Matteo Tiraboschi (9)

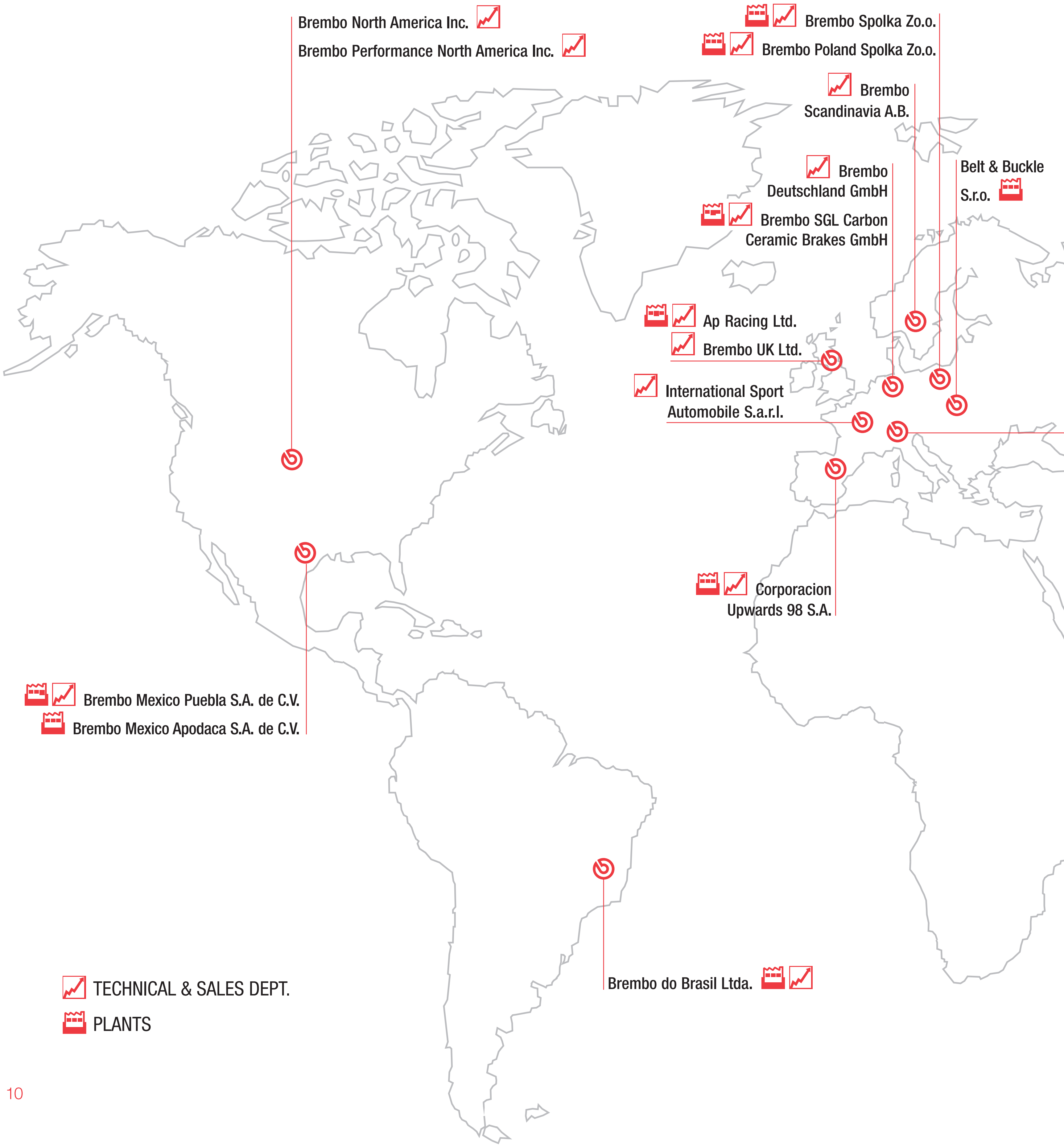
Committees

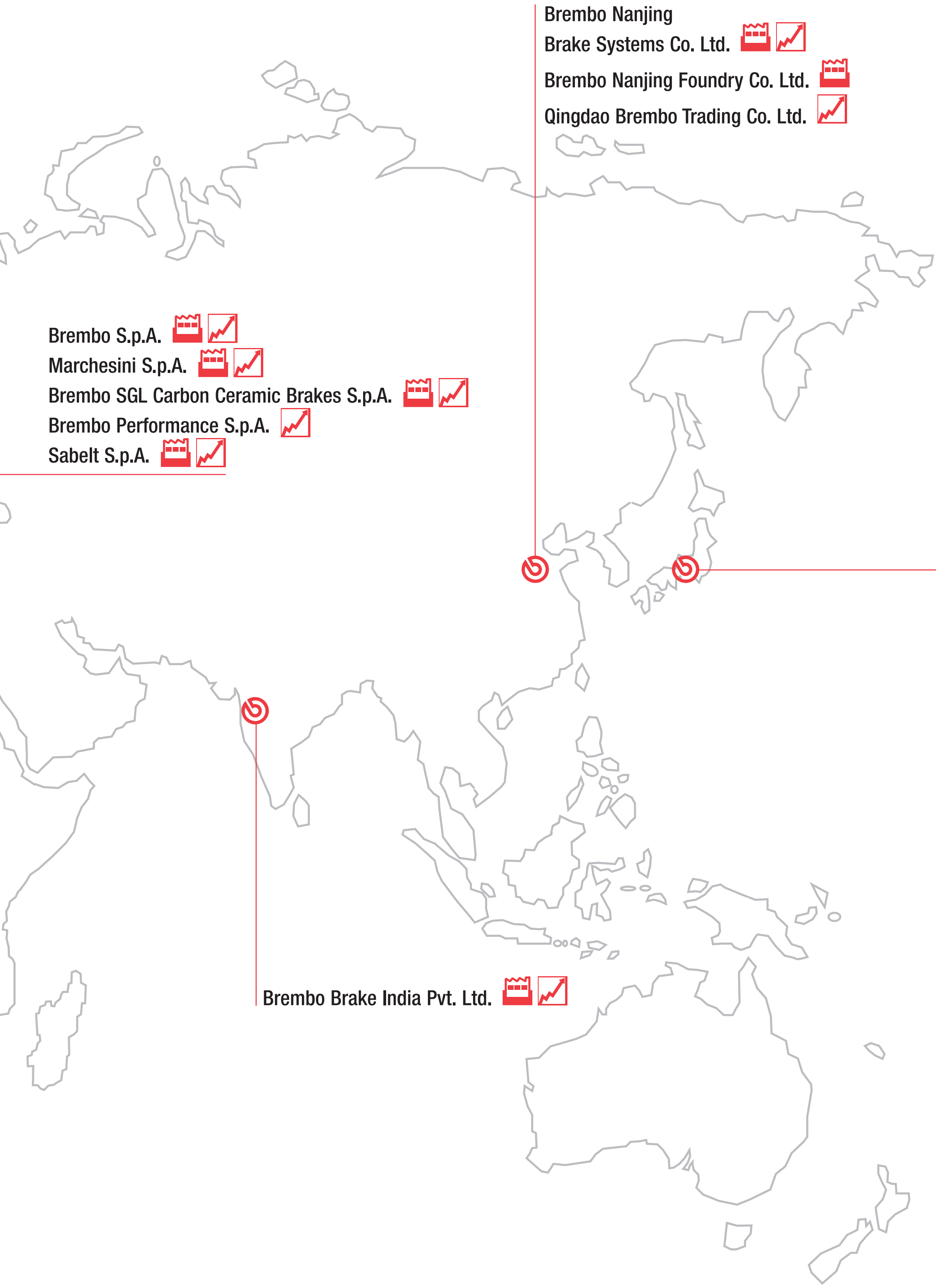
Audit Committee	Giuseppe Roma **(Chairman)** Giancarlo Dallera Giovanna Dossena
Remuneration Committee	Umberto Nicodano **(Chairman)** Giovanni Cavallini Pierfrancesco Saviotti
Supervisory Committee	Giovanna Dossena **(Chairwoman)** Giancarlo Dallera Alessandra Ramorino Pierfrancesco Saviotti

(1) The Chairman and Managing Director is the Company's legal representative and has powers of ordinary management, within the limits of the law.
(2) Independent and non-executive Directors, as per Borsa Italiana Regulations, Art. 2.2.3. They also comply with independence requirements set out by Brembo S.p.A. Corporate Governance Manual.
(3) This Director also holds offices in several Group companies.
(4) Non-executive Directors.
(5) Executive Directors.
(6) This Director also holds the position of Lead Independent Director.
(7) This Director also holds the position of Executive Director in charge of overseeing the functioning of the Internal Control System.
(8) The Shareholders' Meeting held on 27 April 2007 extended the mandate until financial year 2012.
(9) Appointed by the Board of Directors on 14 May 2009. He also holds the position of Investor Relator.

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.

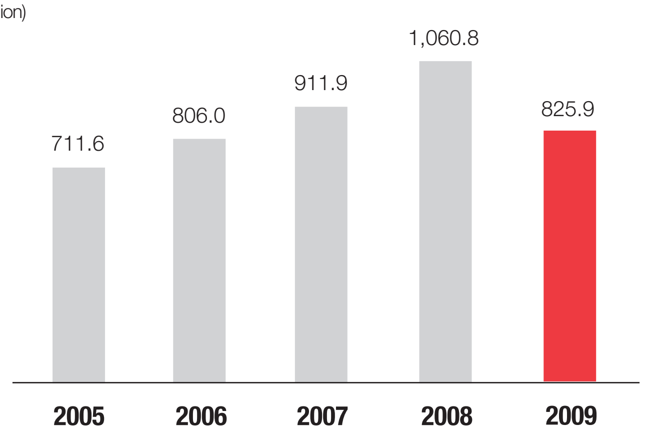
BREMBO IN THE WORLD



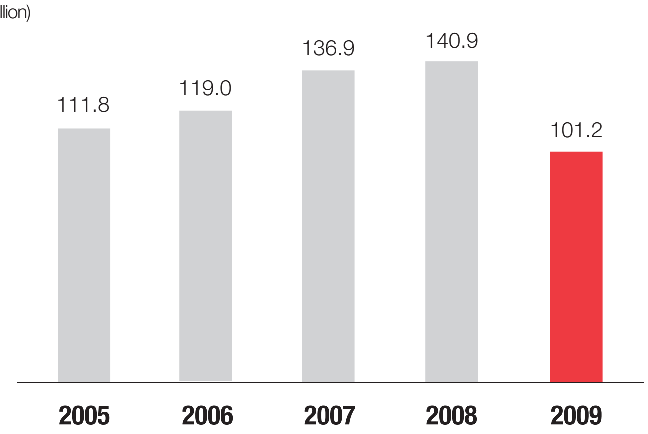

Brembo Nanjing
Brake Systems Co. Ltd.
Brembo Nanjing Foundry Co. Ltd.
Qingdao Brembo Trading Co. Ltd.
Brembo S.p.A.
Marchesini S.p.A.
Brembo SGL Carbon Ceramic Brakes S.p.A.
Brembo Performance S.p.A.
Sabelt S.p.A.
Fuji Co.
Brembo Japan Co. Ltd.
Brembo Performance
Japan Co. Ltd.
Brembo Brake India Pvt. Ltd.

BREMBO: SUMMARY OF GROUP RESULTS

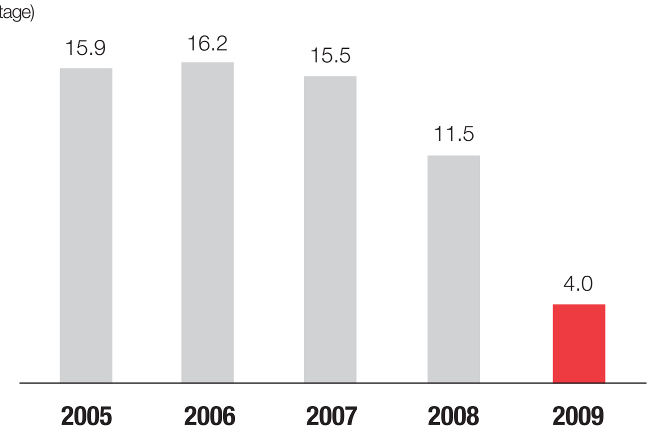
SALES OF GOODS AND SERVICES
(euro million)



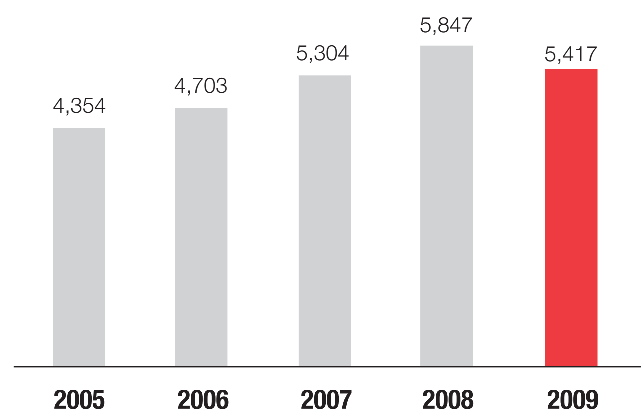
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PERSONNEL AT END OF YEAR
(No.)



Economic results

(euro thousand)	31.12.2005	31.12.2006	31.12.2007	31.12.2008	31.12.2009	% 2009/2008
Sales of goods and services	711,615	805,986	911,885	1,060,771	825,897	-22.1%
Gross operating income	111,782	118,969	136,943	140,945	101,182	-28.2%
% on sales	*15.7%*	*14.8%*	*15.0%*	*13.3%*	*12.3%*	
Net operating income	73,375	79,543	88,630	74,777 (1)	22,645	-69.7%
% on sales	*10.3%*	*9.9%*	*9.7%*	*7.0%*	*2.7%*	
Income before taxes	66,741	70,409	76,472	53,608 (1)	10,677	-80.1%
% on sales	*9.4%*	*8.7%*	*8.4%*	*5.1%*	*1.3%*	
Net income (loss)	40,511	42,945	60,764	37,505 (1)	10,528	-71.9%
% on sales	*5.7%*	*5.3%*	*6.7%*	*3.5%*	*1.3%*	

Financial results

(euro thousand)	31.12.2005	31.12.2006	31.12.2007	31.12.2008	31.12.2009	% 2009/2008
Net invested capital (2)	462,289	492,517	573,430	652,317 (1)	568,361	-12.9%
Equity	242,063	270,564	313,994	292,035 (1)	291,466	-0.2%
Net financial debt (2)	193,075	193,290	235,885	337,443	254,990	-24.4%

Personnel and investments

	31.12.2005	31.12.2006	31.12.2007	31.12.2008	31.12.2009	% 2009/2008
Personnel at end of year (No.)	4,354	4,703	5,304	5,847	5,417	-7.4%
Turnover per employee (euro thousand)	163.4	171.4	171.9	181.4	152.5	-16.0%
Investments(3) (euro thousand)	95,821	84,147	116,865	149,384 (1)	47,465	-68.2%

Main ratios

	31.12.2005	31.12.2006	31.12.2007	31.12.2008	31.12.2009
Net operating income/Sales	*10.3%*	*9.9%*	*9.7%*	*7.0%* (1)	*2.7%*
Income before taxes/Sales	*9.4%*	*8.7%*	*8.4%*	*5.1%*	*1.3%*
Investments/Sales	*13.5%*	*10.4%*	*12.8%*	*14.1%* (1)	*5.7%*
Net financial debt/Equity	*79.8%*	*71.4%*	*75.1%*	*115.5%* (1)	*87.5%*
Interest expense/Sales	*0.9%*	*1.2%*	*1.1%*	*1.8%*	*1.3%*
Interest expense/Net operating income	*8.6%*	*11.8%*	*11.2%*	*26.0%*	*46.6%*
ROI (4)	*15.9%*	*16.2%*	*15.5%*	*11.5%*	*4.0%*
ROE (5)	*17.3%*	*16.3%*	*19.6%*	*12.4%* (1)	*3.3%*

(1) For comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.
(2) A breakdown of these items is provided in the reclassified Balance Sheet on page 42.
(3) The item includes acquisitions of property, plant, equipment and intangible assets and increases deriving from the change in the consolidation area.
(4) Net operating income/Net invested capital.
(5) Net income (loss) before minority interests/Equity.

DIRECTORS' REPORT ON OPERATIONS

BREMBO AND THE MARKET

Macroeconomic Context and Currency Markets

In the first six months of 2009, the general macroeconomic scenario was characterised by a highly negative performance. In particular, this performance involved not only the financial sector, but also the automotive sector, Brembo's market of operation. During the summer, the market began to show the first signs that the crisis was relenting, and indications of a turnaround were seen in a growing number of countries, although at differing paces and in differing forms. In further detail, mature markets witnessed a resumption of gross domestic product growth, albeit at a tepid pace, whereas emerging economies reaffirmed their role as the true drivers of global economic recovery. A rise in industrial output and an improvement in the confidence climate thus occurred across almost all of the world's economies in the second half of the year.

While 2008 had ended with the definitive spread of the crisis to the real economy to affect all business segments and become increasingly profound and global in its reach, 2009 witnessed the definitive halt of the recession with results that, at year-end, led to a certain optimism and upwards revisions of many of the projections for 2010. Nonetheless, the situation remains highly delicate and unstable. As a consequence, the subsequent recovery phase will not be without risks, especially for mature markets.

In the Eurozone, unemployment rates, which have reached very high levels across the board, are still cause for concern. Throughout 2009, the European average rate continued to rise, reaching 10% in November. Apprehension regarding unemployment thus remains very severe and continues to have obvious repercussions on already weak consumer spending. In 2009, OECD estimates called for a marked contraction in GDP compared to the previous year (-4.0%), although improvements were seen in the fourth quarter both in terms of the quarterly figures and short-term forecasts. It should be emphasised that the OECD's estimates for the future have been revised upwards: GDP is forecast to increase by approximately 0.9% in 2010 compared to 2009. GDP growth estimates for both France and Germany were revised upwards in early 2010, with France's forecast in particular nearly doubling the previous level, from +0.75% to +1.4%. Turning to the inflation rate, according to Eurostat the average for the 16 Eurozone nations was 0.3% in 2009, compared to 3.3% in 2008, with a peak of 0.9% in December. Prices related to energy sources offset the pressures connected to the job market and real-estate market.

The economic scenario in Central and Eastern Europe still remains a cause of concern compared to the situation in Western Europe. However, in late 2009 there was a sign of a slight improvement in Romania, where the general economic situation gave some indications of a recovery as the Romanian Commercial Bank raised its annual estimate of the contraction of the country's GDP to -7.1%. In Italy, the decline in GDP in 2009 was approximately -4.8%. The positive signs witnessed in the second half of the year led the International Monetary Fund to revise its forecasts for 2010 upwards to a growth of approximately 1%. This upwards revision was made despite the slowdown in industrial output late in the year and the peak in the unemployment rate, which reached 8.3% in November, its highest level since April 2004.

In the United States, the American Recovery and Reinvestment Act, the economic stimulus measure enacted by Congress early in the year, relented the crisis in 2009. Economic activity continued to expand in the second half of the year and consumer spending continued to rise even in October and November. The annual decline in industrial output stabilised at -2%, falling to 96.9 points, owing to growth during the last two months of the year and in line with analysts' expectations. Highly encouraging signs emerged not only in the industrial sector, but also in the financial one, where Goldman Sachs, owing primarily to its investment banking division, closed 2009 with truly surprising results compared to expectations at the beginning of the year. After having more than quadrupled its earnings at the end of the third quarter, the U.S. bank reported profits in excess of expectations during the fourth quarter.

Turning to Japan, the OECD's macroeconomic estimates remain unchanged, calling for a decline in GDP of 5.4% in 2009 compared to the previous year, the worst result of any of the so-called advanced economies. Nonetheless, forecasts of GDP growth of 1.7% have been confirmed for Japan as early as 2010. Both exports and industrial output grew in October and November, although output remained at a much lower level (-20%) than the peak reported in 2008. The greatest cause of concern was the decline in employment levels, although the decrease relented in the fourth quarter to bring the rate to 5.1% at the end of 2009.

The economic situation in emerging countries strengthened throughout 2009 and these economies made a considerable contribution to driving the global economy out of recession. GDP expanded rapidly in India and especially in China. The OECD's macroeconomic analyses for the Indian market estimate growth of 6.1% in 2009. In China, the end result continued to exceed already highly positive estimates: GDP growth was +8.7%, exceeding the government's official target of +8%. In the fourth quarter of 2009 alone, China's GDP grew by 10.7%. According to the OECD's estimates, China, which is already the world's second-largest economy, could surpass the United States in the next five to seven years.

There are also positive signs from Brazil, where the OECD's estimate for 2009 GDP calls for substantial stability compared to the previous year, owing to further growth reported in the fourth quarter. Lastly, in Russia, GDP contracted by 7.9%: this was the worst result of any economy in the world.

With reference to commodity trends, the price of oil, driven primarily by the strengthening of Chinese demand, rose to 80 dollars a barrel. The forecasts for 2010, formulated in December by the International Energy Agency, call for 0.5 million barrels a day of additional demand compared to estimates prepared in September and a price of USD 90 a barrel by year-end. Similar projections of price rises have been made for other commodities, which showed average price increases of approximately 9% in the fourth quarter of 2009.

An overview of the global macroeconomic scenario cannot but include reflection on the performance of the automotive industry, to which Brembo has traditionally marketed its products. In Europe, which remains Brembo's chief market of operation, the sector showed signs of a turnaround, confirmed in November, according to Eurostat, by 1% increase in industrial output, following on the -0.3% reported in October. This increase brought the annual figure up to -7.1% from the previous month's level of -10.9%. Following on the turnaround in sales in the car segment in Europe in mid-2009, fourth-quarter figures also showed double-digit growth, bringing the annual change in the EU27 area to a moderate -1.6 percentage point decline. The figure for the EU15+EFTA area in 2009 instead points to slight growth (+0.5%). Despite these positive signs, projections of renewed declines in registrations if European governments decide not to extend the incentive campaigns implemented in 2009 are cause for strong concern. In the Italian market, some manufacturers, such as Toyota, Peugeot and Ford, for example, are solving this problem by implementing their own specific eco-incentives in early 2010.

In the United States, after light vehicle registrations continued to decline by more than 20 percentage points in September, in October and November the figure remained stable on the same period of 2008 and showed growth of approximately 15% in December. Nonetheless, inevitably and in advance of expectations, China surpassed the United States in terms of the number of light vehicles registered during the year.
The automotive market also resumed growth at the global level in the fourth quarter of 2009. According to JD Power global sales figures, in November and December sales in the light vehicles segment increased by more than 20%, reducing the overall annual decrease to -3.0% and thus marking a clear improvement on the severe drop of -9.4% reported at the end of September 2009.
However, this result is vitiated by the fact that the initial signs of a severe crisis in this segment were already clear in the fourth quarter of 2008, yet, at the same time, the Chinese market also showed extraordinary growth, resulting in an excess of 64 million light vehicles sold around the world in one year.

To complete the general macroeconomic scenario, it will be helpful to analyse currency trends in the main markets in which Brembo operates at the industrial and commercial level.
In 2009, the U.S. dollar, which was trading at 1.3866 to the euro at the beginning of the year, appreciated until 4 March, when the exchange rate reached 1.2555. This was followed by a turnaround, and the dollar depreciated significantly in mid-March. This depreciation slowed in the first half of April and then resumed at a constant pace until it reached a low for the year of 1.512 on 3 December. Finally, in the rest of December, the dollar began to appreciate once more to close the year at 1.4406. The British pound fluctuated throughout 2009, beginning at an exchange rate of 0.961 (the high for the year) and then appreciating to reach a high of 0.84255 on 22 June. Depreciation then prevailed and the exchange rate closed the year at 0.8881. The Japanese yen, after appreciating in January, depreciated for the rest of the year, bringing the year-end exchange rate to 133.16. The Polish zloty, which reached a high against the euro of 3.9747 in January, then depreciated to 4.8795 on 17 February. Thereafter it appreciated once more to end 2009 at 4.1045. The Brazilian real constantly gained value, closing at 2.5113 to the euro (from 3.2456 at the beginning of the year). Lastly, the exchange rate with the Mexican peso fluctuated around an average of 18.7989, with a low of 17.048 on 22 April and a high of 20.0628 on 9 November.

Group Activities and Reference Market

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It operates in 14 countries on 3 continents, with 35 production and business sites and employs about 5,400 people. The Group's operations are conducted from 9 industrial-commercial facilities in Italy and 26 in other countries. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa), the United Kingdom (Coventry), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Puebla and Apodaca), Brazil (Betim and São Paulo), China (Nanjing, Beijing and Qingdao), India (Pune) and the United States (Homer). Other companies located in Sweden (Göteborg), France (Levallois Perret), Germany (Leinfelden-Echterdingen), the United Kingdom (London), the United States (Costa Mesa, California, and Plymouth, Michigan) and Japan (Tokyo) carry out distribution and sales activities.

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 callipers, the side-wheel module and increasingly often the complete braking system, including integrated engineering services. All of these back the development of new models produced by vehicle manufacturers.
Manufacturers of motorbikes are also offered brake discs, brake callipers, brake master cylinders, light-alloy wheels and complete braking systems.
In the car aftermarket, Brembo offers in particular a vast range of brake discs: over 1,600 product codes allow 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 2009, Brembo's net sales amounted to €825,897 thousand, down 22.1% compared to the previous year.
Information on the performance of the separate applications and their related markets is provided under the following headings.

Car Applications

In the midst of a still uncertain world economic environment, the global car market began showing timid signs of recovery in the second half of 2009. Figures for the year as a whole remained negative, however, and total car registrations decreased 3%.
The Western European market remained mostly stable compared to 2008 (+0.5%), recording an upward trend in sales starting in the second half of 2009 owing mainly to government incentives implemented in some of the sector's main reference markets. These initiatives allowed Germany and France to record 10.7% and 23.2% increases in registrations, respectively, and resulted in lower decreases than expected in Italy (-0.2%) and the UK (-6.4%). Spain, however, recorded a more significant drop of 17.9%.
Eastern Europe recorded a combined decrease in registrations of approximately 26.6% during the year.
The United States saw a continuation of the downward trend in place for some time, posting a 21.2% drop compared to an already dismal 2008. Japan also recorded a decline during the year (-8.6%).
While Brazil's and Argentina's markets weakened as a result of the performance of more mature economies, they were boosted by government incentives, already implemented since December 2008, allowing them to elude the effects of the global economic crisis and record a combined 4.4% growth for the year.
China's market continued to grow throughout 2009, posting sales of nearly 13 million light vehicles (+48%) and claiming the position as the world's largest automotive market. The Indian market also continued to grow, increasing 17.6% in 2009.

Against this backdrop, Brembo posted net sales of car applications of €530,446 thousand in 2009, down 18.5% compared to 2008.

Motorbike Applications

Europe, the United States and Japan are Brembo's three most important markets in the motorbike sector.
In Europe, overall motorbike registrations declined 14.9% in 2009 compared to the previous year.
Italy's was the only market in Europe that remained mostly stable compared to 2008 (-0.3%), showing weak signs of recovery. As for the rest of Europe, registrations fell sharply in France (-12.7%), Germany (-17.3%), the UK (-17%) and above all in Spain (-37%). Decreases were recorded for all engine sizes except those between 250cc and 500cc, which increased 8.4%.
In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles) continued to fall throughout the year, dropping 36.9% compared to 2008. Motorbike registrations alone fell 39%, while scooters fared even worse, declining 59%.
The Japanese market also continued to weaken during the year, with a 44.7% decrease in overall registrations. The hardest hit segment was engine sizes over 250cc, which fell 55.5%.

Against this extremely negative backdrop, Brembo's net sales of motorbike applications amounted to €100,718 thousand in 2009, down 19.5% compared to €125,140 the year before.

Commercial and Light Commercial Vehicle Applications

Europe's commercial vehicles market, Brembo's primary market, posted a combined decrease of 32.4% against 2008 figures, across all segments and countries.
Total registrations of light commercial vehicles (up to 3.5 tonnes) decreased 30.3%. Of the main Western European countries, France recorded the least significant decrease (-18.8%), followed by Italy (-21.5%), Germany (-24.1%), Spain (-35.7%) and the UK (-35.8%). Eastern European markets fared worse, ending 2009 with a combined 49.7% decrease.
Registrations of commercial vehicles over 3.5 tonnes decreased 41.3% in Europe compared to 2008, with the most significant fall recorded in Eastern Europe (-62.6%) and the least significant in Western Europe (-37.5%). In terms of Brembo's primary European markets, registrations fell mainly in Spain (-58.3%) and Italy (-42.8%), followed by Germany (-38.2%), the UK (-37%) and France (-32.4%).

As a result of the sharp decrease in commercial and industrial vehicle registrations, Brembo's sales of applications fell more for this segment than any other in 2009, with net sales of €112,960 thousand, down 37.2% compared to €179,766 thousand the previous year.

Racing Applications

Brembo is present in the racing sector with three leading brands: Brembo Racing, with braking systems for race cars and motorbikes; AP Racing, with braking systems and clutches for race cars; Marchesini, with magnesium and aluminium wheels for racing motorbikes. Brembo is the long-time leader in this segment, claiming more than 200 world championships won to date.

However, despite its technical and market leadership, the company's 2009 results suffered significantly from the crisis, which also impacted the world of championships; net sales for this segment decreased 22.9% compared to 2008.

Passive Safety

Brembo began operating in the passive safety segment with the acquisition of Sabelt S.p.A in the first quarter of 2008. The company operates in three segments: in the racing segment, it manufactures and sells safety belts, FIA-approved seats and car racing accessories; in the original equipment segment, it manufactures and sells special seats for sports road cars; in the child safety segment, it produces car seat restraint systems that are marketed to high-end customers.

While Brembo's traditional segments – the original equipment and racing markets – suffered from the impact of the economic crisis in 2009, consumer saving did not affect household purchases of passive safety items. Global child seat sales are on the rise at world level, as a result of increasingly stringent legislation in this area. New markets such as Brazil and China are seeing exceptionally strong growth, not only in terms of volume, but also in the quality of products.

Net sales for this segment in 2009 amounted to €21,071, up 5.3% compared to the previous year, although the result is not completely comparable, as Brembo began consolidating Sabelt in March 2008.

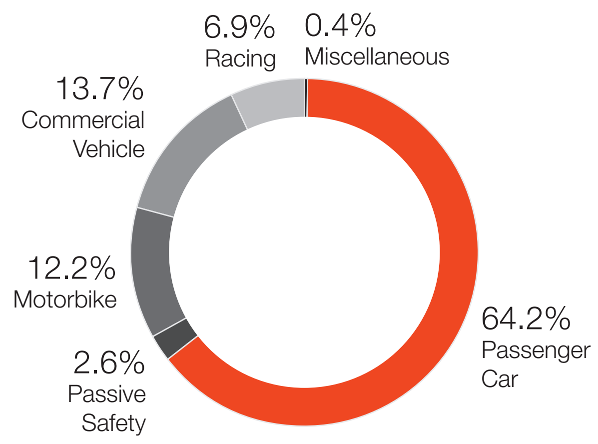
SALES BREAKDOWN BY APPLICATION AND GEOGRAPHICAL AREA

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

Net Sales Breakdown by Application

(euro thousand)	31.12.2009	%	31.12.2008	%	2009/2008	% 2009/2008
Passenger Car	530,446	*64.2%*	650,964	*61.4%*	(120,518)	*-18.5%*
Motorbike	100,718	*12.2%*	125,140	*11.8%*	(24,422)	*-19.5%*
Commercial Vehicle	112,960	*13.7%*	179,766	*16.9%*	(66,806)	*-37.2%*
Racing	57,165	*6.9%*	74,118	*7.0%*	(16,953)	*-22.9%*
Passive Safety	21,071	*2.6%*	20,004	*1.9%*	1,067	*5.3%*
Miscellaneous	3,537	*0.4%*	10,779	*1.0%*	(7,242)	*-67.2%*
Total	**825,897**	***100.0%***	**1,060,771**	***100.0%***	**(234,874)**	***-22.1%***

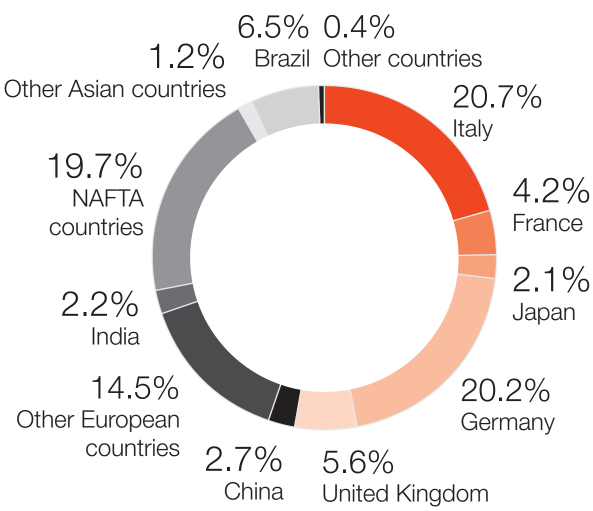
NET SALES BREAKDOWN BY APPLICATION
(percentage)



Net Sales Breakdown by Geographical Area

(euro thousand)	31.12.2009	%	31.12.2008	%	2009/2008	% 2009/2008
Italy	170,578	*20.7%*	252,476	*23.8%*	(81,898)	*-32.4%*
Germany	166,514	*20.2%*	235,107	*22.2%*	(68,593)	*-29.2%*
United Kingdom	46,598	*5.6%*	65,707	*6.2%*	(19,109)	*-29.1%*
France	35,049	*4.2%*	48,751	*4.6%*	(13,702)	*-28.1%*
Other European countries	119,421	*14.5%*	162,178	*15.3%*	(42,757)	*-26.4%*
China	22,445	*2.7%*	11,969	*1.1%*	10,476	*87.5%*
India	18,475	*2.2%*	3,291	*0.3%*	15,184	*461.4%*
Japan	17,572	*2.1%*	38,731	*3.7%*	(21,159)	*-54.6%*
Other Asian countries	9,542	*1.2%*	5,994	*0.6%*	3,548	*59.2%*
NAFTA countries (USA, Canada, Mexico)	163,043	*19.7%*	185,439	*17.5%*	(22,396)	*-12.1%*
Brazil	53,341	*6.5%*	43,403	*4.1%*	9,938	*22.9%*
Other countries	3,319	*0.4%*	7,725	*0.6%*	(4,406)	*-57.0%*
Total	**825,897**	***100.0%***	**1,060,771**	***100.0%***	**(234,874)**	***-22.1%***

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA
(percentage)



(1) In line with CONSOB notice No. 980804143 of 27 October 1998 and as required by IFRS 8, segment reporting is provided in the Explanatory Notes to the Consolidated Financial Statements, in accordance with the same IFRS 8. The above information completes the information provided in the Explanatory Notes, thus meeting the requisites of IFRS 8. For the purposes of more detailed information, revenues are given net of discounts and allowances (instead of gross revenues), and information on the breakdown by geographical area has been added.

RESEARCH AND DEVELOPMENT

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

In the discs area these activities are assigned to the Disc Technology Unit, which reports to the Brake Disc Division, and is currently managing several strategic projects. The primary objective of the projects is to reduce brake disc weight and corrosion, as well as the dust produced by them by researching new types of cast iron and surface treatments. The projects also aim to improve brake disc comfort by studying the factors that influence their acoustic behaviour, with a focus on finding new alloys capable of reducing or eliminating the "whistling" sound. It is important to emphasise that the methods developed during 2008 are already being applied to a number of disc mass productions.
Efforts are also underway to reduce the cost of the product, so as to expand the potential market.

In the systems area, development work on the mechatronic projects involving electric parking brake systems continued according to plan. The projects relate to electromechanical braking systems with an electric button control managed by a control unit that converts the driver's request into a braking force applied to the brakes. Projects in this sector are being implemented with the collaboration of "non-traditional" development partners, and, in the coming years, will result in an evolution of Brembo's R&D structure; this will allow Brembo to present itself to vehicle manufacturers as a producer of electromechanically operated braking systems.

During the year, in part due to the crisis in the automotive industry, Brembo and its customers reset the timelines for the first applications, which, with one project aimed at lightweight commercial vehicles and one at cars, are now scheduled for completion at the end of 2012. In conjunction with the technical development of the two projects, internal activities involving other departments – mainly the Quality Control Department – were initiated to provide the projects with new development processes. Alongside the completion and experimentation of new mechatronic braking systems, research and development activities continued in cooperation with Universities and Research Centres to seek out new solutions to apply to brake discs and callipers, in terms of new materials, new technologies and mechanical components to be introduced to brake callipers.

At the end of 2009, Brembo explored new possibilities for the development of non-traditional products, mainly braking systems for wind turbines and applications for the aeronautical and railway industries.

The following table summarises expenditure for 2009 on the main projects currently in progress, which benefit from subsidies under current legislation:

Activities carried out during 2009	Industrial research	Basic research	Pre-competition development	Total
(euro)				
Industrial Innovation Project: "LIVE- Lightweight, Environmentally-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)	320,000	0	0	320,000
OVERALL TOTAL	**320,000**	**0**	**0**	**320,000**

The results achieved in the activities performed are confirmed by the reports sent to the instructing bodies of every individual ordinance and 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.

As regards the elevated costs incurred in 2009 for R&D personnel (€17,977 thousand), the Group was able to benefit from lower IRAP (Italy's regional tax on production activities) charges of €701 thousand for Brembo S.p.A. as a result of tax breaks provided under current laws.

Italy's 2007 Financial Law (paragraph 280 of Article 1) and 2008 Financial Law (paragraph 66 of Article 1) established the tax credit that is granted to companies in relation to costs incurred for industrial research and pre-competition development for the 2007-2009 period. The credit was set at 40% of costs associated with contracts with universities and public research bodies and 10% of other types of eligible costs. For 2009, against costs of €112 thousand for work with universities and €22,365 thousand mainly for research and development personnel costs, Brembo S.p.A accrued tax credits of €2,281 thousand, while the Group accrued tax credits amounting to €2,475 thousand.

Development Activities

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

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

INVESTMENTS

In January 2009, Brembo expanded its operations in Brazil by acquiring the assets used for manufacturing and marketing flywheels for the automotive industry from the Brazilian company Sawem Industrial Ltda. The acquisition of the assets, undertaken through the subsidiary Brembo do Brasil Ltda., entailed an investment of BRL 8,239 thousand (€3,281 thousand at 31 December 2009), without the assumption of debt, and was financed using the Brazilian company's cash. The acquired assets' annual net sales amounted to BRL 15,000 thousand (approximately €5,400 thousand at the 2009 average exchange rate), with significant growth potential on both the South American market and in other geographical regions of the world in which Brembo operates. From both a technological and manufacturing standpoint, its products are integrated with Brembo's brake-disc business in terms of foundry work and mechanical processing.

On 28 May 2009, Brembo formed a 50-50 joint venture with SGL Group that specialises in carbon-ceramic brake discs. The joint venture was formed by combining the assets of the respective investee companies Brembo Ceramic Brake Systems S.p.A. and SGL Brakes GmbH. The object of the new joint venture, named Brembo SGL Carbon Ceramic Brakes S.p.A., is the development of carbon-ceramic braking systems and the manufacture and sale of carbon-ceramic brake discs for the original equipment market for cars and commercial vehicles. The joint venture also plans to use an automated process to develop the next generation of carbon-ceramic brake discs, which will be able to be used on a broader range of vehicles. The joint venture operates out of two production facilities, one in Meitingen (Germany) and one in Stezzano (Italy), serving prestigious car manufacturers. The joint venture was formed as follows: SGL Technologies GmbH subscribed a €30,000 thousand reserved capital increase by Brembo Ceramic Brake Systems S.p.A. (€2,000 thousand in share capital and €28,000 thousand to the share premium account) to acquire 50% of the company. Brembo Ceramic Brake Systems S.p.A. (now Brembo SGL Carbon Ceramic Brakes S.p.A.) approved the acquisition, for €30,000 thousand, of 100% of SGL Brakes GmbH (now Brembo SGL Carbon Ceramic Brakes GmbH), an SGL-Group company specialised in the manufacture of CCM discs. The acquisition agreement specifies price adjustments that must be made on the basis of criteria established therein.

In July 2009, an agreement was reached between Sanluis Corporation, Sanluis Rassini S.A. de C.V., Fundimak S.A. de C.V. and Rassini Frenos S.A. de C.V., on the one hand, and Brembo S.p.A., Brembo Rassini S.A. de C.V., Brembo International S.A., Brembo Participations B.V. and Brembo North America Inc., on the other, to suspend the arbitration underway; Brembo also acquired 24% of Brembo Rassini S.A. de C.V. (now Brembo Mexico Puebla S.A. de C.V.), in exchange for its stake in Fundimak S.A. de C.V., plus the remainder of the net consideration of USD 1,400 thousand. The agreement was executed on 19 August 2009.

In September 2009, a new company, Brembo Nanjing Foundry Co. Ltd., was incorporated in China, with a share capital of €10,000 thousand, which was paid in three instalments between October and December 2009. The newly incorporated company was used in January 2010 as a vehicle to acquire all the assets of a foundry from Donghua Automotive Industral Co. Ltd, a company of the Saic group, the leading Chinese manufacturer of cars and commercial vehicles. The transaction aims at strengthening the Brembo Group's presence in China by gradually creating an integrated production hub in Nanjing, including a foundry and a manufacturing facility for brake callipers and discs (for cars and commercial vehicles) that will be able to offer the Chinese market braking systems built to meet Brembo's standards of performance, style and comfort.

In December, Brembo further strengthened its presence in China by incorporating the company Qingdao Brembo Trading Co. Ltd., which is 100% held through Brembo International S.A. and is intended to deal with logistics operations within the Qingdao logistics hub.

Brembo kept its other investments at a low level in 2009, in keeping with efforts to reduce costs and investments to combat shrinking demand. The Group invested a total of €47,465 thousand across its operating units, including €33,623 thousand in property, plant and equipment and €13,842 thousand in intangible assets.

The majority of investments in property, plant and equipment were made in Italy by Parent Company Brembo S.p.A. and involved plant, machinery and equipment (€13,390 thousand).

Other investments in property, plant and equipment were made by subsidiaries Brembo Spolka Zo.o. and Brembo Poland Spolka Zo.o., for €4,920 thousand and €4,544 thousand, respectively. Investments by Brembo Spolka Zo.o. mainly went to equipment purchases for a new platform.

Development costs in 2009 amounted to €9,587 thousand and were incurred primarily by the parent company Brembo S.p.A.

Furthermore, the planned investments related to the Group's gradual implementation of the Enterprise Resource Planning (ERP) system continued; the portion of the investment pertinent to the period was €3,289 thousand.

RISK MANAGEMENT POLICY

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

Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Manual, in the Organisation, Management and Control Model (as per Italian Legislative Decree 231/01) and in the reference layout for preparing accounting documents (as per Article 154-*bis* of Italian Legislative Decree 58/98).
The guidelines established by the Board of Directors to ensure proper risk management, which are enforced by the Executive Director in charge of overseeing 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 Audit Committee, the Chairman and the Managing Director.

Brembo has identified the following types of risks:

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

The international model used by Brembo as a reference is the CoSO (Committee of Sponsoring Organizations), which defines internal control as "a process, effected by an entity's Board of Directors, management, and all personnel, designed to provide reasonable assurance regarding the achievement of objectives 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 to both existing technologies as well as technologies that will likely be applied in the future, e.g., "mechatronics". For additional information, see the "Research and Development" section in the Report on Operations.

Product and process innovations – those currently being used as well as those that may be used in production in the future – are patented to protect the Group's technological leadership.
Brembo targets the Luxury and Premium segments of the automotive sector and, in terms of geography, generates most of its sales from mature markets (Europe, North America and Japan). To mitigate the risk of segment/market saturation, the Group has implemented a strategy aimed at diversifying into the geographical areas where the highest growth rates are reported and anticipated (China, India, Brazil and Russia) and is broadening its product range.
Investments in certain countries may be influenced by substantial changes to the local legislative framework, which may result in a change in the economic conditions in effect when the investment was made. For this reason, before making foreign investments, Brembo thoroughly reviews country risk over the short, medium and long term. 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 increases and even limited availability. Brembo is exposed to risks resulting from its reliance on strategic suppliers who, if they were to unexpectedly discontinue their supplier relationships, could create problems for Brembo's production process and its ability to process customer orders on schedule. To mitigate this risk, the Purchasing Department identifies alternate suppliers to ensure the availability of critical materials. Also, a procedure was developed to improve the assessment of the financial stability of suppliers, an increasingly important consideration given the current economic situation. By diversifying its sources, Brembo can also reduce its risk exposure to price increases (a risk that is however partially offset by reflecting price increases in sales prices).

Brembo decided to deal with the risk generated by the unfavourable international economic situation by adopting extraordinary measures aimed at bringing production into line with demand trends. Steps have been taken to cut the workforce at various plants in Italy and the Group's foreign companies. In Italy, the Company drew on the ordinary redundancy fund. Brembo has also taken steps to control costs not associated with sales and working capital and has slowed down or postponed some investment plans so as to limit the impact on its margins and financial position.
The current economic situation has increased the risk of customer insolvency and late payments, and the Group has responded to this risk with an increased focus on its debt recovery procedures.
The current economic situation has also made the management of trade union relations more critical, particularly in Italy, and entailed a review of motivational plans to reduce the risk of the company losing strategic resources.

The primary risks relating to health, on-the-job safety and the environment are summarised below:

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

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

Brembo implements the activities necessary to allow it to effectively monitor and manage these aspects while scrupulously complying with applicable laws.
Some examples of activities that are currently underway include the preparation and yearly review of:

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

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

Financial Risks

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

Interest Rate Risk Management

Since most of the Group's financial debt is subject to variable interest rates, it is exposed to the risk of interest-rate fluctuations. To reduce this risk, the Group has entered into hedging contracts with counterparties considered to be financially reliable.
Specifically, Interest Rate Swap agreements are used to hedge approximately 24% of the Group's debt. Under these agreements, the Group receives a variable interest rate from the financial intermediary while paying a fixed rate.
The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates set through hedging contracts. A portion of Brembo's debt is therefore subject to fixed rates, meaning that about 35% of its net debt has pre-determined borrowing costs.
The Group is revising its debt structure, in view of the maturity of the €50 million Banca Intesa bond in October 2010. The possible alternatives are currently being analysed in order to identify the most convenient one.
The Group aims at achieving a more balanced debt situation, with 70% medium-/long-term maturities and 30% short-term maturities, also taking into account the planned investments in China and Poland.

Exchange Rate Risk Management

As Brembo operates in international markets, it is exposed to exchange rate risks. To mitigate this risk, the Group uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged.

Other hedging instruments used by the company, 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 creditworthiness 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.

In light of the current market situation already mentioned above and in an attempt to minimise credit and liquidity risks, in March 2009, the Parent Company Brembo S.p.A. began selling its receivables to factors under arrangements that transfer all primary risks to the factor.

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

Legal and Compliance Risks

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

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

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

- the complexity of laws and regulations;
- the lack of clarity of laws and regulations, which leaves too much room for interpretations;
- the uncertain, and often lengthy, period of time needed to obtain the necessary authorisations to allow production.

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

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

Compliance risks include the reporting risk, which is the risk that the financial information reported by the Group is not sufficiently accurate and reliable. To improve its internal control system (especially with regard to subsidiaries) as well as the quality, promptness and comparability of information provided by its consolidated companies, Brembo has initiated a project aimed at deploying the same ERP *(Enterprise Resource Planning)* application across all Group companies. The project began in 2006 and is scheduled for completion in 2011.

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 2009, both the Group's Central Staff and the business units underwent an organisational review in order to implement the changes required by the market, with a view to achieving across-the-board synergies and internal coordination.
In the first half of the year, the Systems Division was restructured in order to boost efficiency and achieve continuous improvement, and a new manager was brought in to head up the Car Business Unit. Within the same division, the Testing & Validation areas of the Car and Commercial Vehicles Business Units were also reorganised. The organisation of the Motorbike Business Unit was also upgraded. New coordinators were brought into the unit in order to increase the level of internationalisation, particularly in relation to the Indian subsidiary. The Aftermarket Business Unit reviewed its organisation with a view to expanding sales, particularly in South East Asia. There were also important developments on the international front: the organisation of Brembo Nanjing Brake Systems Co. Ltd. (China) was consolidated, while in India a new organisational coordinator was appointed with responsibility for the entire area. In the market for carbon-ceramic brake discs, the 50-50 joint venture between SGL Group and Brembo S.p.A. was finalised, combining the business of Brembo Ceramic Brake Systems S.p.A. and SGL Brakes GmbH in a new organisation named Brembo SGL Carbon Ceramic Brakes. Within the Central Staff, the Legal & Corporate Affairs Department was reorganised in order to provide more efficient coordination of all legal services. The Purchasing Department was restructured in order to better fulfil its role as a central function. A new manager was introduced in the Quality & Environment Department, with responsibility for mechatronics quality procedures. Finally, there were changes in the management of the Administration, Finance & Control Department, with the appointment of a new CFO.

During the second half of 2009, Brembo S.p.A. changed its structure, in line with the previous organisational model, after the Chairman took on also the role of Managing Director. While the three separate dimensions (Business, Functions, Geographical Areas) have remained unchanged, direct hierarchical responsibility for country management under the new structure has been attributed to the Director of the Division or BU whose business prevails in the relevant area. In tandem with these changes, the Central Staff was also reorganised, by grouping together similar functional areas and allocating resources on the basis of major users. On the industrial front, the Systems Division continued the work done in the first half of the year by redefining the relations between the Car and Commercial Vehicles BUs, in an attempt to achieve a higher level of synergy and control of their markets of operation. The same Division also responded to the need for integrated quality services by creating a Divisional Quality Assurance function. Also with a view to improving coordination, the Car BU was reorganised in order to provide a more efficient, rapid response to customer demands. The Brake Disc Division welcomed a new Foundry Operations Manager, whose aim is to integrate and consolidate all the foundries in the division. The Cast Iron Foundry was also reorganised in order to improve internal efficiency. Within Central Staff, the Administration, Finance, Control, Legal and ICT Department set up a new Financial Planning function reporting directly to the CFO, and the Staff Cost Controller role was also reorganised. In the same context, the Legal & Corporate Affairs Department was reorganised in order to achieve better control of national and international processes, and greater efficiency throughout the legal division. The ICT Division was also restructured in order to improve processes and provide a faster, more efficient response to the requests it receives as part of the Group Central Staff. Following the direction taken earlier in the year, the Purchasing Department implemented structural changes in those countries where the Country Purchasing Managers will report to the Group Purchasing Director. Among the subsidiaries, Sabelt strengthened its structure dealing with child safety products, with the aim of providing a more specific response to the needs of this sector. Brembo North America Ltd. was restructured with the aim of strengthening the Group's presence in North America. Brembo Racing distribution was relocated within Brembo Performance in order to achieve better control of the Racing and High Performance market, and to provide a more efficient customer service, greater integration throughout the Performance Group and consistent development of internal synergies.

In December (ahead of the usual schedule), the 2010 Brembo Agenda was launched. The Agenda represents the network of committees and meetings whose main objective, apart from gathering input, is to approve and produce decision-making output that translates into business initiatives.

With the stated aim of providing an increasingly effective response to the difficult external market, 2010 will be a crucial year, full of challenges even on the organisational front. This is why our efforts will continue along the lines drawn in previous years, with a view to achieving continuous improvement in all areas.

With regard to training, the main activity in 2009 was the launch and development of a funded training plan (Fondimpresa). The plan started in June 2009 and will end in May 2010. Thanks to a balanced mix of specialised technical and managerial courses, the training programme planned for the year was concluded successfully with more than 90% of participants attending the sessions. The voluntary self-enrolment procedure proved to be extremely popular: about 50% of participants chose to enrol on the courses using this method.

The Brembo Language School was particularly successful. The request for advice from "Sportello d'Ascolto", a psychological counselling service that employees can use in situations of

personal difficulty, was also well-received. The anonymous feedback questionnaires were widely appreciated, together with the professionalism of the external psychologists and counsellors.
In order to meet the demand for unscheduled training not included in the funded training plan, other forms of financing were requested and obtained during 2009.
Specific training projects included Total Supplier Quality Management, a course that incorporates various modules: lean production techniques, risk analysis, supplier quality, Brembo products, basic economic/financial matters and personal efficiency development. The course had been designed in order to provide optimum training for those working in Quality and Purchasing, to cover every aspect of the evaluation and selection of suppliers and their products, with a view to steadily improving the value of all strategic partnerships.
The online courses available from the self-learning media library were also very popular. Various multimedia courses (available in Italian and English) were launched during the year, and they will soon be available at the Group's foreign sites. A total of 93 courses were completed during the year (43 of which were in English), representing almost 1000 training hours. Also in this case, effectiveness was measured by questionnaires which tested the students' skills on starting and finishing the course.
In parallel with the well-established performance and talent management activities, the Brembo Agenda now includes "Development Committees", periodic meetings at which the geographical areas, functions and business units identify and consolidate their "talent portfolios", staff turnover plans, and the takeover timetables for incoming personnel.
The corporate portal is becoming increasingly important when it comes to training and development. It has in fact become the main vehicle for publicising all the self-enrolment training opportunities available within the Group.
A total of 288 training initiatives took place during 2009, with 159 courses, 10,306 training hours and 1,825 participants, despite the reduced number of working days available.

ENVIRONMENT, SAFETY AND HEALTH

During 2009, the key activities in the field of Safety and Environment related to three main aspects:

Start-up of self-learning tools:
After the content planning stage and completion of the graphic design, the ambitious online distance learning project was launched in January. Using their own terminals or PCs in the computer laboratories based at Mapello, Curno and Stezzano, employees are now able to attend e-learning courses. The courses currently available, relating to health, safety and the environment, cover two levels: the first level relates to aspects common to all plants at all the Group's sites, whereas the second level is specific to each production unit (foundries, machining, testing), and each job title (clerical or manual staff). Another distinctive feature of this type of training is that it can also be easily understood by foreign employees: not only do the pages contain pictures and video clips, but they also have a narrator so that the course can be followed more easily. Although there are many advantages to this type of training, traditional classroom-based learning is still available for "institutional" courses such as those for supervisors or employers.

Internationalisation of the Safety and Environmental Management System:
The company's growth and the need to impose safety and environmental rules applicable to all the Group's sites requires a comprehensive overhaul of the current system, i.e. the network of responsibilities, practices, procedures, processes, plans and resources necessary to elaborate, implement, follow up, review and maintain the safety and environment policy. In this context, 2009 saw a complete overhaul of the Safety and Environment Management system. The changes implemented were intended to meet the following objectives:

- the need to raise the level of the current procedures issued by the Central Safety and Environmental Body, so that they provide guidelines that can be applied to all Group sites regardless of local laws. These could, if necessary, be added to the procedures, which must be published in Italian and English;
- the need to issue site and/or country-specific procedures setting out the obligations and operational processes required to comply with the central guidelines and also the local legal requirements.

Following the restructuring of the Safety and Environmental Management system, each site must carry out specific training on the reviewed or newly-issued procedures. The level of detail will depend on the complexity of the work in question, and the methods, capabilities and preparation necessary for its execution.

Management of contract-based work:
The delegated law of August 2007 (law 123) and legislative decree 81/08 (Occupational Health and Safety Consolidation Act) introduced far-reaching reforms relating to the management of contract-based work. By imposing the rules and standards applicable to building sites also on industrial companies, the legislator aimed to focus more closely on two aspects:

- greater responsibility of the client company or the entity contracting out the works (Brembo in this case);
- improved coordination and synergies with the contractor or outsourcer.

On reading the text of the latest decrees, it can be seen that the legislator wants to give greater impulse to the prevention and early identification of risks by all parties involved (company/Brembo and contractor), so that the two sides can take joint action to eliminate or reduce them. From this viewpoint, 2009 was characterised by intensive auditing activities (surveillance and control), training on safety issues, and a high level of involvement of outsourcers with a view to continuous development.

Other important activities during the year included a research project, in which Brembo took part, relating to work-related stress and wellbeing.

In a similar way to legislative decree 626/94, which was based on the enactment of a European directive and marked a radical new way of considering and managing safety in the workplace, decree 81/08 (Occupational Health and Safety Consolidation Act) introduced several new European concepts, including the subject of work-related stress. Companies are now obliged to assess the level of stress in the working environment so that corrective action can be taken if any unacceptable situations arise that are directly related to their work.

With the exception of various guidelines not yet officially recognised at institutional level, there is no certain method that can accurately define work-related stress. For this reason, during September a team from the Brembo Safety & Environment body, made up of Site Managers and personnel from the Central Staff, took part in an experiment on work-related stress, organised by Confindustria Bergamo and based on a philosophy of prevention. The project took the form of three meetings attended by a professor of Organisational Psychology who lectures at the University of Bergamo. The first training session was on the theme of work-related stress and wellbeing, while in the last two sessions the participants were asked to fill out a questionnaire followed by anonymous comments and group feedback on the results.

The project was based on two parallel and complementary lines of inquiry:

- business, where the subject under investigation is the company itself, its organisation, and/or a level of management;
- individual, where the subject under investigation is the individual employee, considered separately from the business context of which he or she is part.

The main aim of the project was to establish the effectiveness of the diagnosis, and secondly to set up a system of measures that can be implemented either in individual procedures or in organisational development processes.

The project has not only been implemented at Brembo, but in other companies in various sectors. In order to present the results of the study (strictly on an anonymous basis), a roundtable will take place in the early part of 2010, entitled "From Stress in the Workplace to Organisational Wellbeing". The meeting is aimed at discussing the potential implications for the working environment and will be attended by representatives of local institutions (Confindustria Bergamo, delegates from the Bergamo branches of various trade unions including CGIL, CISL and UIL, the Bergamo local health authority, Occupational Medicine department of local hospitals, the Bergamo branch of INAIL – the Italian insurance institute for employment injuries – and Lombardy Regional Government).

BREMBO STRUCTURE

Compared to 31 December 2008, the Group's structure changed as follows:

- effective 1 January 2009, the subsidiary Brembo North America Homer Inc. was merged into Brembo North America Inc.
- following the joint-venture agreement between Brembo and SGL Group discussed in the "Investments" section, Brembo's investment in Brembo Ceramic Brake Systems S.p.A. (now Brembo SGL Carbon Ceramic Brakes S.p.A.) decreased from 100% to 50%. Brembo then acquired 50% of Brembo SGL Carbon Ceramic Brakes GmbH, a SGL-Group company specialised in the manufacture of carbon-ceramic discs.
- In July 2009, an agreement was reached between Sanluis Group and Brembo S.p.A. to suspend the arbitration underway and Brembo acquired the remaining 24% of Brembo Rassini S.A. de C.V. (now Brembo Mexico Puebla S.A. de C.V.), in exchange for its stake in Fundimak S.A. de C.V, plus the remainder of the net consideration of USD 1,400 thousand; The agreement was executed on 19 August 2009.
- on 15 July 2009, the company Brembo Czech S.r.o., 100% held by Brembo S.p.A., was incorporated;
- in September 2009, a new company, Brembo Nanjing Foundry Co. Ltd., was incorporated in China. In January 2010, it was used as a vehicle to acquire all the assets of a foundry from Donghua Automotive Industral Co. Ltd.;
- in December 2009, the company Qingdao Brembo Trading Co. Ltd., 100% controlled through Brembo International S.A., was incorporated. As noted above, the company will carry out logistics operations in the Qingdao hub;
- on 22 December 2009, the winding up procedures of Brembo Participations B.V. were concluded.

Also in 2009, the companies Nanjing Yuejin Automotive Brake System Co. Ltd. and KBX Motorbike Products Private Ltd. changed their names to Brembo Nanjing Brake System Co. Ltd. and Brembo Brake India Ltd., respectively.

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

BREMBO'S CONSOLIDATED PERFORMANCE

The main indicators of Brembo's consolidated balance sheet, income statement and cash flow statement at 31 December 2009 and the relevant comparison data are given in the table below.

Income Statement

(euro thousand)	31.12.2009	31.12.2008	Change	% 2009/2008
Sales of goods and services	**825,897**	**1,060,771**	**(234,874)**	**-22.1%**
Cost of sales, operating costs and other net charges/income (1)	(539,594)	(709,018)	169,424	-23.9%
Personnel expenses	(185,121)	(210,808)	25,687	-12.2%
GROSS OPERATING INCOME	**101,182**	**140,945**	**(39,763)**	**-28.2%**
% on sales	*12.3%*	*13.3%*		
Depreciation, amortisation and other write-downs	(78,537)	(66,168) (2)	(12,369)	18.7%
NET OPERATING INCOME	**22,645**	**74,777** (2)	**(52,132)**	**-69.7%**
% on sales	*2.7%*	*7.0%*		
Interest income (expense) from investments	(11,968)	(21,169)	9,201	-43.5%
INCOME BEFORE TAXES	**10,677**	**53,608** (2)	**(42,931)**	**-80.1%**
% on sales	*1.3%*	*5.1%*		
Taxes	(1,155)	(17,379) (2)	16,224	-93.4%
INCOME/(LOSS) BEFORE MINORITY INTERESTS	**9,522**	**36,229** (2)	**(26,707)**	**-73.7%**
% on sales	*1.2%*	*3.4%*		
Minority interests	1,006	1,276	(270)	-21.2%
NET INCOME (LOSS)	**10,528**	**37,505** (2)	**(26,977)**	**-71.9%**
% on sales	*1.3%*	*3.5%*		
Basic and diluted earnings per share (in euro)	**0.16**	**0.57**		

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

(2) For comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.

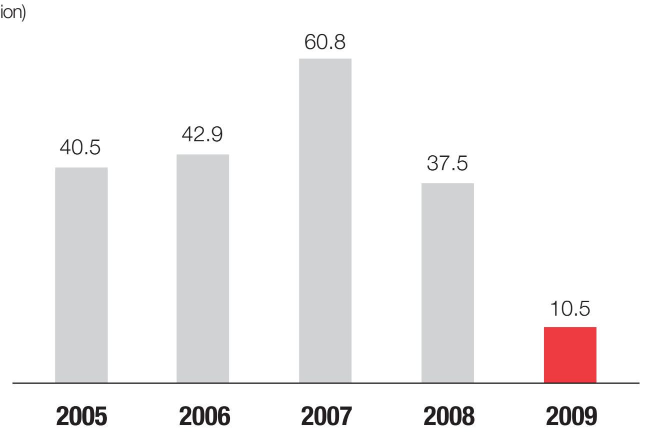
As previously indicated, the Group's market of operation – the automotive market – was one of the hardest hit in 2009 by the global financial and economic crisis; the strong drop in sales seen in the final months of 2008 continued during 2009, albeit at a slower pace. The decrease in registrations remained very severe, especially in the first half of 2009, whereas the first moderate signs of a turnaround were seen in the second half of the year. There continue to be considerable concern and a climate of uncertainty in the industry, as well as in the entire global economic and financial system.
The net sales reported in 2009 by Brembo, which saw a significant decline in orders and turnover during the year, amounted to €825,897 thousand, down by 22.1% compared to 2008, but increasing sharply compared to the first half of the year, when the Group's sales fell by 28.8%.

The following information should be considered when comparing the 2009 and 2008 results:

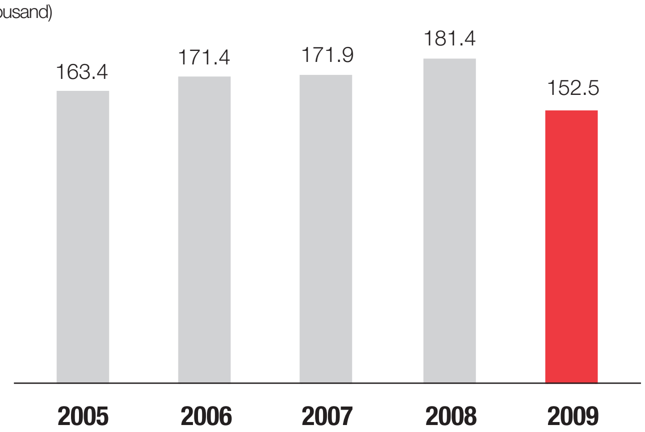
- the Sabelt Group was included in the consolidation area as of 1 March 2008, contributing €4,435 thousand in sales in January and February, in the passive safety sector;
- Brembo Nanjing Brake System Co. Ltd., which has been fully consolidated by the Group since May 2008, recorded sales of €7,100 thousand between January and April 2009;
- Brembo Brake India Ltd., an Indian company which has been fully consolidated as of November 2008, contributed €15,261 to net sales from January to October 2009;
- the production and sale of flywheels for the car industry, generated by the acquisition of assets from Brazil's Sawem Industrial Ltda. through subsidiary Brembo do Brasil Ltda. contributed €3,248 thousand to net sales in 2009.

On a like-for-like consolidation basis, net sales decreased by 25% (16.2% in the second half of the year alone).
The upturn in sales in the second half of the year related primarily to sales of applications for commercial vehicles and cars: during the year, the former fell by 37.2% compared to 2008 against a reduction of 48.2% in the first half; the latter fell overall by 18.5% against a 28% decline in the first half of the year.
On the other hand, applications for motorbikes and the racing segment in particular suffered a further downturn in sales in the second half of 2009, closing the year with a 19.5% and 22.9% reduction respectively. The racing market, both motorbike and car, is changing rapidly and even the budgets of the Formula 1 constructors have been significantly reduced due to the crisis.
At geographical level, mention should be made of the growth in sales both in Brazil (+22.9%) and, despite the severe crisis in the Japanese market, in the Asiatic region (+13.4%), in sharp

NET INCOME FOR THE YEAR
(euro million)



TURNOVER PER EMPLOYEE
(euro thousand)



contrast with the rest of the world. This is also due to the change in the consolidation area which has produced the significant rise in sales recorded in India (+461.38%).

The decline of the NAFTA area, which reported a decrease in sales of 12.1% over the year, compared to a decrease of 22.1% in the first half of 2009, appears to have come to a halt.

Group sales are still based to a major extent on the European market, although its contribution went from 72% in 2008 to 65% in 2009. The second half of the year saw an improvement in European sales compared to the first half, in the German market in the United Kingdom and in France. The downturn in the Italian market was rather consistent throughout the year, with an overall reduction of 32.4%.

During 2009, the cost of sales and other net operating costs amounted to €539,594 thousand, with a ratio of 65.3% to sales, as against 66.8% for the previous year.

"Other revenues and income" includes €4,000 thousand in compensation for damages paid by a supplier and a €3,874 thousand gain realised on the sale of 50% of Brembo Ceramic Brake Systems S.p.A. (now Brembo SGL Carbon Ceramic Brakes S.p.A.). Excluding these non-recurring items, the ratio of other net operating costs to sales would have been 66.3%.

Brembo's policy, which, already from the last few months of 2008, focused on taking extraordinary measures to adjust production volumes to demand, has proven effective in tackling the difficult economic and financial and market situation that has affected all world economies.

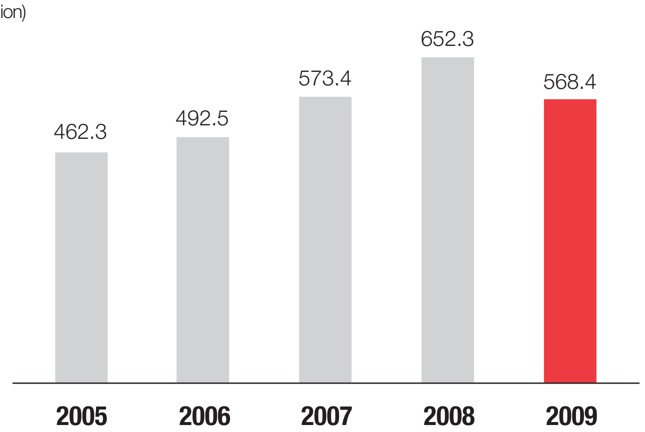
Subsidies for research in the form of tax credits amounted to €2,475 thousand (compared to €2,878 thousand in the previous year). In 2008, "Other revenues and income" included €1,711 thousand in gains on the sale of buildings in Italy.

Development costs capitalised as intangible assets amounted to €9,233 thousand compared to €13,740 thousand in 2008.

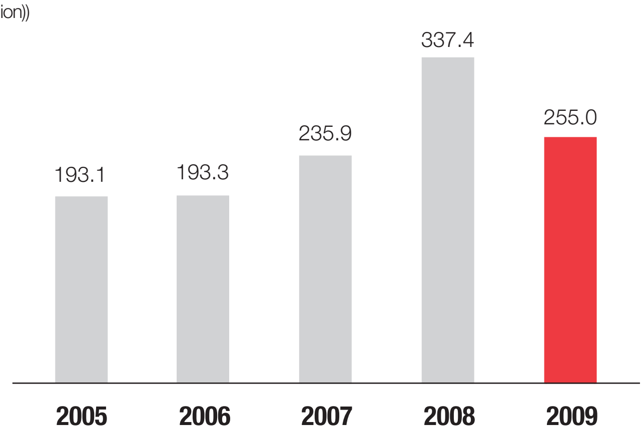
Personnel costs in 2009 amounted to €185,121 thousand, representing a higher proportion of revenues (22.4%) than in the same period of the previous year (19.9%). This increase related to the costs of reorganisation initiatives and actions to reduce the workforce in various plants in Italy and in the Group's foreign companies. In Italy, the Company also drew on the ordinary redundancy fund.

Workforce at 31 December 2009 totalled 5,417, a decrease of 7.4% compared to 5,847 at 31 December 2008. On a like-for-like

NET INVESTED CAPITAL
(euro million)



NET FINANCIAL DEBT
(euro million))



basis, the Group's workforce decreased by 6.5% compared to 31 December 2008.

Gross operating income in the year was €101,182 thousand (12.3% of sales) compared to €140,945 thousand in 2008 (13.3% of sales).

Net operating income amounted to €22,645 thousand (2.7% of sales), compared to €74,777 thousand (7% of sales) for 2008, after depreciation, amortisation and impairment losses on property, plant, equipment and intangible assets amounting to €78,537, compared to depreciation and amortisation amounting to €66,168 thousand in 2008. The increase in this item can be attributed primarily to the write-downs carried out as part of the production reorganisation of the Mexican plants, the development costs arising from the abandonment of projects by customers and goodwill following the revised budget forecasts of a consolidated company. In addition, increased amortisation costs were sustained for the capitalised development costs and development of the new ERP system *(Enterprise Resource Planning).*

Net interest expense was €10,550 thousand (€19,422 in 2008) and included net exchange losses of €1,434 thousand (€6,346 thousand in 2008) and net interest expense of €9,116 thousand (€13,076 in 2008). The decrease in interest expense is attributable to the reduction in the rates applied and sharper management of financial leverage. When comparing the previous year, account should also be taken of the fact that 2008 benefited from €4,150 thousand interest income linked to the revised estimate of the amount due in relation to the put option on 30% of Brembo Performance S.p.A., granted to the minority shareholders under the Sabelt integration agreements. 2009 also benefits from the same revision, albeit for a lower amount, amounting to €2,980 thousand.

Interest expense from investments, amounting to €1,418 thousand, is primarily the result of the valuations of associate companies using the equity method, which involved an overall loss of €2,803 thousand. The loss was mainly due to the negative result for the year of the joint venture BSCCB, which was partially offset by the release of the prior-year write-down of the shareholding in Fundimak S.A. de C.V., amounting to €1,373 thousand.

Income before taxes was €10,677 thousand, compared to €53,608 thousand for the previous year.

Based on the tax rates applicable for the year under current tax regulations, estimated taxes amounted to €1,155 thousand (€17,379 thousand in 2008), with a tax rate of 10.8% compared to 32.4% for the previous year. The tax rate is falling sharply, as a result of the tax reliefs enjoyed especially by Brembo S.p.A. for income from investments and certain Group companies, which performed well during the year despite the difficult market situation; in addition, a prudent valuation of the usability of tax losses generated by the Parent Company and other Group companies led to the recognition of deferred tax assets with positive effects on the tax burden.

Total net income for 2009 was €10,528 thousand (1.3% of sales), after minority interests of €1,006 thousand, down by €26,977 thousand compared to the previous year.

Balance Sheet

(euro thousand)	31.12.2009	31.12.2008	Change
Property, plant and equipment	311,838	354,204	(42,366)
Intangible assets	103,294	109,468 [1]	(6,174)
Net financial assets	42,905	15,049	27,856
(a) Fixed Capital	*458,037*	*478,721* [1]	*(20,684)*
			-4.32%
Inventories	142,867	197,573	(54,706)
Trade receivables	161,663	189,096	(27,433)
Other receivables and current assets	26,707	44,263	(17,556)
Current liabilities	(203,812)	(235,529)	31,717
Provisions / deferred taxes	(17,101)	(21,807) [1]	4,706
(b) Net working capital	*110,324*	*173,596* [1]	*(63,272)*
(c) NET INVESTED CAPITAL (a)+(b)	**568,361**	**652,317** [1]	**(83,956)**
			-12.87%
(d) Equity	*291,465*	*292,035* [1]	*(570)*
(e) Employees' leaving entitlement and other funds for personnel	*21,906*	*22,839*	*(933)*
Medium/long-term net financial debt	122,593	193,937	(71,344)
Short-term net financial debt	132,397	143,506	(11,109)
(f) Net financial debt	*254,990*	*337,443*	*(82,453)*
(g) COVERAGE (d)+(e)+(f)	**568,361**	**652,317** [1]	**(83,956)**
			-12.87%

(1) For comparison purposes, certain amounts in the 2008 financial statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.

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

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

Net invested capital at year-end was €568,361 thousand, compared to €652,317 thousand at 31 December 2008, decreasing by €83,956 thousand.
Net debt at 31 December 2009 was €254,990 thousand, compared to €337,443 thousand at 31 December 2008. The decrease is the result of measures taken to reduce inventories and receivables and revise the company's investment policies to combat falling demand and reduced net operating income.
In light of the current market situation and in an attempt to minimise credit and liquidity risks, in March 2009, the Parent Company Brembo S.p.A. began selling its receivables to factors under arrangements that transfer all primary risks associated with the receivables to the factor. Factored receivables not yet collected at 31 December 2009 amounted to €14,860 thousand.
At the end of June, in accordance with contractual agreements, Brembo received €12,180 thousand (plus VAT) from Torre SGR S.p.A. as payment of a chargeback of costs incurred for the expansion of the Stezzano building.
Total gross investments during the year amounted to €47,465 thousand, of which €3,281 thousand went toward the acquisition of production assets of Sawem Industrial Ltda. through subsidiary Brembo do Brasil Ltda.
The Parent Company paid €14,703 thousand in dividends in May.
In August the company paid the last instalment in connection with the Bradi bankruptcy, amounting to €4,250 thousand.
In the period under review, the Group obtained a €25,000 thousand medium-/long-term loan from Centrobanca. The loan is not subject to covenants. Other smaller loans were also obtained.

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

Cash Flow Statement

(euro thousand)	31.12.2009	31.12.2008
Net financial position at beginning of year (2)	**(337,443)**	**(235,885)**
Net operating income	**22,645**	**74,777**
Depreciation, amortisation and impairment losses	78,537	66,168
Gross operating income	**101,182**	**140,945**
Investments in property, plant and equipment	(30,342)	(69,280)
Investments in intangible assets	(13,842)	(24,420)
Investments in financial assets	(30)	(30)
Acquisition of BCBS S.p.A.	0	(9,000)
Acquisition of assets from Sawem Industrial Ltda. (1)	(3,281)	0
Acquisition of Nanjing Yuejin Automotive Brake System Co. Ltd.	0	(4,402)
Acquisition of Sabelt Group	0	(9,549)
Acquisition of KBX Motorbike Products Pvt. Ltd.	0	(10,700)
Brembo Rassini transaction	(2,784)	0
30% capital gain on the disposal of the “HPK” business line	0	3,573
50% disposal of BSCCB S.p.A.	(3,874)	0
Disposals	3,826	12,018
Net investments	**(50,327)**	**(111,790)**
Change in inventories	39,872	(20,086)
Change in trade receivables and receivables from companies valued using the equity method	25,366	21,799
Change in trade payables and payables to companies valued using the equity method	(15,787)	(28,784)
Change in other liabilities	(10,631)	(5,207)
Change in receivables from others and other assets	19,391	(4,001)
Change in working capital	**58,211**	**(36,279)**
Change in provisions for employee benefits and other provisions	3,231	(2,179)
Operating Free Cash Flow	**112,297**	**(9,303)**
Interest income and expense	(9,596)	(20,214)
Translation adjustment reserve	5,817	(13,583)
Acquisition of own shares	0	(7,924)
Dividends received	6	12
Tax income and expense	(12,498)	(12,040)
Release of write-down of Fundimak S.A. de C.V.	1,373	0
Cash flows before dividends	**97,399**	**(63,052)**
Dividends paid	(14,703)	(19,775)
Net cash flows	**82,696**	**(82,827)**
Net financial position of BSCCB S.p.A. at deconsolidation date	(243)	0
Net financial position of the Sabelt Group at acquisition date and value of the put option held by former shareholders	0	(16,674)
Net financial position of Nanjing Yuejin Automotive Brake System Co. Ltd. at acquisition date	0	2,856
Net financial position of KBX Motorbike Products Pvt. Ltd. at acquisition date	0	89
Net financial position of BSCB S.p.A. at acquisition date	0	(5,002)
Net financial position at end of year (2)	**(254,990)**	**(337,443)**

(1) Translated using the exchange rate at 31 December 2009.

(2) Note 13 in the Consolidated Financial Statements provides a reconciliation of these figures.

PERFORMANCE OF BREMBO COMPANIES

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

BREMBO S.p.A.

CURNO (ITALY)

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

Financial year 2009 closed with sales of goods and services amounting to €459,731 thousand, down 28.7% compared to €645,139 thousand in 2008. The decrease in sales relates generally to all applications, even though sales of car applications had the greatest impact and, albeit at a reduced rate (-24.4%) compared to other applications (commercial vehicle applications fell by 57.7%), made up a significantly higher proportion (approximately 71%) of the company's sales; alone it accounted for 56% of the downturn in sales. The contribution of foreign sales is high (about 73%) and higher than the previous year, although sales are still concentrated primarily in the mature European market.
When comparing "Other revenues and income", amounting to €24,365 thousand in 2009 as against €22,544 thousand in 2008, it should be borne in mind that the property in San Giovanni Bianco (BG) was sold in June 2008, with a capital gain of €1,174 thousand. During the year, the company received compensation of €4,000 thousand from a supplier. The item "Other revenues and income" also included a research grant in the form of tax credit amounting to €2,281 thousand (€2,643 thousand in 2008).
Capitalised development costs during the year decreased sharply compared to the previous year by €4,512 thousand.
Gross operating income went from €73,569 thousand (11.4% of sales) in 2008 to €40,001 thousand (8.7% of sales) in 2009, whereas net operating loss, after depreciation and amortisation amounting to €42,699 thousand, was €2,698 thousand compared to a net operating income of €36,897 thousand for the previous year.
The net result of financial transactions recorded net interest expense of €9,298 thousand, compared to €13,766 thousand for 2008.
Income from shareholdings of €32,595 thousand is due to the distribution of dividends by several of subsidiaries totalling €37,440 thousand, offset by the write-downs of shareholdings in some subsidiaries for an overall net amount of €4,845 thousand.
The income statement benefits from a positive tax effect of €545 thousand, linked to the lower current taxes for the year (including €3,000 thousand, for IRAP) and the effect of deferred tax assets and liabilities. Net income for the year was €21,144 thousand, compared to €16,653 thousand for 2008.
At 31 December 2009, the workforce numbered 2,676, a 5.3% decrease compared to 2,825 at 31 December 2008.

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, manufactures, assembles and sells cutting-edge, high-tech products throughout the world for the main Formula 1, GT, Touring and Rally teams. It also produces and

sells original equipment brakes and clutches for prestige car manufacturers.
Net sales in 2009 amounted to GBP 23,208 thousand (€26,046 thousand), compared to GBP 29,446 thousand (€36,979 thousand) at 31 December 2008. In 2009, the company reported net income of GBP 2,323 thousand (€2,607 thousand), lower than GBP 3,939 thousand in 2008 (€4,947 thousand).
At 31 December 2009, the workforce numbered 115, nine less than at year-end 2008.

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 joined the Brembo Group in 2008.
It engages in the sewing of seatbelts for children and jumpsuits for the racing industry manufactured on behalf of the direct parent company, Sabelt S.p.A.
At 31 December 2009, net sales, mainly intra-group sales, amounted to €3,688 thousand (compared to SKK 113,924 thousand or €3,643 thousand for 2008) and a net income was €5 thousand (SKK 287 thousand, or €9 thousand for 2008).
At 31 December 2009, the workforce numbered 74, compared to 76 at 31 December 2008.

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. At the end of April 2008, Brembo China acquired a 42.25% stake in Nanjing Yuejing Automotive Brake System Co. (now Brembo Nanjing Brake System Co. Ltd.).
From 2010 the company will run promotion and development initiatives in the Chinese market, following reorganisation of the Group's operations in China.
Net sales at 31 December 2009 amounted to CNY 98,889 thousand (€10,390 thousand), compared to CNY 139,926 thousand (€13,687 thousand) in 2008. Loss for the year at 31 December 2009 amounted to CNY 11,398 thousand (€1,198 thousand), compared to a loss of CNY 920 thousand (€90 thousand) for the previous year.
At 31 December 2009, the workforce numbered 17, two more than at December 2008.

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 and 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. In 2009, due to the difficult economic situation, the company halted the technical-organisational and quality assurance activities with customers in the German area providing support to Brembo S.p.A.; these operations should resume in 2010.
At 31 December 2009, net sales amounted to €51 thousand, and

net loss was €106 thousand.
The company has no employees, but uses outside consultants.

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.
In January 2009, Brembo acquired assets for the production and marketing of flywheels for the car industry from the Brazilian company Sawem Industrial Ltda. Flywheels are manufactured in São Paulo by a staff of about 70 people.
Net sales for 2009 amounted to BRL 147,272 thousand (€53,156 thousand) and net income was BRL 9,630 thousand (€3,475 thousand). In 2008, sales amounted to BRL 115,758 thousand (€43,279 thousand) and net income was BRL 4,828 thousand (€1,805 thousand).
At 31 December 2009, the workforce numbered 366, 83 more than at year-end 2008.

BREMBO BRAKE INDIA PVT. LTD. (FORMERLY KBX MOTORBIKE PRODUCTS PRIVATE LTD.)
PUNE (INDIA)

Activities: production and sale of braking systems for motorbikes.

The joint venture is based in Pune, India, and is held in equal stakes by Brembo S.p.A. and the Indian company Bosch Chassis Systems India Ltd. The company has been wholly owned by Brembo S.p.A. since November 2008. The company's name, formerly KBX Motorbike Products Private Ltd., was changed in early 2009 to Brembo Brake India Pvt. Ltd.
In 2009, net sales amounted to INR 1,042,517 thousand (€15,489 thousand), with a net income of INR 100,990 thousand (€1,500 thousand).
At 31 December 2009, the workforce numbered 259, 34 more than the previous year.

BREMBO CZECH S.R.O.
MOŠNOV (CZECH REPUBLIC)

Activities: production and sale of braking systems.

The company was formed on 15 July 2009 and is still in its start-up phase.
It did not report any sales in 2009, and closed the year with a loss of CZK 943 thousand (€36 thousand).
The company currently has no employees, but uses outside consultants.

BREMBO INTERNATIONAL S.A.
LUXEMBOURG (LUXEMBOURG)

Activities: holding company.

The company operates as a development holding aimed at strengthening financial activity and developing brand awareness. It holds a majority stake in Brembo Group's foreign companies.
Fully owned by Brembo S.p.A., the company closed 2009 with net income of €17,584 thousand, mainly as a result of dividends received from Brembo Spolka Zo.o. and Brembo Scandinavia AB. The company realized a capital gain on the disposal of Fundimak S.A. de C.V., as part of the above-mentioned transaction.

BREMBO JAPAN CO. LTD.

TOKYO (JAPAN)

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

Brembo Japan Co. Ltd. is Brembo's commercial company that handles the Japanese racing market. Through the Tokyo office, it also provides primary technical support to the OEM customers in the area. It also renders services to the Brembo Group companies operating in Japan.

Net sales for 2009 amounted to JPY 353,389 thousand (€2,713 thousand), down 46.6% compared to JPY 662,186 thousand in 2008 (€4,347 thousand). Net income decreased 63.6% from JPY 19,912 thousand (€131 thousand) in 2008 to JPY 7,254 thousand (€56 thousand) in 2009.

At 31 December 2009, the workforce numbered 13, two more compared to 31 December 2008.

BREMBO MEXICO APODACA S.A. DE C.V.

APODACA NUEVO LEÓN (MEXICO)

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

The company joined the Brembo Group at the end of 2007, following the acquisition of the Brakes Division of Hayes Lemmerz International Inc. by Brembo North America Inc., which holds a 99.9% stake. It assumed the new name of Brembo Mexico Apodaca S.A. de C.V. in 2008.

Sales for 2009 amounted to USD 29,973 thousand (€21,513 thousand) compared to USD 38,709 thousand (€26,319 thousand) for 2008; net income for the year amounted to USD 599 thousand (€430 thousand), compared to USD 1,072 thousand (€729 thousand) for the previous year.

At 31 December 2009, the workforce numbered 116, 17 more compared to 31 December 2008.

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

PUEBLA (MEXICO)

Activities: production and sale of brake discs for cars.

The company, which until July 2009 was held by Brembo (76%) and the Mexican Group Sanluis (24%), gradually stopped its manufacturing activities during 2009 and now distributes original equipment and aftermarket brake discs for cars. In the case of original equipment, the customers are represented by European and Japanese manufacturers with operational offices in North America; aftermarket products are bound both for the Mexican and United States markets. For sales in the United States the company uses the commercial services of Brembo North America Inc., and the products are aimed mainly at imported cars and Sport Utility Vehicles (SUV) on the United States market.

The company is based in Puebla, an industrial town about 100 kilometres south of Mexico City.

In July 2009, the Sanluis Group and Brembo reached an agreement to suspend arbitration proceedings, and the Brembo Group acquired 24% of Brembo Rassini S.A. de C.V. in exchange for its interest in Fundimak S.A. de C.V. plus a net consideration of USD 1,400,000. The transfer took place on 19 August 2009. Also under the agreement, the company changed its name to Brembo Mexico Puebla S.A. de C.V. and is currently undergoing an extensive reorganisation process.

Net sales for 2009 amounted to MXN 250,099 thousand (€13,314 thousand), compared to MXN 629,300 thousand (€38,618 thousand) in 2008, down 60.3%.

Net loss at 31 December 2009 amounted to MXN 63,607

thousand (€3,386 thousand), compared to a loss of MXN 67,475 thousand (€4,141 thousand) for 2008.
At 31 December 2009, the workforce numbered 21, a decrease of 90% compared to the end of 2008.

BREMBO NANJING BRAKE SYSTEMS CO. LTD. (FORMERLY NANJING YUEJIN AUTOMOTIVE BRAKE SYSTEM CO. LTD.)

NANJING (CHINA)

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

The company, a joint venture between Brembo S.p.A. and the Chinese group Nanjing Automobile Corp., was formed in 2001. The Brembo Group acquired control over the company in late April 2008. In 2009, the company changed its name from Nanjing Yuejin Automotive Brake System Co. Ltd. to Brembo Nanjing Brake System Co. Ltd.
Net sales amounted to CNY 224,975 thousand (€23,638 thousand) at 31 December 2009, with a net income of CNY 10,025 thousand (€1,053 thousand), a sharp rise (+83%) thanks to the increase in sales (+68%) compared to 2008.
At 31 December 2009, the workforce numbered 345, 94 more than in 2008.

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 September 2009 and 100% held by Brembo S.p.A., is designated to take over the foundry activities acquired in January 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 pole, including foundry and manufacture of brake callipers and discs for the car and commercial vehicle market.
The company is in its start-up phase and no sales were reported in 2009. Net loss was CNY 23 thousand (€2 thousand).
At 31 December 2009, the company had no employees.

BREMBO NORTH AMERICA INC.

PLYMOUTH (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. operates in the United States, producing and selling brake discs for the original equipment market and the aftermarket and, in its Moresville operational base, high performance brake systems for racing cars and motorbikes. The company is backed by technical staff from Brembo S.p.A. and the local offices, in the development and supply of new solutions in terms of materials and design for the US market. In October 2009, Brembo North America Inc. moved to its new headquarters in Plymouth, an operation completed during the year, bringing together its general headquarters and technical and commercial departments.
In January 2009, Brembo North America Inc. merged with subsidiary Brembo North America Homer Inc., a company that manufactures and sells brake discs and drums for cars and light commercial vehicles on the North American market. Brembo North America Homer Inc. joined the Brembo Group in November 2007 after Brembo acquired the Brake Division of Hayes Lemmerz

International Inc. The products are manufactured for the main carmakers and several component manufacturers operating in the United States.
Net sales for 2009 amounted to USD 83,379 thousand (€59,844 thousand) and were clearly impacted by the effects of the above-mentioned merger; net sales for the previous year amounted to USD 22,059 thousand (€14,998 thousand).
Net loss at 31 December 2009 was USD 6,724 thousand (€4,826 thousand), compared to a net loss of USD 1,522 thousand (€1,035 thousand) for 2008.
At the end of the year, the workforce numbered 172, 140 more compared to 31 December 2008, due to the above-mentioned merger.

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

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

The company is 70% held by Brembo S.p.A.
Brembo Performance S.p.A. operates, also through the subsidiary Sabelt S.p.A., in the production and sale of passive safety components (seatbelts, seats, protective racing wear, child safety systems) and special car and motorbike accessories.
Net sales of Brembo Performance for 2009 amounted to €11,037 thousand, up 25.2% compared to 2008. It should be noted that in 2008 sales did not include the month of January, since industrial activity started in February following the transfer to Brembo Performance of Brembo S.p.A.'s High Performance Kit division (brake systems for the car and motorbike sports conversions market).
At geographical level, there was an upturn in sales in Italy, driven by the customer Abarth (Fiat Group).
The trend in the other markets remained more or less stable.
Net operating income for 2009 was €194 thousand and net loss amounted to €3,437 thousand. The result was mainly affected by the impairment loss recognised for the shareholding in Sabelt S.p.A.
At 31 December 2009, the workforce numbered 21, unaltered from the previous year.

BREMBO PERFORMANCE JAPAN CO. LTD.
TOKYO (JAPAN)

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

Fully owned by Brembo Performance S.p.A. since 2008, the company was formed on 6 November 2007. Its activities are related to the performance upgrade of cars and motorbikes in Japan and the Asia area.
The High Performance Kit division of Brembo Japan Co. Ltd. was transferred into the company during the first half of 2008.
At 31 December 2009, net sales amounted to JPY 389,918 thousand (€2,994 thousand), down 18.1% compared to JPY 475,959 thousand for 2008 (€3,124 thousand). Net income for the year amounted to JPY 38,314 thousand (€294 thousand), compared to JPY 45,829 thousand (€301 thousand) for 2008.
At 31 December 2009, the workforce numbered 7, compared to 8 in 2008.

BREMBO PERFORMANCE NORTH AMERICA INC.

PLYMOUTH (USA)

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

Fully owned by Brembo Performance S.p.A. since 2008, the company was formed on 10 October 2007. The High Performance Kit division of Brembo North America Inc. was transferred into the company in April 2008.

At 31 December 2009, net sales amounted to USD 834 thousand (€599 thousand), down 40.5% compared to USD 1,402 thousand (€953 thousand) for 2008; net loss amounted to USD 286 thousand (€205 thousand), compared to a net loss of USD 283 thousand (€192 thousand) for 2008.

At 31 December 2009, the workforce numbered 4, one less than in 2008.

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.

Net sales amounted to PLN 381,589 thousand (€88,130 thousand) in 2009, compared to PLN 384,720 thousand (€109,377 thousand) in 2008.

Net income at 31 December 2009 amounted to PLN 81,989 thousand (€18,936 thousand), increasing sharply compared to PLN 19,318 thousand (€5,492 thousand) for 2008. This improvement, which was achieved despite the slight decrease in sales, was due to the strict operating cost-containment policy and the favourable trend in foreign exchange rates.

At 31 December 2009, the workforce numbered 656, down compared to 698 at 31 December 2008.

BREMBO SCANDINAVIA A.B.

GÖTEBORG (SWEDEN)

Activities: promotion of the sale of car brake discs.

The company promotes the sale of brake discs for the automotive sector, destined exclusively for the aftermarket.

Net sales amounted to SEK 6,902 thousand (€650 thousand) in 2009, compared to SEK 5,973 thousand (€621 thousand) in 2008. Net income increased to SEK 2,061 thousand (€194 thousand) from SEK 1,637 thousand (€170 thousand) in 2008.

There was 1 employee on the payroll at 31 December 2009, unchanged from 2008.

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 2009 amounted to PLN 272,580 thousand (€62,954 thousand), compared to PLN 361,990 thousand (€102,915 thousand) in 2008.

Net income for 2009 was PLN 30,121 thousand (€6,957 thousand), with a decrease compared to PLN 36,433 thousand (€10,358 thousand) in 2008.

At year-end, the workforce numbered 372, a sharp decrease compared to 467 at 31 December 2008.

BREMBO UK LTD.
LONDON (UNITED KINGDOM)

Activities: sale of brake discs for the aftermarket.

The company sells aftermarket discs in the UK.
Net sales increased 14%, from GBP 903 thousand (€1,135 thousand) at 31 December 2008 to GBP 1,029 thousand (€1,155 thousand) at 31 December 2009. Net loss for the year was GBP 19 thousand (€21 thousand), compared to a net loss of GBP 47 thousand (€59 thousand) for 2008.
At 31 December 2009, the workforce numbered 2, unaltered compared to 2008.

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

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

The company has phased out productive activities to focus only on sales activities.
Net sales for 2009 amounted to €19,840 thousand, compared to €35,097 thousand for 2008. Net loss amounted to €3,216 thousand compared to a net income of €121 thousand reported for 2008.
The company underwent extensive restructuring during the year.
At 31 December 2009, the workforce numbered 104, compared to 156 at 31 December 2008.

MARCHESINI S.p.A.
CURNO (ITALY)

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

The company has an important position in the design, manufacturing, and marketing of light-alloy wheels for road and racing motorbikes.
The company was hard hit by the economic crisis and significant restructuring initiatives had to be carried out at the end of 2009, with the transfer of operations from Jerago con Orago to Curno.
Net sales for 2009 were €2,501 thousand, down 56.8% compared to €5,783 thousand in 2008. In 2008, the Jerago facility was disposed of, resulting in a capital gain of €537 thousand.
Net loss for 2009 was €1,121 thousand, compared to a net income of €461 thousand for 2008.
At 31 December 2009, the workforce numbered 14, two less than the previous year.

QINGDAO BREMBO TRADING CO. LTD.
QINGDAO (CHINA)

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

In December 2009, Brembo's operations in China were further strengthened, with the incorporation of the company Qingdao Brembo Trading Co. Ltd., 100% held through Brembo International S.A. The company carries out logistics activities within the Qingdao logistics hub.
No sales were reported for 2009 and net loss amounted to CNY 19 thousand (€2 thousand).

SABELT S.P.A.
TURIN (ITALY)

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

Fully owned by Brembo Performance S.p.A., the company joined the Brembo Group in 2008. Its operating offices are located in Moncalieri (Turin), Italy.
At 31 December 2009, net sales amounted to €23,839 thousand and net loss was €3,782 thousand, compared to €26,705 thousand and €810 thousand, respectively, for 2008. The 10.8% drop in sales led to an even more significant reduction in margins due to the higher impact suffered by traditionally higher-margin businesses, such as racing and child safety products. The result was also affected by the current market situation, especially with reference to the recoverability of some assets (particularly receivables and inventories).
At 31 December 2009, the workforce numbered 73, compared to 72 in 2008.

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. On 28 May 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 the period June-December 2009 amounted to €16,252 thousand, with a net loss of €4,710 thousand. The crisis which struck the automotive sector in particular in 2009 led to a sharp fall in sales and production compared to forecasts: manufacturers of sports and performance cars such as Porsche and Audi, the German company's traditional customers, have in fact suffered significant downturns in sales across all their markets, including the important North American market. It has therefore been necessary to reduce production volume in the Meitingen plant using the "Kurzarbeit" system (working time reduction), with the consequences arising from the under-utilisation of production capacity.
At 31 December 2009, the workforce numbered 216.

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

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

The company was formed in 2004, as a joint venture of Brembo S.p.A. and the German company Daimler AG. It designs, develops, manufactures and sells braking systems in general and, specifically, carbon ceramic brake discs for the original equipment

of top-performance cars. The company carries out research and development of new materials and applications. In accordance with agreements between Brembo and Daimler AG, Brembo S.p.A. acquired 100% of the company at the end of September 2008. On 28 May 2009, following the joint-venture agreement between Brembo and SGL Group discussed in the "Investments" section, Brembo's investment in Brembo Ceramic Brake Systems S.p.A. (now Brembo SGL Carbon Ceramic Brakes S.p.A. - "BSCCB S.p.A.") decreased from 100% to 50%. Brembo also acquired 100% of Brembo SGL Carbon Ceramic Brakes GmbH, a SGL-Group company specialised in the manufacture of carbon-ceramic discs.
The company has not suffered any significant reduction in demand for its ceramic brake discs, thanks to a substantially stable order book, consisting of orders from customers producing top-of-the-range cars (e.g. Ferrari), a sector which is untouched by the crisis in demand that has affected the automotive sector overall. As a result, it has not been necessary for the Stezzano plant to resort to the ordinary redundancy fund or any other social welfare schemes and production has continued normally and without any particular interruptions.
Net sales at 31 December 2009 amounted to €27,479 thousand, down 7.2% compared to 2008, with a net loss of €699 thousand compared to a net income of €1,293 thousand in 2008.
In the first half of the year, the company sold its patent package to Brembo S.p.A., after having a certified valuation carried out by a specialist intellectual property firm which examined and valued all the patents involved and set their value at approximately €2.8 million. Net operating income was positively influenced by the gain of €2.7 million from the sale of these patents and negatively affected by increased depreciation of assets (€1 million more than in 2008) and by the €0.5 million write-downs of plant, machinery and equipment. Operating income and the result for the year were also impacted by the high rates of production scrap during 2009 (which returned to normal levels towards the end of the year), as well as the write-down of raw materials no longer usable in the production process for quality reasons.
At 31 December 2009, the workforce numbered 115, nine less than the previous year.

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

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

The company was formed on 18 March 2008, has its registered office in the Province of Bergamo, and is 30% owned by Brembo S.p.A.
Net loss for the year amounted to €195 thousand.

PETROCERAMICS S.R.L.
MILAN (ITALY)

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

Brembo S.p.A. acquired 20% of this company by subscribing a capital increase in November 2006.
Net sales for 2009 amounted to €1,105 thousand, with a net income of €37 thousand. In 2008, net sales were €1,113 thousand and net income amounted to €144 thousand.

SOFTIA S.R.L.
ERBUSCO (ITALY)

Activities: Internet-oriented information technology management.

The company is 40%-owned by Brembo. It operates in the sector of information technology and develops software products for effective communication between the ERP software environments and the Internet.
In 2009, net income amounted to €10 thousand, compared to €86 thousand in 2008.

Other Group 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 International S.A. The company is engaged in the distribution of products for cars and motorbikes in the French racing sector.

TRANSACTIONS WITH RELATED PARTIES

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

FURTHER INFORMATION

Significant Events During the Year

Brembo's General Shareholders' Meeting held on 24 April 2009 voted on:

- approval of the 2008 financial statements of Brembo S.p.A. and the payment of a dividend in the amount of €0.225 per outstanding share not including own shares;
- recalculation of the total amount of the Directors' remuneration pursuant to Article 21 of the By-laws of Brembo S.p.A.
- upward revision of the independent auditors' remuneration for the additional work on the separate and consolidated financial statements at 31 December 2008 conferred on PricewaterhouseCoopers S.p.A.;
- approval of the extension of the 2009 incentive plan to include the Chairman of the Board of Directors in his role as Director.

On 14 May 2009, Corrado Orsi, Chief Financial Officer, Manager in charge of financial reports and Investor Relator, resigned in order to pursue a different career. In its meeting on 14 May 2009, Brembo's Board of Directors appointed Matteo Tiraboschi, a member of Brembo's Board and Director of Foreign Companies, as Investor Relations Officer, Manager in charge of financial reports and Chief Financial Officer.

At December 2009, the merger of Brembo Mexico Apodaca S.A. de C.V. into Brembo Mexico Puebla S.A. de C.V. was authorised. The transaction is expected to be completed by 30 June 2010.

Privacy

In accordance with the "Personal Data Protection Code", as per Legislative Decree 196 of 30 June 2003, Brembo S.p.A. has prepared and updated the prescribed "Security Planning Document" and has implemented all the measures prescribed therein. These measures were extended also to its subsidiaries with registered offices in Italy.

More in detail, the company planned and carried out the necessary initiatives at the organisational, technical, and training levels.

In compliance with the Provision issued by the Data Protection Authority of 27 November 2008 "Measures and requirements for controllers of data processed using electronic means regarding the duties of system administrator functions" published on the Italian Official Journal No. 300 of 24 December 2008, a suitable system has been adopted for recording logic accesses (computer authentication) to the processing systems and electronic archives by System Administrators and System Administrator nominations are currently being formalised by the Data Controller.

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

The reconciliation of equity and net income for the year, as shown in the Parent Company's financial statements, and the equity and net income for the year recognised in the Consolidated Financial Statements, reveals that the Group equity at 31 December 2009 was €93,770 thousand higher than the figure given in the Brembo S.p.A. Financial Statements. Consolidated net income for the year, amounting to €10,528 thousand, was €10,616 thousand lower than that of Brembo S.p.A.

(euro thousand)	Net income 2009	Equity at 31.12.2009	Net income 2008	Equity at 31.12.2008
Brembo S.p.A.	**21,144**	**190,237**	**16,653**	**184,101**
Consolidation adjustments:				
Elimination of equity of consolidated companies	36,448	327,724	37,167	367,997
Goodwill and other allocated surplus	(1,706)	14,683	(2,369)	20,199
Elimination of intra-Group dividends	(52,040)	0	(25,548)	0
Book value of consolidated shareholdings	4,143	(230,910)	4,366	(266,647)
Valuation of shareholdings in associate companies and joint ventures using the equity method	(2,799)	422	125	(530)
Gain from the disposal of 50% of BSCCB S.p.A.	3,874	0	0	0
Elimination of intra-Group income	(1,383)	(4,329)	1,785	(4,732)
Other consolidation adjustments	1,841	(6,361)	4,050	(8,353)
Equity and net income attributable to minority interests	1,006	(7,459)	1,276	(12,075)
Total consolidation adjustments	**(10,616)**	**93,770**	**20,852**	**95,859**
GROUP CONSOLIDATED	**10,528**	**284,007**	**37,505**	**279,960**

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2009

As reported above, on 15 January 2010 Brembo Nanjing Foundry Co. Ltd. (100% held by Brembo S.p.A.) and Donghua Automotive Industrial Co. Ltd. (a company of the SAIC Group, China's top manufacturer of cars and commercial vehicles) finalised agreements for the purchase of foundry plants and equipment.

The project envisages the gradual creation of an integrated production centre in Nanjing, including a foundry and a production facility for brake callipers and discs (for cars and commercial vehicles) that will be able to offer the Chinese market braking systems built to meet Brembo's standards of performance, style and comfort.

On 12 March 2010, Brembo announced that it will invest €82 million in Poland from 2010 to 2014, to expand the production capacity of the Dabrowa Gornicza integrated industrial hub (manufacture of brake discs for cars and commercial vehicles).

The investment is 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 financed with cash generated by the Group, EIB loans and partly with a grant from the European Union (€13.5 million); it will also benefit from tax breaks, as part of the Katowice Economic Special Zone.

During the meeting of the Board of Directors on 15 March 2010, a new Director was co-opted: Bruno Saita, who has collaborated with the Group for several years, took up the position of non-executive Director.

No other significant events occurred after the end of 2009 and up to 15 March 2010.

FORESEEABLE EVOLUTION

After a year marked by severe difficulties, 2010 is expected to show a recovery, albeit to a different extent in the various sectors of Group operations.

The strong cost containment measures taken during 2009 and the recovery of demand expected for the year underway should allow the Group to move closer to past profitability levels.

During financial year 2010, the Group is also forecast to go back to a normal level of investments, given the start of the previously announced manufacturing expansion in China and Poland and the increase in production capacity to match expected demand levels.

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

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

Approved by the Board of Directors on 15 March 2010

GLOSSARY

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

CIGO: Cassa Integrazione Guadagni Ordinaria (ordinary redundancy fund)

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: the Committee of Sponsoring Organisations of the Treadway Commission "Internal Control – Integrated Framework"

Financial year: the financial year which the Report referes to, specifically the financial year ended 31 December 2009

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 for Listed Companies

SC: Supervisory Committee

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

CONSOB Rules for Issuers: the Rules for issuers established by CONSOB with resolution No. 11971 of 1999

CONSOB Market Regulations: the market regulations established by CONSOB with resolution No. 16191 of 2007

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

ICS: Internal Control System

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

Introduction

The Brembo Group adheres to and adopts the Code of Corporate Governance for Italian Listed Companies, approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

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.

Brembo bases its conduct on rigorous principles, ethics, compliance with rules, responsibility and transparency. This provides a basis for the company's valuable "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 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 – Investor Relations, Corporate Governance section).

1. INFORMATION ON OWNERSHIP STRUCTURE (at 15 March 2010)

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:

	% ownership
Nuova FourB S.r.l.	56.52%
Goodman & Company Investment Counsel Ltd.	2.48%
CMI Asset Management (Luxembourg) S.A.	2.12%
Morgan Stanley Investment Management Limited	2.00%

Figures at 4 March 2010

Securities carrying special rights

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

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.

With reference to powers granted to Directors to buy own shares, the following is noted:

Power to increase the share capital and repurchase own shares

The General Shareholders' Meeting held on 18 December 2008 approved a new plan for the repurchase and sale of own shares under which Brembo can purchase up to 2,680,000 own shares (4.01% of share capital) for a maximum of €26,800,000. The authorisation is valid for a period of 18 months starting from 18 December 2008. The purchase price range has been set from €0.52 to €10.00. Own shares may be purchased on regulated markets, in one or more tranches.

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:

- alienation and/or exchange of all or a portion of the shares repurchased to carry out acquisitions and/or business agreements with strategic partners;
- trading of own shares and activities intended to stabilise the share price.

At its meeting on 18 December 2008, the Board of Directors granted the powers necessary to implement the plan.

Within the framework of the above-mentioned plan, Brembo neither bought nor sold its own shares in 2009. At 15 March 2010, the company held a total of 1,440,000 own shares, representing 2.16% of the share capital, at a weighed average price of €7.94 per share and for an overall value of €11,435,811.

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

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 either directly or through Brembo International S.A. and Brembo Performance S.p.A.

The requirements pursuant to article 2497-*bis* of the Civil Code have been complied with.

2. COMPLIANCE

Through its Corporate Governance Manual, Brembo fully adheres to and adopts the Code of Corporate Governance for Italian Listed Companies, approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. The Code is available on Borsa Italiana website: (www.borsaitaliana.it).

Brembo is aware of the central role played by Corporate Governance in creating value for all shareholders and stakeholders and therefore ensures that its Governance system is updated on a regular basis and complies with national and international best practices.

3. BOARD OF DIRECTORS

3.1 Appointment and replacement of Company Directors

Brembo's By-laws establish 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.

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

Brembo S.p.A.'s organisation is based on the traditional model, as outlined in the current By-laws (approved by the Extraordinary Shareholders' Meeting of 27 April 2007).
According to the By-laws, the Board of Directors of Brembo S.p.A. is made up of no less than five and no more than eleven members, whose term of office is set by resolution of the Shareholders' Meeting, and cannot exceed three financial years.
The Board of Directors of Brembo S.p.A. was appointed by the Shareholders' Meeting held on 29 April 2008 and will be in office until the Shareholders' Meeting held to approve the 2010 Financial Statements.
Following the resignation of Director Mauro Pessi, effective 1 September 2009, the Board of Directors is made up of ten Directors, as reported in the following table:

Board of Directors | **Audit Committee** | **Remuneration Committee**

Office held	Name and surname	In office from	In office until	Exec.	Non-exec.	Indep. as per Rules for issuers	Indep. as per TUF	% held *	Other offices held **	Audit Committee	*	Remuneration Committee	*
Chairman and Managing Dir.	Alberto Bombassei	29.04.08	(1)	X				100%	4				
Director	Cristina Bombassei	29.04.08	(1)	X				89%	2				
Director	Giovanni Cavallini	29.04.08	(1)		X	X	X	100%	4			X(2)	100%
Director	Giancarlo Dallera	29.04.08	(1)		X	X	X	89%	5	X(2)	67%		
Director	Giovanna Dossena	29.04.08	(1)		X	X	X	100%	3	X(3)	67%		
Director	Umberto Nicodano	29.04.08	(1)		X			78%	4			X(2)	100%
Director	Pasquale Pistorio	29.04.08	(1)		X	X	X	89%	4				
Director	Giuseppe Roma	29.04.08	(1)		X	X	X	89%	3	X(2)	100%		
Director	Pierfrancesco Saviotti	29.04.08	(1)		X	X	X	67%	3			X(4)	100%
Director	Matteo Tiraboschi	29.04.08	(1)	X				100%	4				
Directors who left office during the year													
Director	Mauro Pessi	06.06.08	01.09.09	X									

NOTES:

* These columns show the percentage of Board meetings and committee meetings, respectively, attended by directors (No. of times attended/No. of meetings held during the Director's term of office).

** This column shows the number of positions held at other companies, as required by Article 14 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 2010.

(2) the Director, who was already a member of the Committee, was reappointed to this office with the reappointment of officers at the Shareholders' Meeting on 29 April 2008.

(3) at 31 December 2009, Brembo confirmed the independent status of Director Giovanna Dossena pursuant to letter l), paragraph 3 of Article 2.2.3 of the Rules of the Market. The Board confirmed the Director's independent status in light of the professionalism and independent judgement demonstrated by her as well as her fulfilment of the conditions set out in Article 3.C.1. of the Corporate Governance Code and paragraphs 2 and 3 of Article IA.2.13.6 of the Instructions and based on the number of independent directors who for years have comprised the Board (more than required by current regulations).

(4) the Director was appointed to this role with the reappointment of officers by the Shareholders' Meeting held on 29 April 2008.

All non-executive Directors and Directors who qualify as independent comply with independence requirements set out by Brembo S.p.A. Corporate Governance Manual and by Article 148, paragraph 3 of TUF. All the Directors meet the requirements of personal integrity, professionalism and respectability imposed by Italian laws and regulations.
Bruno Saita is Secretary to the Board of Directors.
Pursuant to Brembo's Corporate Governance Manual, the table on the previous page also shows details regarding the offices held by the Directors, the positions they hold at other companies and the percentage of Board meetings they attended in 2009.

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 and by verifying their effective and consistent attendance at Board meetings and other management activities.

3.4 Role of the Board of Directors

The Board of Directors met nine times in 2009 at the company's registered office and/or administrative office. In accordance with the By-laws, each Director is informed prior to the Board Meeting about all items on the agenda through a detailed, analytical report, which outlines the information (in descriptive and numerical terms) that directors need to pass the respective resolutions with full knowledge of the facts.
A total of five Board meetings are planned for 2010, one of which was held today, 15 March 2010.
The Board of Directors holds exclusive responsibility for the ordinary and extraordinary operations of the Company, with the exception of the responsibilities that, by law and in accordance with the Company By-laws, are reserved for the Shareholders' Meeting.
The Board is also responsible for the functions assigned to it in Brembo's Corporate Governance Manual, including the analysis and distribution of the annual budgets and strategic, business and financial plans of Brembo S.p.A. and the Group.
The Board of Directors examined and approved the implementation of such plans during the Board meetings held on 13 February 2009, 19 March 2009 and 14 May 2009 (with particular reference to investments and the new organisational structure in Italy, the Czech Republic, Brazil, China and India).
The Board also evaluated the adequacy of the company's organisational, administrative and accounting structure at its meetings held on 13 February 2009, 19 March 2009, 14 May 2009, 27 August 2009 and 12 November 2009.
Information regarding the exercise of powers was submitted during the Board Meetings held on 13 February 2009, 14 May 2009, 27 August 2009, and 12 November 2009.
At its meeting on 24 April 2008, having heard the opinion of the Remuneration Committee, the Board of Directors divided the total annual Directors' compensation, as provided for by Brembo's By-laws.

At its meeting on 19 March 2009, the Remuneration Committee brought to the attention of the Board its assessments of:

- the termination of the Brembo Group 2006-2008 Three-Year Incentive Plan;
- a proposal for the redetermination of the Directors' remuneration in order to pay a bonus to the Managing Director.
- the 2009 annual incentive system for Brembo's executive Directors and Top Managers (so-called "2009 Ponte Plan").

At its meetings on 13 February 2009, 19 March 2009, 14 May 2009, 27 August 2009, 12 November 2009 and 15 December 2009, the Board of Directors evaluated the general performance of operations, based in part on information provided by the bodies charged with such responsibility at the time the interim results were presented and approved.

Pursuant to the Corporate Governance Manual, the Board charged the Lead Independent Director, Pasquale Pistorio, with performing a Board Performance Evaluation for 2009. The results of the evaluation were reported during a meeting of the Independent Directors on 15 December 2009 and, later that day, at the plenary meeting of the Board of Directors.

In terms of the number of Board meetings held, the percentage of those meetings attended by Directors and Corporate Governance activities in general, the Directors were given a booklet at their meeting on 14 May 2009 entitled "Appendix to the Corporate Governance Manual". The booklet was intended to provide them with summary of the structure of the Board of Directors and the Board of Statutory Auditors, the status of Governance obligations, a calendar of corporate events and the ownership percentages in issuer Brembo S.p.A.

At its meeting on 19 March 2009, the Board identified the Directorships or Auditorships held by Directors at other companies and noted them in the Report on Operations.

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).

Two meetings were held during the year (on 14 May 2009 and 27 August 2009) to increase the Directors' knowledge (mainly the Independent Directors' knowledge) of the company's situation and dynamics.

3.5 Delegated Bodies

Chairman of the Board of Directors and Managing Director

During the meeting held on 29 April 2008, the Board of Directors confirmed the appointment of Alberto Bombassei as Chairman of Brembo S.p.A. through to the end of the term of the entire Board.

Pursuant to law and Brembo's By-laws, the Chairman is the company's legal representative and has all the powers of ordinary administration required to manage the company. He is also the Issuer's controlling shareholder.

From 6 June 2008 to 31 August 2009, the role of Managing Director was covered by Mauro Pessi, who was granted powers of ordinary administration.

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

Following the termination of the working relationship with Director Mauro Pessi, at its meeting on 27 August 2009 the Board of Directors appointed Chairman Alberto Bombassei as Managing Director and granted him the powers that had been granted to the outgoing Managing Director, effective as of 1 September 2009.

The Board vested the Chairman, Alberto Bombassei, with broad powers in respect of strategic orientation, the preparation and proposal of guidelines for international expansion, and the Group's financial and restructuring policies. The Chairman is also vested with the powers for the purchase and disposal of real estate, representation of the company before trade unions, contracting of loans and financing repayable in no more than 36 months, and the granting and registration of mortgages.

The former Managing Director, Mauro Pessi, had been charged with the responsibility of implementing the company's strategic direction through the management of the Business Units/Divisions of all companies and the staff functions that support operations; at its meeting on 27 August 2009, the Board of Directors transferred such powers to Chairman Alberto Bombassei.

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

The Division and Business Unit Directors and other Central Staff Directors are granted limited powers for ordinary administration in relation to the performance of their respective offices and powers regularly registered with the Company Register of Bergamo.

Information regarding the exercise of powers was submitted during the Board Meetings held on 13 February 2009, 14 May 2009, 27 August 2009, and 12 November 2009.

3.6 Other Executive Directors

In addition to the Chairman, who is also the Managing Director of Brembo S.p.A., the following directors are considered executive directors:

- Cristina Bombassei, who is the Executive Director in charge of overseeing the Internal Control System;
- Matteo Tiraboschi, who is the CFO and Investor Relator of Brembo S.p.A. and also holds the position of Manager in charge of the Company's financial reports;
- the former Managing Director, Mauro Pessi, until 31 August 2009.

3.7 Independent Directors

The Board verified, at the time of appointment and thereafter, that the directors met the independence requirements set out in the Corporate Governance Code and TUF (also see point 3.2). The Board of Statutory Auditors verified that the criteria and procedures adopted by the Board to verify the Directors' independence were correctly applied.

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, Pasquale Pistorio, Giuseppe Roma and Pierfrancesco Saviotti.

Director Umberto Nicodano was designated as a non-executive director.

The Independent Directors meet at least once a year without the other Directors at a meeting coordinated by the Lead Independent Director. In 2009, the Independent Directors met three times (14 May, 27 August and 15 December) to discuss matters relating to corporate governance and the company's business.

3.8 Lead Independent Director

Pursuant to Article 2.8 of Brembo's Corporate Governance Manual, non-executive, independent Director Pasquale Pistorio was appointed as the Lead Independent Director by the Board of Directors at its meeting on 29 April 2008.

As previously mentioned, the Lead Independent Director coordinated Brembo's 2009 Board Performance Evaluation and presented its results during a meeting of the Independent Directors on 15 December 2009 and, later that day, at the Board's plenary meeting.

4. HANDLING OF CORPORATE INFORMATION

Disclosure of inside (or price-sensitive) information is regulated by the relevant section in Brembo's Corporate Governance Manual, which adopts in full the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market.
In compliance with the procedure for handling reserved and 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.

4.1 Internal Dealing

In 2003, 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).
The Regulations were revised to reflect new legislation and approved by the Board of Directors at the meetings held on 24 March 2006 and 12 November 2009.

Under the current Internal Dealing Regulations:

- Insiders must report to the market all transactions involving the Company's shares that have a cumulative value of over €5,000 per year;
- such transactions may not be carried out 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, Investor Relations section.
No Internal Dealing transactions were reported or carried out in 2009.

5. BOARD COMMITTEES

As required by Brembo's Corporate Governance Code, an Audit Committee and a Remuneration Committee were formed, and a Lead Independent Director was appointed.
The Supervisory Committee (pursuant to Legislative Decree 231/01) was set up on 30 July 2004.
At its meeting on 29 April 2008, 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

The Board did not consider it necessary to form a Nomination Committee, as candidates for Directors are proposed by the Shareholders' Meetings in accordance with law.

7. REMUNERATION COMMITTEE

The Remuneration Committee, reappointed by resolution of the Board of Directors on 29 April 2008, is composed of non-executive and independent Directors Giovanni Cavallini and Pierfrancesco Saviotti, and non-executive Director Umberto Nicodano (Chairman).

The Remuneration Committee held one meeting during the year, on 19 March 2009. The following matters were addressed:

- termination of the Brembo Group 2006-2008 Three-Year Incentive Plan;
- proposal for the redetermination of the Directors' remuneration to pay a bonus to the Managing Director;

- the 2009 annual incentive system for Brembo's executive Directors and Top Managers.

The Remuneration Committee meeting also acknowledged the unanimous agreement made among members of the various Governance Committees (Audit Committee, Supervisory Committee, Lead Independent Director and the Director in charge of for Overseeing the Internal Control System) to waive the fee to which they are entitled for participation in such Committees, in light of the economic crisis.

In its meeting on 15 March 2010, the Committee determined that, under the terms of the 2009 Ponte Plan Regulations and in light of its mandatory nature, the bonus amounts could not be paid as, based on actual results, only one of the objectives had been achieved.

8. REMUNERATION OF DIRECTORS

The executive Directors' remuneration is designed to align their interests with the company's main objective of creating value for shareholders in the medium to long term.
The remuneration of non-executive Directors is commensurate to the commitment required from each and is not dependent on Brembo S.p.A.'s operating results.

There are no stock option plans in which executive and non-executive Directors (or employees) participate.
On 13 November 2008, the Board of Directors, in response to a proposal by the Remuneration Committee, approved the 2009 Ponte Plan designed for certain executive Directors and Top Managers of Brembo. The Plan requires the achievement of several quantitative objectives in terms of Net Income and Operating Free Cash Flow, as set out in the related rules.
The plan is directed to approximately 35 people who are best able to impact the Group's performance. The plan spans the period from 1 January 2009 to 31 December 2009.
On 24 April 2009, the General Shareholders' Meeting approved the incentive plan, confirming in particular that it can be applied to the Chairman.
Based on year-end results, no bonus was paid. At the meeting held on 15 March, the Board of Directors acknowledged the evaluations provided by the Remuneration Committee and voted not to pay any of the bonuses awardable under the 2009 Ponte Plan.
Details of the amounts received by Directors in 2009 are provided in Note 31 of the Explanatory Notes to the 2009 Consolidated Financial Statements.

As required by CONSOB's Rules for Issuers, information on changes in shares held by members of Brembo's administration and control bodies in 2009 is provided below:

Name and surname	Shares at 31.12.2008	Shares purchased in 2009	Shares sold in 2009	Shares at 31.12.2009	Ownership position	Ownership method
Board of Directors						
Alberto Bombassei	-	-	-	-	n/a	n/a
Alberto Bombassei (Nuova FourB)	37,744,753	-	-	37,744,753	F	I
Cristina Bombassei	5,320	-	-	5,320	F	D
Giovanni Cavallini	-	-	-	-	n/a	n/a
Giancarlo Dallera	38,000	-	-	38,000	F	D
Giovanna Dossena	-	-	-	-	n/a	n/a
Umberto Nicodano	-	-	-	-	n/a	n/a
Mauro Pessi (1)	-	-	-	-	n/a	n/a
Pasquale Pistorio	-	-	-	-	n/a	n/a
Giuseppe Roma	-	-	-	-	n/a	n/a
Pierfrancesco Saviotti	-	-	-	-	n/a	n/a
Matteo Tiraboschi	-	-	-	-	n/a	n/a
Board of Statutory Auditors						
Sergio Pivato	-	-	-	-	n/a	n/a
Enrico Colombo	-	-	-	-	n/a	n/a
Daniela Salvioni	-	-	-	-	n/a	n/a

(1) he resigned effective 1 September 2009.

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

9. AUDIT COMMITTEE

The Audit Committee is composed of three non-executive and independent Directors: Giuseppe Roma (Chairman), Giovanna Dossena and Giancarlo Dallera.
On 23 March 2007, the Board of Directors assessed as adequate the audit expertise of two members of the Audit Committee, Giovanna Dossena and Giuseppe Roma, since they are enrolled in the Registry of Auditors.

In 2009, the Audit Committee held six fully minuted meetings (4 February 2009, 10 March 2009, 5 May 2009, 21 July 2009, 4 November 2009, 4 December 2009) in which:

a) it assisted the Board in carrying out the internal control duties assigned to it; in particular, it promoted the formalisation of the "Internal Control System Guidelines" approved by the Board of Directors on 14 May 2009;

b) 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;

c) on 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 Internal Auditor upon approval of the 2008 Financial Statements;

d) it examined the working plan prepared by the Internal Auditor as well as the periodic reports drawn up;

e) it evaluated proposals submitted by the independent auditors to broaden the scope of its engagement as well as its work plan and the results of activities completed;

f) it evaluated the 2008 Management Letter submitted by the independent auditors, which contained suggestions on financial reporting processes; it analysed the suggestions in light of Italian Law 231 and explored aspects relating to the company's Organisation, Management and Control Model;

g) it oversaw the effectiveness of the audit process;

h) through reports presented by the Committee Chairman, it informed the Board of Directors of the activities carried out and the adequacy of the Internal Control System in 2009;

i) it evaluated the organisational structure of the Brembo Group;

j) together with the Supervisory Committee, it oversaw the Workplace Safety Management System and Brembo Group's Security.

In particular, in each meeting the Audit Committee analysed:

I. activities completed by Internal Audit during 2008 and 2009;

II. the progress of the work concerning Law 262/05 in Brembo S.p.A. and its extension to Group companies;

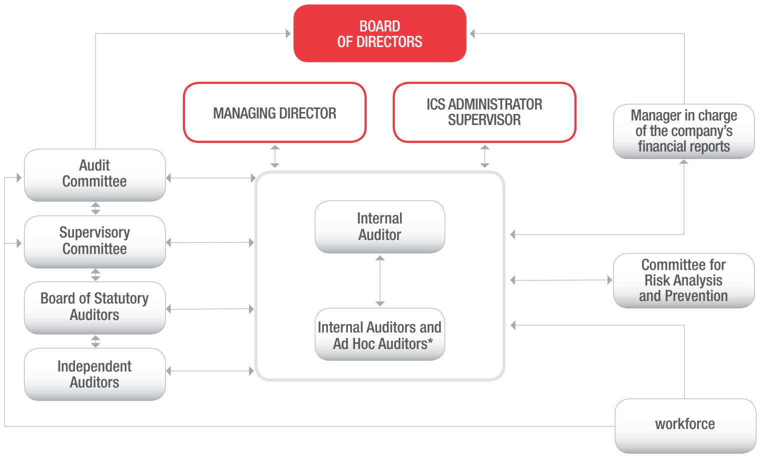
III. the CFO's report on significant transactions and those that might create a conflict of interest under Brembo's current rules.

The Executive Director in charge of overseeing the Internal Control System was invited to attend these meetings and the Chairman of the Board of Statutory Auditors also attended, either directly or through his representative.

The Manager in charge of the company's financial reports, independent auditors representatives, the Head of the Legal & Corporate Department, the Head of Security and the Quality & Environment Director also attended the meetings for the discussion of specific items on the agenda.

10. INTERNAL CONTROL SYSTEM

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



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

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.

For 2009, the Board of Directors expressed its assessment and respective guidelines in the meetings of 19 March 2009 and 14 May 2009, 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 Internal Auditor.
In its meeting on 14 May 2009, the Board of Directors expressed a favourable opinion with regard to the Guidelines and the Policies for implementing the Internal Control System.

10.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 19 March 2009 and 21 July 2009, the Chairman of the Audit Committee informed the Board 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 the Directors.
After considering the report of the Chairman of the Audit Committee, the activities carried out and planned by Internal Audit and the meetings held by the Internal Auditor with the Chairman of the Board of Directors, the Executive Director responsible for 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 acknowledged that, to date, measures taken to minimise risks have been systematically implemented across all areas of the company and are gradually being extended to its subsidiaries. It therefore found the Internal Control and Risk Management System to be adequate.
In light of the foregoing, the Board also acknowledged that, although the economic crisis had forced Brembo to request significant assistance from the ordinary redundancy fund (CIGO), the company was able to maintain a constant, high level of control over its Internal Audit activities, particularly in terms of monitoring situations that might generate major risks due to the duration of the crisis.

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, 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 (e.g., significant organisational changes, business changes, changes or updates to 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, which 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, 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 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 this 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 in conjunction with the preparation of the Brembo Group's Consolidated Financial Statements and Six-Monthly Report.

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

On 29 April 2008, the Board of Directors identified an Executive Director with responsibility for overseeing the operation of the Internal Control System, in the person of Cristina Bombassei.

This Director submitted for the examination of the Audit Committee and the Board of Directors in the meetings held on 10 March 2009 and 19 March 2009, respectively, the main risks identified for the company during 2008, a process involving the company's entire management structure in risk self-assessment, with the support of the Internal Auditor and the Internal Audit Department. The Executive Director informed the Internal Auditor on the monitoring work to be carried out on the improvement plans defined by management.

The Director also proposed that Brembo's risk assessment systems be adapted to comply with new legislation arising from the adoption of European Directives 2003/51/EC and 2004/109/EC, which amended the Civil Code and TUF and introduced a specific obligation to indicate the "main risks and uncertainties" in the financial statements.

As part of her duties, the Director, supported by Internal Audit, based on the guidelines issued by the Board of Directors developed the "Policies for Implementing the Internal Control System". The policies are designed to provide a clearer description of the roles and responsibilities of Brembo's control bodies and avoid risks resulting from overlapping roles and/or functions. The document was submitted to the attention of the Audit Committee at its meeting held on 5 May 2009 and on the same day to the Board of Directors.

10.4 Internal Auditor

On 29 April 2008 the Board of Directors, on the proposal of the Executive Director charged with overseeing the Internal Control System and having consulted with the Audit Committee, appointed the Internal Auditor, in the person of Alessandra Ramorino.

The Internal Auditor is the same person as the Internal Audit Director, is a member of Brembo S.p.A.'s Supervisory Committee, is not responsible for any operational area and does not report hierarchically to any operational area manager.

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

At its meeting on 10 March 2010, the Audit Committee was provided with appropriate information on the results of Internal Auditor's activities for 2009, through the annual report on the adequacy of the Internal Control System.

At its meeting on 15 March 2010, the Internal Auditor reported to the Board of Directors regarding the assessment of the Internal Control System.

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 2009, 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 all Group subsidiaries, 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 2009, Internal Audit carried out a specific audit aimed at verifying the extent to which the new IT system had in fact been implemented, and collaborated in the implementation of the same by providing advice aimed at ensuring that the checks in place were fully compliant with an appropriate Internal Control System.

Internal Audit is charged with preparing 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.

It has also intensified its efforts towards monitoring corporate risks and the progress achieved in implementing the cost containment initiatives launched by the Company in light of the uncertainty arising from the economic environment that marked all of 2009.

Internal Audit also organised training and outreach sessions aimed at informing Brembo's managerial team on issues regarding the Internal Control System.

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

Pursuant to Legislative Decree 231/2001, on 30 July 2004 the Board of Directors appointed the Supervisory Committee for the first time and on 12 November 2004 approved the first edition of its Organisation, Management and Control Model (hereunder the "Model"), subsequently updated with new editions; the most recent version (15 March 2010) is available on Brembo's corporate website.

The Supervisory Committee is currently composed of three non-executive and independent Directors – Giovanna Dossena (Chairwoman), Giancarlo Dallera and Pierfrancesco Saviotti – and by the Internal Auditor, Alessandra Ramorino.

In 2009, all specific activities falling under the responsibility of the Supervisory Committee were regularly conducted.

The Supervisory Committee met five times during the year (on 13 February 2009, 10 March 2009, 14 May 2009, 21 July 2009, 12 November 2009) to verify that the model was subjected to constant updating to reflect changes in the regulatory framework, as well as to analyse the Model's solidity and functionality requisites, all related implementing procedures, and the supervisory activities performed by Internal Audit on the Supervisory Committee's behalf.

More specifically:

- as part of its analysis of the Model's solidity and functionality requisites, the Supervisory Committee put forward recommendations for improving the solidity and functionality of the Organisational, Management and Control Model, and underlined the need for updating the said Model taking account of the offences most recently placed within the scope of Legislative Decree 231/01; the company has appointed a specific work group to study the aforesaid recommendations and updates;
- audit activities have been carried out in order to check that the Model is being implemented effectively, with the support of the Internal Audit Director, based on the Supervisory Committee's action plan;
- oversight of the Model entailed an analysis of:
  i. the reports received by the Supervisory Committee;
  ii. the information contained in the half-yearly report submitted to the Supervisory Committee;
  iii. the progress reports submitted by each Group Company in respect of the adoption and implementation of an individual Organisational, Management and Model, as recommended in 2008;
  iv. findings reached through meetings with the managers of sensitive areas and/or functions within the meaning of Legislative Decree No. 231/01.

On 12 June 2009, the Chairman of the Supervisory Committee issued the attestation to the Organisational, Management and Control Model as required by Borsa Italiana S.p.A.

In addition, work continued during 2009 to ensure that Brembo has an effective Organisation, Management and Control Model in operation. More specifically the following additional initiatives were continued:

- review and extension of the risk assessment carried out in respect of sensitive processes within the meaning of the Model, with the involvement of high-level executives and the assignment of specific operating responsibilities;
- training targeted not only at high-level executives and operating managers of Brembo S.p.A., but also their counterparts within individual Group companies.

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

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

On 14 May 2009, the Board of Directors appointed Matteo Tiraboschi, a Director and the Group's current Chief Financial Officer, as Manager in charge of the Company's financial reports.

Pursuant to the By-laws, the Manager in charge of the Company's financial reports is to be appointed by the Board of Directors in light of the non-binding opinion of the Board of Auditors.
The Manager in charge of the Company's financial reports must meet the following requirements in terms of professional qualifications and experience:

- 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 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.

11. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS

In the meeting held on 23 March 2007, the Board of Directors amended the instructions for the management of transactions with related parties effected by Brembo S.p.A., with a view to bringing the same in line with the provisions of Article 150 of TUF. The instructions also included procedures for the Board of Directors' written and oral reports to the Board of Statutory Auditors in respect of all transactions that are significant or entail a potential conflict of interests (including inter-company transactions and transactions with parties other than related parties).
At its meetings of 13 February 2009, 14 May 2009, 27 August 2009 and 12 November 2009, the Board of Directors reported on related-party transactions, after forwarding disclosures pursuant to Brembo's instructions on significant transactions and conflicts of interest to the Audit Committee on 4 February 2009, 10 March 2009, 5 May 2009, 27 August 2009, and 4 November 2009. The Board of Directors determined that none of the transactions in question could be considered as falling outside the scope of the Company's normal business operations, or otherwise as giving rise to any specific problems, and further concluded that all of the said transactions were effected at arm's length in light of the market conditions prevailing at the time, and could by no means be deemed significant.

12. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to the By-laws, 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. The emoluments of Statutory Auditors shall be determined by the Shareholders' Meeting.
The Board of Auditors oversees both compliance with law and the By-laws, as well as principles of good corporate governance, and, in particular, the suitability of the organisational, administrative and accounting structures adopted by the Company and the effective functioning thereof.
The Board of Statutory Auditors is also in charge of monitoring and verifying the independence of the independent auditors.

13. STATUTORY AUDITORS

The Board of Statutory Auditors, appointed by the Shareholders' Meeting on 29 April 2008 for a term expiring on the date of the Shareholders' Meeting held to approve the Financial Statements for 2010, is made up as specified in the table below:

Board of Statutory Auditors

Office held	Members	In office from	In office until	Independent	% held [2]	Weight of other offices Annex 5-*bis* of the Rules for Issuers [3]
Chairman	Sergio Pivato	29.04.08	[1]	x	83%	5
Acting Auditor	Enrico Colombo	29.04.08	[1]	x	100%	4.14
Acting Auditor	Daniela Salvioni	29.04.08	[1]	x	83%	0
Alternate Auditors	Gerardo Gibellini	29.04.08	[1]	----	---	---
Alternate Auditors	Mario Tagliaferri	29.04.08	[1]	----	----	---
Auditors who left office during the year						

Quorum required to present lists for the most recent appointments: 2.5%.
No. of meetings held during the financial year: 6.

NOTES
(1) appointed for a term expiring on the date of approval of the financial statements for the year ending 31 December 2010.
(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).
(3) incidence of other positions held, within the meaning of Article 144-terdecies et seq. of the Rules for Issuers (ceiling on concurrent appointments).

All the members of the Board of Statutory Auditors must meet applicable statutory requirements and also comply with the provisions set forth in the Corporate Governance Manual.

The Company has determined that the ceiling on concurrent appointments has 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.

On 29 April 2008, the Shareholders' Meeting established the emoluments of the Board of Auditors as a whole, in the overall gross amount of €105,000 per annum.

In 2009, the Board of Statutory Auditors held six meetings and most members of the Board of Auditors participated in all meetings of the Board of Directors. The composition of the Board of Statutory Auditors did not undergo any change during financial year 2009.

14. RELATIONS WITH SHAREHOLDERS

The company takes special care in monitoring relations with shareholders, institutional and private investors, financial analysts, other market operators, and the financial community in general, scrupulously respecting mutual roles and periodically organising meetings both in Italy and abroad.

In order to provide the market with exhaustive and constantly updated financial information, the company has set up a specific Italian-English Investor Relations section on its website (www.brembo.com) affording public access to its press releases, financial statements and interim reports, presentations to the financial community, stock price trends, etc.

Particular attention is placed on private shareholders, who are mailed a periodical newsletter containing the latest results and updates on the Group's performance.

Matteo Tiraboschi, Brembo S.p.A.'s current CFO was placed in charge of managing Investor Relations in concert with the company's Chairman, as of May 2009.

The company's contact details for investors are: e-mail "ir@brembo.it"; phone +39.035.60.52.145; fax +39.035.60.52.518.

15. GENERAL SHAREHOLDERS' MEETINGS

Article 11 of the By-laws, provides as follows:

PARTICIPATION IN AND REPRESENTATION AT GENERAL SHAREHOLDERS' MEETINGS

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

Subject to the provisions of Article 2372 of the Italian Civil Code and Articles 136 et seq. of Legislative Decree No. 58 of 24/2/1998 as further amended and extended as well as the related implementing provisions, each shareholder entitled to participate in the General Meeting may be represented thereat by another person, who need not necessarily be a shareholder, authorised for such purpose by written proxy.

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, as part of the disclosures pertaining to the meeting in question, all the documents regarding the Financial Statements, as well as all the recommendations placed on the agenda by the Board of Directors and forwarded to Borsa Italiana and CONSOB, pursuant to applicable statutory and regulatory provisions. As a general rule, entitled attendees shall also be provided with a summary of the Company's stock price trends.

The Rules governing the Shareholders' Meetings are set forth on page 74 of Brembo's Corporate Governance Manual, available for consultation on the website: www.brembo.com - Investor Relations.

16. CHANGES SINCE THE END OF 2009

On 15 March 2010, the Board of Directors co-opted a new Director, Bruno Saita, who, after several years of collaboration with the Group, took up the role of non-executive Director.
The functions previously covered by Bruno Saita in his capacity as Board secretary, shall now be discharged by U. Simonelli, the Group's General Counsel.

No other 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 2009, based also on the examination of our Report and the Explanatory Notes to the separate Financial Statements of Brembo S.p.A., in which we outlined the guidelines and operations, we submit for your approval our proposal for distributing the entire net income amounting to €21,144,283.61, as follows:

- to the Shareholders a gross dividend of €0.225 per ordinary share outstanding at ex-coupon date, consequently excluding own shares;
- the balance to the extraordinary reserve.

It is also proposed that dividends should be paid as of 6 May 2010, ex-coupon 3 May 2010.

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

Stezzano, 15 March 2010

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

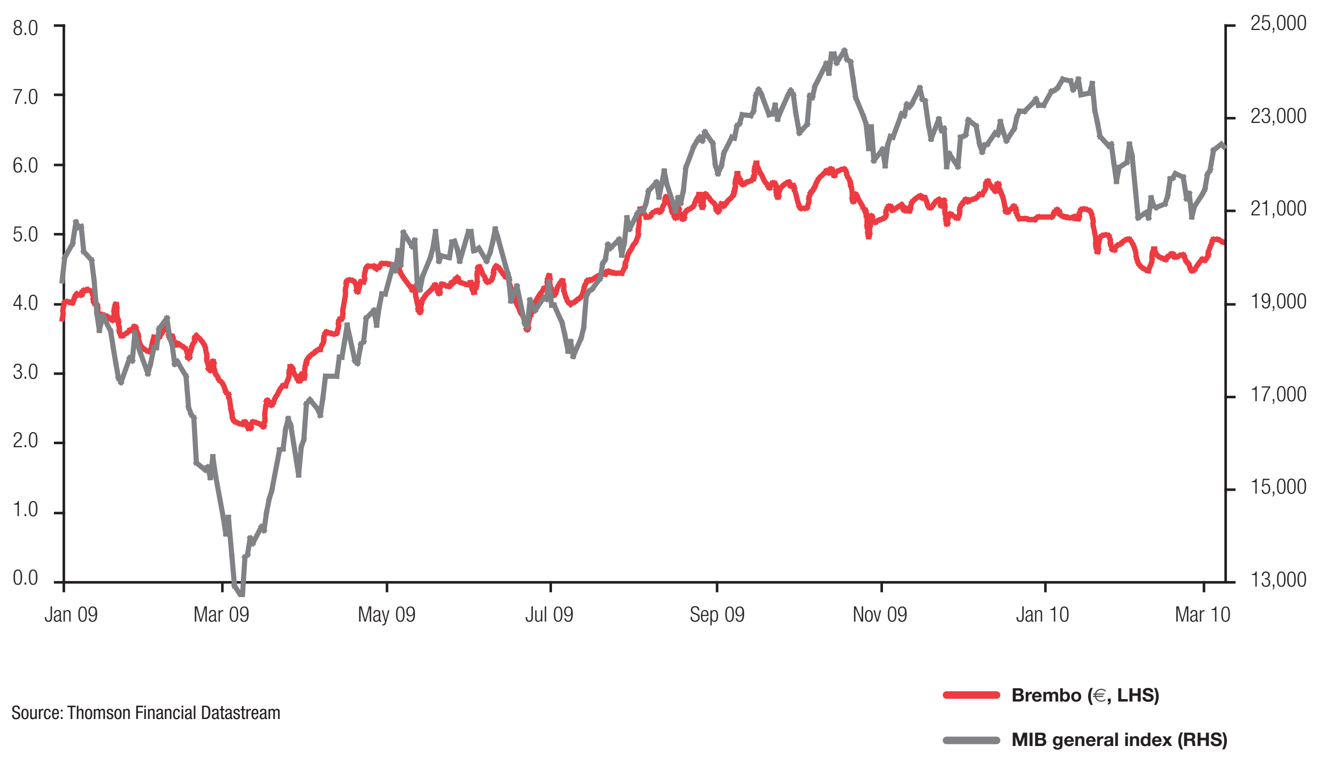
BREMBO S.P.A. STOCK PERFORMANCE

Brembo's stock price of €5.22 at year's end reflected a 38.8% increase over figures for the previous year, growth of over 19% above the 19.5% figure recorded by the FTSE MIB (the reference index for the Milan Stock Exchange) and over 7% above the figure for Italy's high requirement securities segment FTSE STAR, in which Brembo is listed.

Brembo's stock price reached its low for the year in the first quarter of 2009, especially as a result of reduced volumes and liquidity shortages. From the low-point in March, however, Brembo's stock rose to outperform the Italian stock market, reaching its 2009 peak of €6.00 on 16 September.

The stock overperformed the benchmark index for the European automobile sector (DJ Stoxx600 Automobiles & Parts) by almost 20%, peaking in the first half of 2009, and slowing down in subsequent months.

Brembo performance relative to Mib General Index



Source: Thomson Financial Datastream

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

	31.12.2009	31.12.2008
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)	169,092,465	167,447,405
Net income for the year (euro)	21,144,284	16,653,451
Net Earnings per Share (euro)	0.317	0.249
Trading price (euro)		
Minimum	2.22	3.72
Maximum	6.00	10.86
Year end	5.22	3.76
Stock Exchange capitalisation (euro million)		
Minimum	147	248
Maximum	401	725
Year end	347	251
Gross dividend per share (*)	0.225 (*)	0.225

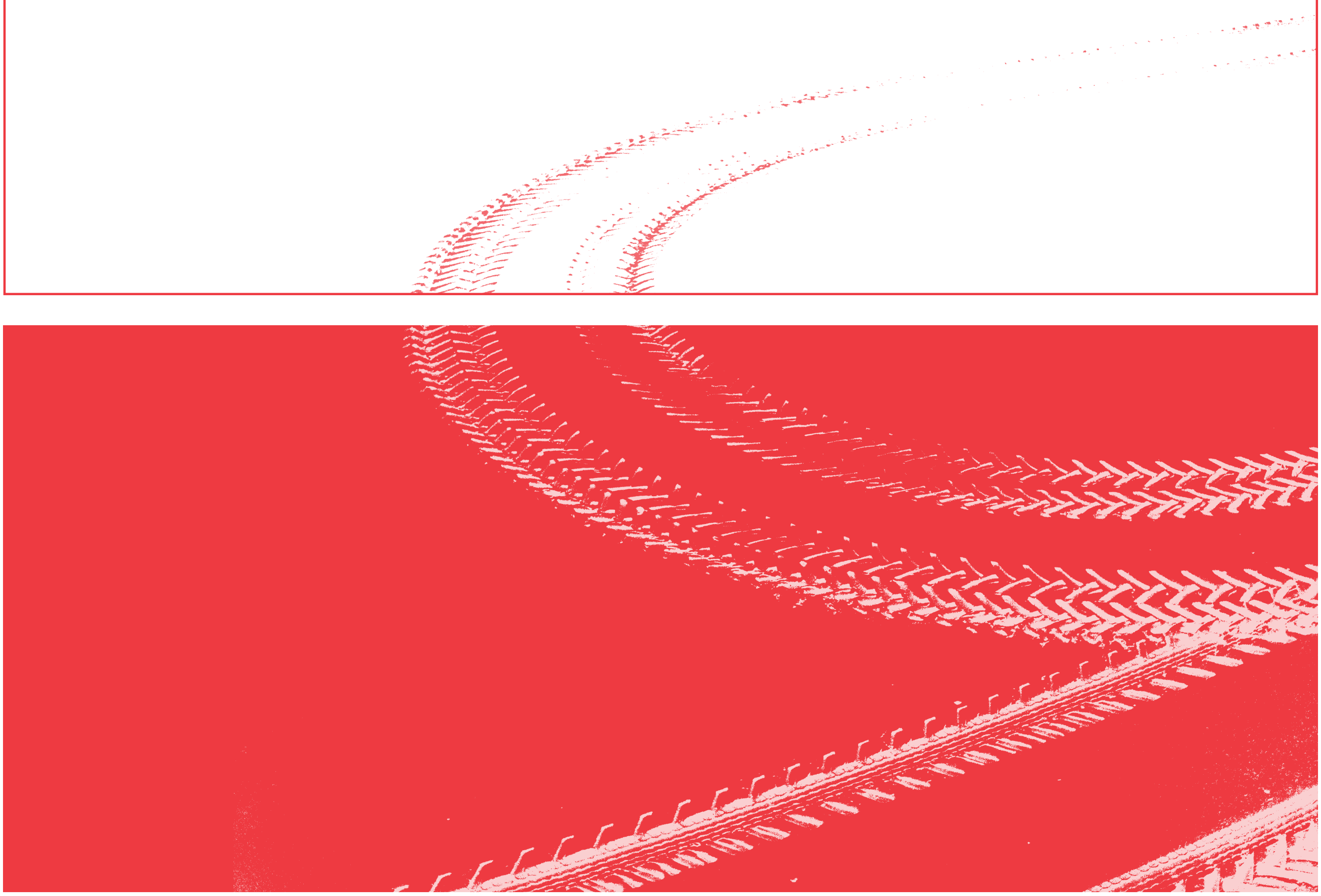
(*) To be approved by the Shareholders' Meeting convened on 27 April 2010.

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

Investor Relator: Matteo Tiraboschi.

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

PALMARES 2009



BREMBO Braking Systems

CARS

Open Wheel Single-Seaters Championships	
Formula 1	
Drivers	Jenson Button
Manufacturers	Brawn GP
GP2	
Drivers	Nico Hülkenberg
Teams	ART Grand Prix
World Series by Renault	
Drivers	Bertrand Baguette
Teams	International Draco
F3 Euroseries	
Drivers	Jules Bianchi
Teams	ART Grand Prix
Superleague Formula	
Teams	Liverpool FC
A1GP	
Teams	A1 Team Ireland

Closed Wheel Championships	
24 Hours of Le Mans	
LMP1	Brabham, Gené & Wurz; #9 Peugeot 908
American Le Mans Series	
GT2	Bergmeister & Long; #44 Flying Lizard Porsche GT3 RSR
Grand Am Rolex Series	
Daytona Prototype	#99 Fogarty & Gurney; Gainsco/Bob Stallings Racing
GT	Keen & Werner; #87 Farnbacher Loles Porsche GT3
Le Mans Endurance Series	
LMP1	Charouz-Enge-Mücke; #007 Aston Martin Racing
LMGT2	Lieb-Lietz; #77 Felbermayr Proton Porsche 997 GT3 RSR
FIA GT	
GT1	Bartels-Bertolini; #1 Vitaphone Maserati MC12
GT2	Westbrook; #60 Prospeed Porsche 997 GT3 RSR
Speed World Challenge	
TC	Pierre Kleinubing; RealTime Acura TSX
Grand Am Koni Challenge	
GS	Ken Wilden; Rehagen Racing Ford Mustang FR500C
Ferrari 430 Challenge Italia	
Pirelli Cup	Giorgio Sernagiotto; Motor / Piacenza
Shell Cup	Stefano Gai; Rossocorsa
Team Cup	Rossocorsa
Ferrari 430 Challenge Europa	
Pirelli Cup	Nicolas Misslin; Stradale Automobile
Shell Cup	Jean-Marc Bachelier e Yannick Mallegol; Motor / Piacenza
Team Cup	Stradale Automobile

BREMBO Braking Systems

CARS

Ferrari 430 Challenge World Finals	
Pirelli Cup	Lorenzo Casè; Motor / Piacenza
Shell Cup	Vincenzo Sauto e Erich Prinoth; Ineco / MP
Lamborghini Super Trofeo	Fabio Babini - Petri Corse
International GT Open	Fässler - Camathias; #5 Trottet Racing Ferrari 430 GTC
Formula Le Mans	Nico Verdonck; Dams

Rally Championships	
P-WRC	
Drivers	Armindo Araujo - Mitsubishi Evo IX Ralliart Italy
2009 Paris-Dakar	De Villiers; Von Zitzewitz - Volkswagen Touareg
IRC International Rally Challenge	
Drivers	Kris Meeke - Peugeot 207 S2000
Manufacturers	Peugeot 207 S2000
ERC European Rally Championship	
Drivers	Giandomenico Basso - Fiat Grande Punto S2000

AP RACING Braking Systems and Clutches

CARS

Open Wheel Single-Seaters Championships			
		Brakes	Clutches
Formula 1	Button - Brawn GP		•
	Brawn GP (Costruttori) - BGP01		•
IRL	Franchitti - Chip Ganassi Racing		•
Indy 500	Castroneves - Team Penske		•
GP2	Hülkenberg - Art Grand Prix		•
F2	Soucek - Motorsport Vison	•	•
A1 GP	Team Ireland		•
F Nippon	Duval - Nakajima Racing		•
British Formula 3	Ricciardo - Carlin Motorsport	•	•

Closed Wheel Championships			
Nascar			
Sprint Cup	Johnson - Hendrick Motorsport	•	
Nationwide Series	Kyle Busch - Joe Gibbs Racing	•	
Camping World Truck Series	Hornaday - Kevin Harvick Inc.	•	
Late Model			
ASA Northwest Tour	Gary Lewis	•	
ASA Southeast Asphalt Tour	Jason Hogan	•	
Big 8 Series	Ross Kenseth	•	
PASS South Series	Ben Rowe	•	
Sunoco Gulf Championship	Johanna Long	•	
24 Hours of Le Mans			
Le Mans 24Hr GT1 Class	Clairay & Goueslard - Luc Alphand, Corvette C6-R	•	•
Le Mans 24Hr GT2 Class	Melo, Kaffer, Salo - Risi Competizione Ferrari F430GT	•	•
Le Mans 24Hr LMP2 Class	Casper, Collard, Poulsen -Team Essex Porsche RS Spyder	•	
Le Mans Series			
LMS GT1 Class	Moreau / Goueslard - Luc Alphand Adventures - Corvette C6-R	•	•
LMS LMP1 Class	Charouz, Enge & Mücke - Aston Martin		•
LMS LMP2 Class	Amaral & Pla - ASM Zytek	•	
FIA			
GT1	Bartels & Bertolini - Vitaphone Racing, Maserati MC12		•
American Le Mans Series			
P1 Class	Brabham & Sharp - Highcroft Acura ARX-02a	•	•
P2 Class	Fernández & Díaz - Fernandez Racing acura ARX-01B	•	•
GT1 Class	Gavin & Beretta - Corvette Racing, Corvette C6R	•	•
Japanese Super GT			
GT 500 Class	Motoyama & Trehryer - Nismo GT-R	•	•
	(Team) Petronas Toyota Teams Toms SC430	•	•
GT 300 Class	Orido & Kataoka - Racing Project Bandoh Lexus Is 350		•

AP RACING Braking Systems and Clutches

CARS

Closed Wheel Championships			
		Brakes	Clutches
Touring Car			
British	Turkington - West Surrey Racing BMW	•	•
	(Team) VX Racing - Vauxhall Vectra	•	•
DTM	Scheider - Audi Sport Team A4	•	
WTC	Tarquini - Seat Sport, Leon TDi	•	
Rally Championships			
WRC	Loeb - Xsara WRC		•
IRC, S2000	Meeke - Peugeot 207		•

BREMBO Braking Systems
MOTORBIKES

MotoGp World Championships	
MotoGP	
Riders	Valentino Rossi
Manufacturers	Yamaha
250	
Riders	Hiroshi Aoyama
Manufacturers	Aprilia
125	
Riders	Julián Simón
Manufacturers	Aprilia

Superbike World Championships	
Superbike	
Riders	Ben Spies (Yamaha)
Manufacturers	Ducati
Supersport	
Riders	Cal Crutchlow (Yamaha)
Manufacturers	Honda
Superstock 1000	
Riders	Xavíer Simeon
Manufacturers	Ducati
AMA Superbike Championship	Mat Mladin; #7 Yoshimura Suzuki GSX (7th AMA Pro Superbike Championship)

Motocross	
MX1	
Manufacturers	Yamaha
MX2	
Riders	Marvin Musquin
Manufacturers	KTM
S1	
Riders	Thierry Van den Bosch
Manufacturers	Husqvarna
S2	
Riders	Chareyre Adrien
Manufacturers	Husqvarna

Enduro	
E2	
Riders	Johnny Aubert
Manufacturers	KTM
E3	
Riders	Iván Cervantes
Manufacturers	KTM

BREMBO Braking Systems

MOTORBIKES

Italian Speed Championships (CIV)	
125GP	
Riders	Riccardo Moretti - Aprilia
600 SS	
Riders	Michele Pirro - Yamaha
1000 STK	
Riders	Stefano Cruciani - Ducati
SBK	
Riders	Norino Brignola - Ducati

European Speed Championships	
125 GP	
Riders	Marcel Schrötter - Honda
600 SS	
Riders	Kev Coghlan - Honda
1000 STK	
Riders	Carmelo Morales - Yamaha

MARCHESINI Wheels

MOTORBIKES

MotoGp World Championships	
MotoGP	
Riders	Valentino Rossi - Yamaha
Manufacturers	Yamaha
250	
Riders	Hiroshi Aoyama - Honda
Manufacturers	Aprilia
125	
Riders	Julián Simón - Aprilia
Manufacturers	Aprilia

SUPERBIKE World Championships	
World Superbike WSBK	
Riders	Ben Spies - Yamaha
Manufacturers	Ducati
British Superbike BSB	
Riders	Leon Camier - Yamaha
Manufacturers	Yamaha
Japan superbike JSB	
Riders	Katsuyuki Nakasuga - Yamaha
Manufacturers	Yamaha
Italian Speed Championship (CIV)	
Riders	Norino Brignola - Ducati
Manufacturers	Ducati
Spanish Speed Championship (CEV)	
Riders	Carmelo Morales - Yamaha

Supermoto	
AMA Supermoto Premier Championship	
Riders	Sylvain Bidart - Honda
Italian Supermoto Championship	
Riders	Ivan Lazzarini - Honda
Internazionali d'Italia Supermoto	Ivan Lazzarini - Honda
X-Games Supermoto	Ivan Lazzarini - Honda
Superbiker	Ivan Lazzarini - Honda

CONSOLIDATED
FINANCIAL STATEMENTS
AT 31 DECEMBER 2009

BREMBO: CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

Consolidated Balance Sheet at 31 December 2009

Assets

(euro thousand)	Notes	31.12.2009	*of which with related parties*	31.12.2008 (*)	*of which with related parties*	Change
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	311,838		354,204		(42,366)
Development costs	2	39,786		40,662		(876)
Goodwill and other indefinite useful life assets	2	40,947		44,152		(3,205)
Other intangible assets	2	22,561		24,654		(2,093)
Shareholdings valued using the equity method	3	24,479		830		23,649
Other financial assets (investments in other companies and derivatives)	4	154		305		(151)
Receivables and other non-current assets	5	983		426		557
Deferred tax assets	6	17,695		14,571		3,124
TOTAL NON-CURRENT ASSETS		**458,443**		**479,804**		**(21,361)**
CURRENT ASSETS						
Inventories	7	142,867		197,573		(54,706)
Trade receivables	8	161,663	*3,639*	189,096	*938*	(27,433)
Other receivables and current assets	9	26,707		44,263	*10*	(17,556)
Financial current assets and derivatives	10	71		56		15
Cash and cash equivalents	11	64,653		45,617		19,036
TOTAL CURRENT ASSETS		**395,961**		**476,605**		**(80,644)**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS		**0**		**0**		**0**
TOTAL ASSETS		**854,404**		**956,409**		**(102,005)**

(*) For comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.

Equity and Liabilities

(euro thousand)	Notes	31.12.2009	*of which with related parties*	31.12.2008 (*)	*of which with related parties*	Change
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	106,834		97,187		9,647
Retained earnings/(losses)	12	131,917		110,540		21,377
Profit/(loss) for the year	12	10,528		37,505		(26,977)
TOTAL GROUP EQUITY		**284,007**		**279,960**		**4,047**
MINORITY INTERESTS		**7,458**		**12,075**		**(4,617)**
TOTAL EQUITY		**291,465**		**292,035**		**(570)**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	95,970		107,673		(11,703)
Other non-current financial payables and derivatives	13	26,623		86,264		(59,641)
Other non-current liabilities	14	477		1,139		(662)
Provisions	15	6,086		5,011		1,075
Provisions for employee benefits	16	21,906	*40*	22,839	*39*	(933)
Deferred tax liabilities	6	11,015		16,796		(5,781)
TOTAL NON-CURRENT LIABILITIES		**162,077**		**239,722**		**(77,645)**
CURRENT LIABILITIES						
Current payables to banks	13	136,063		180,501		(44,438)
Other current financial payables and derivatives	13	60,987	*1,000*	8,622		52,365
Trade payables	17	159,361	*5,657*	178,926	*593*	(19,565)
Tax payables	18	1,263		3,765		(2,502)
Other current payables	19	43,188	*2,546*	52,838	*1,546*	(9,650)
TOTAL CURRENT LIABILITIES		**400,862**		**424,652**		**(23,790)**
TOTAL EQUITY AND LIABILITIES		**854,404**		**956,409**		**(102,005)**

(*) For comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.

Consolidated Income Statement at 31 December 2009

(euro thousand)	Notes	31.12.2009	*of which with related parties*	31.12.2008 (*)	*of which with related parties*	Change
Sales of goods and services	20	**825,897**	*2,777*	**1,060,771**	*3,676*	**(234,874)**
Other revenues and income	21	20,128	*2,321*	19,167	*4,186*	961
of which non-recurring transactions	*21*	*3,874*		*0*		*3,874*
Costs for capitalised internal works	22	9,233		13,740		(4,507)
Raw materials, consumables and goods	23	(411,039)	*(18,048)*	(532,067)	*(21,828)*	121,028
Other operating costs	24	(157,916)	*(2,813)*	(209,858)	*(3,196)*	51,942
Personnel expenses	25	(185,121)	*(5,480)*	(210,808)	*(7,700)*	25,687
GROSS OPERATING INCOME		**101,182**		**140,945**		**(39,763)**
Depreciation, amortisation and impairment losses	26	(78,537)		(66,168)		(12,369)
NET OPERATING INCOME		**22,645**		**74,777**		**(52,132)**
Interest income (**)	*27*	*28,121*		*31,374*		*(3,254)*
Interest expense (**)	*27*	*(38,671)*		*(50,796)*		*12,125*
Net interest income (expense)	27	(10,550)	*(22)*	(19,422)	*(32)*	8,872
Interest income (expense) from investments	28	(1,418)		(1,747)		329
INCOME BEFORE TAXES		**10,677**		**53,608**		**(42,931)**
Taxes	29	(1,155)		(17,379)		16,224
INCOME/(LOSS) BEFORE MINORITY INTERESTS		**9,522**		**36,229**		**(26,707)**
Minority interests		1,006		1,276		(270)
GROUP NET INCOME/(LOSS)		**10,528**		**37,505**		**(26,977)**
BASIC/DILUTED EARNINGS PER SHARE	30	**0.16**		**0.57**		

(*) For comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.

(**) The 2008 amounts were adjusted to more accurately reflect the situation.

Comprehensive Consolidated Income Statement at 31 December 2009

(euro thousand)	Notes	31.12.2009	*of which with related parties*	31.12.2008 (*)	*of which with related parties*	Change
INCOME/(LOSS) BEFORE MINORITY INTERESTS		**9,522**		**36,229**		**(26,707)**
Effect of hedging accounting (cash flow hedge) of derivatives		(362)		(1,826)		1,464
Effect of valuation of shareholdings using the equity method	12	(84)		0		(84)
Change in tax rate for deferred tax assets recognised on subsidised income		2		0		2
Change in translation adjustment reserve		7,724		(28,709)		36,433
Tax effects on other components of comprehensive income		116		370		(254)
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**16,918**		**6,064**		**10,854**
Of which attributable to:						
- the Group		*17,980*		*7,737*		*10,243*
- Minority Interests		*(1,062)*		*(1,673)*		*611*

(*) For comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.

Consolidated Cash-Flow Statement at 31 December 2009

(euro thousand)	31.12.2009	*of which with related parties*	31.12.2008 (*)	*of which with related parties*
Cash and cash equivalents at beginning of year (***)	**(101,272)**		**(95,311)**	
Consolidated net income for the year before taxes	**10,677**		**53,608**	
Depreciation, amortisation/Impairment losses	78,537		66,168	
Capital gains/losses	(605)		(3,027)	
Write-ups/Write-downs of shareholdings	1,424		1,759	
Gain from the disposal of 50% of BSCCB S.p.A.	(3,874)		0	
Income from shareholdings	(6)		(12)	
Financial portion of provisions for defined benefits and payables for personnel	1,201		663	
Long-term provisions for employee benefits	910		1,080	
Other provisions net of utilisations	5,401		6,636	
Cash flows generated by operations	**93,665**		**126,875**	
Paid current taxes	(12,498)		(12,040)	
Uses of long-term provisions for employee benefits	(3,088)	*(1)*	(2,940)	*(39)*
(Increase) reduction in current assets:				
inventories	39,872		(20,086)	
financial assets	136		(11,445)	
trade receivables and receivables from companies valued using the equity method	25,366	*2,701*	21,799	*(1,803)*
receivables from others and other assets	19,371	*(10)*	(208)	*10*
Increase (reduction) in current liabilities:				
trade payables and payables to companies valued using the equity method	(15,777)	*(5,064)*	(28,758)	*1,253*
payables to others and other liabilities	(14,860)	*(1,000)*	(2,156)	*(1,419)*
Translation differences on current assets	5,288		(14,702)	
Net cash flows from / (for) operating activities	**137,475**		**56,339**	

(euro thousand)	31.12.2009	*of which with related parties*	31.12.2008 (*)	*of which with related parties*
Investments in:				
intangible assets	(13,842)		(24,420)	
property, plant and equipment	(30,342)		(69,280)	
financial assets - shareholdings	(30)		(30)	
Acquisition of assets from Sawem Industrial Ltda. (**)	(3,281)		0	
Acquisition of “BCBS”	0		(14,081)	
Acquisition of “Nyabs”	0		(4,402)	
Acquisition of Sabelt Group	0		(9,549)	
Acquisition of “KBX”	0		(10,700)	
Brembo Rassini transaction	(1,411)		0	
30% capital gain on the disposal of the “HPK” business line	0		3,524	
Capital contributions to consolidated companies by minority shareholders	0		49	
Price for disposal, or reimbursement value of fixed assets	4,432		15,045	
Net cash flows from / (for) investing activities	**(44,474)**		**(113,844)**	
Dividends paid in the year	(14,703)	*(8,502)*	(19,775)	*(10,572)*
Dividends received in the year	6		12	
Acquisition of own shares	0		(7,924)	
Loans and financing granted by banks and other financial institutions in the year	29,939	*1,000*	101,885	
Repayment of long-term loans	(41,104)		(19,843)	
Net cash flows from / (for) financing activities	**(25,862)**		**54,355**	
Total cash flows	**67,139**		**(3,150)**	
Cash and cash equivalents of BSCCB S.p.A. at deconsolidation date	**(243)**		**0**	
Cash and cash equivalents of acquired companies at acquisition date	**0**		**(2,811)**	
CASH AND CASH EQUIVALENTS AT END OF YEAR (***)	**(34,376)**		**(101,272)**	

(*) For comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.

(**) Amounts translated using the exchange rate at 31 December 2009.

(***) See Note 11 of the Explanatory Notes for a reconciliation with financial statement data.

Statement of Changes in Consolidated Equity at 31 December 2009

(euro thousand)	Share capital	Other reserves	Retained earnings	Hedging reserve (**)
Balance at 1 January 2008	**34,728**	**120,030**	**84,669**	**1,212**
Allocation of profit for the previous year		9,742	32,527	
Payment of dividends				
Acquisition of NYABS				
Acquisition of Sabelt Group			(7,444)	
Acquisition of BCBS			1,032	
Non-proportional capital contributions to consolidated companies		127		
Acquisition of own shares		(7,924)		
30% capital gain on the disposal of the "HPK" business line		3,524		
Components of comprehensive income:				
Change in reserves from application of IAS 39				(1,456)
Change in translation adjustment reserve		(28,312)		
Net income/(loss) for the year				
Balance at 31 December 2008 (*)	**34,728**	**97,187**	**110,784**	**(244)**
Allocation of profit for the previous year		1,951	20,851	
Payment of dividends				
Reclassification			(192)	
Brembo Rassini transaction			962	
Components of comprehensive income:				
Change in tax rate for deferred tax assets recognised on subsidised income			2	
Valuation of shareholding using the equity method		(84)		
Change in reserves from application of IAS 39				(246)
Change in translation adjustment reserve		7,780		
Net income/(loss) for the year				
BALANCE AT 31 DECEMBER 2009	**34,728**	**106,834**	**132,407**	**(490)**

(*) For comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.

(**) Hedging reserves are net of the related tax effect.

Net income (loss) for the year	Group equity	Net income (loss) of Minority Interests	Share capital and reserves of Minority Interests	Equity of Minority Interests	Equity
60,764	301,403	830	11,761	12,591	313,994
(42,269)	0	(830)	830	0	0
(18,495)	(18,495)		(1,280)	(1,280)	(19,775)
	0		2,265	2,265	2,265
	(7,444)		250	250	(7,194)
	1,032			0	1,032
	127		(78)	(78)	49
	(7,924)			0	(7,924)
	3,524			0	3,524
	(1,456)			0	(1,456)
	(28,312)		(397)	(397)	(28,709)
37,505	37,505	(1,276)		(1,276)	36,229
37,505	279,960	(1,276)	13,351	12,075	292,035
(22,802)	0	1,276	(1,276)	0	0
(14,703)	(14,703)			0	(14,703)
	(192)		192	192	0
	962		(3,747)	(3,747)	(2,785)
	2			0	2
	(84)			0	(84)
	(246)			0	(246)
	7,780		(56)	(56)	7,724
10,528	10,528	(1,006)		(1,006)	9,522
10,528	284,007	(1,006)	8,464	7,458	291,465

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

Brembo’s Activities

In the vehicle industry components sector, the Brembo Group is active in the research, design, production, assembly and sale of disc braking systems, wheels and light alloy and metal casting, in addition to mechanical processes in general.
The extensive product range consists of high-performance brake callipers, brake discs, wheel-side modules, complete braking systems and integrated engineering services, 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 Slovak Republic (Zilina), Germany (Meitingen), Mexico (Puebla and Apodaca), Brazil (Betim and São Paulo), China (Nanjing and Beijing), India (Pune) and the United States (Homer). Other companies located in Sweden (Göteborg), France (Levallois Perret), Germany (Leinfelden-Echterdingen), the United Kingdom (London), the United States (Costa Mesa, California, and Plymouth, Michigan) and Japan (Tokyo) carry out distribution and sales activities.

Form and Content of the Consolidated Financial Statements at 31 December 2009

Introduction

The Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2009 have been prepared in accordance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2009, issued by the International Accounting Standard Board (IASB) and endorsed by EC Regulations. IFRS means all international accounting standards and all interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).
The financial statements 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 2009, 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 have been prepared on the basis of financial statements for the year ended 31 December 2009, drawn up 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 classification criteria and accounting standards adopted by the Group.
The Consolidated Financial Statements have been prepared in accordance with the general principle of providing a true and fair presentation of the Group's assets and liabilities, financial position, results and cash flow, based on the following general assumptions: going concern, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting; and comparative information.
The administrative period and the closing date for preparing the Consolidated Financial Statements correspond to the ones for the financial statements of the Parent Company and all the consolidated subsidiaries.
The Consolidated Financial Statements are presented in euro, which is the functional currency of the Parent Company, Brembo S.p.A., and all amounts are rounded to the nearest thousand unless otherwise indicated.
As further specified below, for comparison purposes, certain amounts in the 2008 Consolidated Financial Statements were revised upon completion of the purchase price allocation process for Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A.
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, write-downs of assets, employee benefits, taxes and other provisions and in determining the fair value of financial instruments, especially derivatives, the useful life of certain fixed assets and purchase price allocation processes for business combinations.
The fair value of financial instruments traded in active markets is based on price quotations at the reporting date. The fair value of financial instruments that are not traded in active markets (such as derivative contracts) is determined using specific valuation techniques. Specifically, as indicated below, the fair value of Interest Rate Swaps (IRS) is determined using the discounted cash flow technique, and the fair value of forward foreign exchange contracts is determined by reference to projected forward exchange rate curves applicable to such financial instruments. The fair value of other derivatives is determined using the forward curves of the indexes specified in the related contracts.

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

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

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

Changes in Accounting Standards

The valuation and measurement criteria used are based on IFRS in force as of 31 December 2009 and endorsed by the European Union.

The following accounting standards, amendments and interpretations were revised by the IASB during its 2008 annual IFRS improvement process and applied by the Group for the first time from 1 January 2009.

- *IAS 1 Revised (Presentation of Financial Statements)*. The revised version of IAS 1 (Presentation of Financial Statements) no longer allows items of income and expense resulting from transactions with non-owners to be presented in the statement of changes in equity. Instead, they must be presented separately from changes resulting from transactions with owners. Under the revised version of IAS 1, all changes resulting from transactions with non-owners must be presented in the margin of the income statement or in a separate statement provided in addition to the income statement. All non-owner changes must also be presented separately in the Statement of Changes in Equity. The Group applied the revised version of the standard retrospectively from 1 January 2009, choosing to present non-owner changes in two separate statements: an Income Statement and a Statement of Comprehensive Income. The Group also changed the presentation format of the Statement of Changes in Equity. As part of its annual improvements process for 2008, the IASB also published an amendment to the revised version of IAS 1 that specifies that assets and liabilities resulting from derivatives designated as hedges must be broken down into current and non-current in the balance sheet. The application of this amendment did not change the Group's presentation of assets and liabilities resulting from derivatives, as the Group had already adopted the method of separating current from non-current assets allowed by IAS 1.
- *IAS 23 Revised (Borrowing Costs).* The revised version removes the option that allows entities to immediately recognise in their income statements interest expenses attributable to investments in assets that normally take a substantial amount of time to become ready for use or sale (qualifying assets). The revised version was also amended during the IASB improvements process 2008 to change the definition of borrowing costs eligible for capitalisation. In accordance with the transitional provisions set out in the standard,

the company applied the amended standard prospectively from 1 January 2009, capitalising borrowing costs directly attributable to the acquisition, construction or production of qualifying assets for which the company has incurred expenditures or borrowing costs or has undertaken activities necessary to prepare the asset for its intended use or sale after 1 January 2009. The adoption of this standard had no impact on the financial statements for the year.

- *Amendment to IFRS 2 (Vesting Conditions and Cancellations).* The amendment to IFRS 2 (Vesting Conditions and Cancellations), establishes that only service and performance conditions can be considered vesting conditions in the measurement of share-based payment plans. Other conditions are considered non-vesting conditions and must be taken into account when determining the fair value at the date the plan is granted. The amendment also clarifies that all cancellations, whether by the entity or counterparty, should receive the same accounting treatment. The application of the new amendment had no impact on the year.
- *Improvement to IAS 16 (Property, Plant and Equipment)*. The improvement to IAS 16 (Property, Plant and Equipment) establishes that enterprises whose core business is renting must reclassify in inventories assets that cease to be rented and are held for sale. The proceeds from the sale of such assets must be recognised as revenue. Amounts paid for building or purchasing assets for rental to third parties and proceeds from the sale of such assets must be classified as cash flow generated from (used in) operating activities. The standard does not apply to the Group.
- *Improvement to IAS 19 (Employee Benefits)*. The improvement to IAS 19 (Employee Benefits) clarifies the definition of positive and negative past service costs and establishes that when a plan reduces benefits, only the reduction relating to future service can be recognised immediately in the income statement, while any reduction relating to past service is considered a negative past service cost. This amendment must be applied prospectively to plan changes occurring on or after 1 January 2009; application of the amendment had no significant effect on the financial statements at 31 December 2009. The improvement also changed the definition of return on plan assets to require that this item be disclosed net of any plan administration costs that have not been reflected in the measurement of the defined benefit obligation and clarified the definition of short-term and long-term benefits. The adoption of this standard had no impact on the financial statements for the year.
- *Improvement to IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance)*. The improvement to IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) requires that benefits of government loans issued at a below-market interest rate be treated as government grants and recognised as set out in IAS 20. The adoption of this standard had no impact on the financial statements for 2009.
- *Improvement to IAS 28 (Investments in Associates)*. The improvement to IAS 28 (Investments in Associates) establishes that, in the case of investments measured using the equity method, an impairment loss does not have to be allocated against the individual assets (especially goodwill) that make up the carrying value of the investment, but to the total value of the investment. Accordingly, if the conditions are met for a subsequent reversal of the impairment, the reversal must be fully recognised. The improvement also

changed some of the disclosure requirements for investments in associates and joint ventures measured at fair value in accordance with IAS 39 and amended IAS 31 (Investments in Joint Ventures), IFRS 7 (Financial Instruments: Disclosures) and IAS 32 (Financial Instruments: Presentation). The adoption of this standard had no impact on the financial statements for 2009.

- *Improvement to IAS 38 (Intangible Assets).* The improvement to IAS 38 (Intangible Assets) addresses the recognition in the income statement of promotional and advertising costs.
  In detail, it establishes that, when an entity incurs expenses to provide future economic benefits but does not recognise intangible assets, such expenditure must be charged to the income statement either when the entity has the right to access the goods (in the case of the purchase of goods) or when the service is rendered (in the case of the purchase of services). The standard was also amended to allow companies to use the unit-of-production method to amortise intangible assets with a finite useful life. The application of this standard had no impact on the financial statements for 2009.
- *IFRS 8 (Operating Segments).* On 30 November 2006, the IASB issued IFRS 8 (Operating Segments), which replaced IAS 14 (Segment Reporting) starting 1 January 2009. The new accounting standard requires that segment reports be based on the elements used by management to make operating decisions. As such, it requires that operating segments be identified on the basis of internal reporting, which is regularly reviewed by management with the aim of allocating resources to different segments as well as for performance analyses. With the introduction of the new standard, the Brembo Group has revised its segment reporting.
- On 14 February 2008, the IASB issued an amendment to IAS 32 (Financial Instruments: Presentation) and IAS 1 (Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation). The amendment requires that entities classify puttable financial instruments and instruments that impose an obligation on the entity to deliver to another party a pro-rata share of the net assets of the entity as equity instruments. The standard had no impact on the financial statements for 2009.
- IAS 29 (Financial Reporting in Hyperinflationary Economies). The standard clarifies that certain items may or must be measured at current cost. The standard had no impact on the year, as the situation it addresses did not apply to the Group.
- IAS 36 (Impairment of Assets). Applicable starting 1 January 2009, the amendment requires additional disclosures when the recoverable amount of a cash generating unit is determined using discounted cash flows. Moreover, it defines several impairment indicators for specific situations.
- IAS 39 (Financial Instruments: Recognition and Measurement). Applicable starting 1 January 2009, the amendment clarifies how the revised effective interest rate should be calculated for a financial instrument at the termination of a fair value hedge. It also clarifies that the rule restricting the designation of financial instruments as at fair value through profit or loss should not apply to derivative financial instruments that cease or begin to qualify for hedge accounting. The standard had no impact on the financial statements for 2009.
- IAS 40 (Investment Property). The amendment, which must be applied prospectively from 1 January 2009, establishes that property under construction is within the scope of IAS 40 (not IAS 16). The amendment applies to situations that were not present at 31 December 2009.

- IFRIC 13 (Customer Loyalty Programmes). The interpretation addresses a situation that does not apply to the Group's consolidated financial statements.
- On 3 July 2008, the IFRIC issued interpretation IFRIC 16 (Hedges of a Net Investment in a Foreign Operation). The interpretation eliminated the possibility for an entity to apply hedge accounting for a hedge of foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements.
  The interpretation also clarifies that, in the case of the hedge of an interest in a foreign operation, the hedging instrument may be held by any entity in the Group and, if the interest is disposed of, the amount to be reclassified from equity to the income statement must be determined by applying IAS 21 (The Effects of Changes in Foreign Exchange Rates). The interpretation addresses a situation that does not apply to the Group's consolidated financial statements.
- On 12 March 2009, the IASB issued an amendment to IFRIC 9 (Reassessment of Embedded Derivatives) and IAS 39 (Financial Instruments: Recognition and Measurement) that, under certain circumstances, allows financial instruments to be reclassified out of the "fair value through profit or loss" (FTVPL) category. The amendments clarify that, when reclassifying a financial instrument out of the FTVPL category, all embedded derivatives must be measured and, if necessary, accounted for separately in the financial statements. The amendment are applicable retrospectively from 31 December 2009. Its application had no impact on the separated financial statements of the company at 31 December 2009.
- On 5 March 2009, the IASB issued an amendment to IFRS 4 (Insurance Contracts) and IFRS 7 (Financial Instruments: Disclosures) to require enhanced disclosures about fair value measurements and enforce existing standards in terms of liquidity risk associated with financial instruments. The amendment is applicable from 1 January 2009.
- IFRIC 9 (Reassessment of Embedded Derivatives). The amendment, which must be applied prospectively from 1 January 2009, establishes that embedded derivatives in contracts acquired in combinations of businesses and in the formation of entities under common control or joint ventures are outside the scope of IFRIC 9. At the reporting date, the competent bodies of the European Union had completed the endorsement process.

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

- On 10 January 2008, the IASB issued a revised version of IFRS 3 (Business Combinations) and amended IAS 27 (Consolidated and Separate Financial Statements). The amendments must be applied prospectively from 1 January 2010.
- During the IASB improvements process for 2008, IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) was amended to establish that if a disposal plan results in loss of control, all the subsidiary's assets and liabilities must be reclassified as held for sale, even if the entity retains a minority interest in the subsidiary after the disposal. The amendment must be applied prospectively from 1 January 2010.

- On 31 July 2008, the IASB issued an amendment to IAS 39 (Financial Instruments: Recognition and Measurement) that must be applied retrospectively from 1 January 2010. The amendment provides clarification on applying the standard when defining the underlying hedged item in particular situations.
- IFRIC 15 (Agreements for the Construction of Real Estate). The interpretation must be applied no later than the starting date of the financial year after 31 December 2009. This interpretation applies to the recognition of revenues and costs of companies that deal with the construction of buildings directly or through sub-contractors. Currently, the interpretation does not apply to the Group's financial statements.
- On 27 November 2008, the IFRIC issued Interpretation IFRIC 17 (Distribution of Non-cash Assets to Owners) in order to standardise the treatment of distributions of non-cash assets to shareholders. The interpretation must be applied prospectively from 1 January 2010.
- On 16 April 2009, the IASB issued a collection of improvements to IFRS. Those that will require a change in the presentation, recognition and measurement of items in the financial statements are listed below; those that will require terminology or editorial changes with minimal accounting effects or that have an effect on standards and interpretations which are not applicable to the Group are not included:
  - IFRS 2 (Share-based Payments): the amendment, which must be applied from 1 January 2010 (early adoption is allowed), clarifies that, following the change to the definition of business combination by IFRS 3, the contribution of a business for the formation of a joint venture and combinations of companies or businesses into an entity under common control are out of the scope of IFRS 2.
  - IAS 1 (Presentation of Financial Statements): the amendment, which must be applied from 1 January 2010 (early adoption is permitted), changes the definition of current liabilities included in IAS 1, also with reference to specific situations.
  - IAS 7 (Statement of Cash Flows): under the amendment, which must be applied from 1 January 2010, only cash flows originating from expenditure that results in the recognition of an asset in the balance sheet can be classified in the statement of cash flows as investing activities, while cash flows originating from expenditure that does not result in the recognition of an asset (such as promotional, advertising or personnel training expense) must be classified as operating activities.
  - IAS 17 (Leases): following the amendment, land leases will be classified as either "finance" or "operating" using the general principles of IAS 17, regardless of whether property rights are obtained at the end of the lease. Prior to the amendment, if the property rights of the leased land were not transferred at the end of the contract, the lease was classified as an operating lease, as it had an indefinite useful life. The amendment is effective from 1 January 2010. All existing, unexpired land leases must be reassessed individually on the date of adoption of the amendment, and new leases must be retrospectively recognised as finance leases.
  - IAS 36 (Impairment of Assets): the amendment, which must be applied prospectively from 1 January 2010, specifies that the largest cash-generating unit or group of units to which goodwill can be allocated for impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 (i.e., before the aggregation of segments with similar economic or other characteristics permitted by IFRS 8.12).

- IAS 38 (Intangible Assets): the 2008 amendment to IFRS 3 established that sufficient information exists to measure the fair value of an intangible asset acquired in a business combination if the asset is separable or arises from contractual or other legal rights. IAS 38 was later amended to reflect this change to IFRS 3. The amendment also clarified how to measure the fair value of intangible assets if there is no active market for those assets. The amendment must be applied prospectively from 1 January 2010. If IFRS 3 revised is early applied, IAS 38 must also be early applied.
- IAS 39 – (Financial Instruments: Recognition and Measurement): the amendment limits the scope exclusion in paragraph 2(g) of IAS 39 to forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date, where the completion of the business combination does not depend on further action by one of the two parties but only on the passing of an appropriate period of time. The amendment clarifies that the exemption does not apply to option contracts (whether or not they are currently exercisable) that give one of the two parties control over future events and that on exercise will result in control of an entity. The amendment also clarifies that penalties for the prepayment of loans to compensate the lender for the loss of interest are regarded as closely related to the host contract and therefore do not have to be accounted for separately. Lastly, the amendment clarifies that gains or losses on hedged instruments should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. The amendment must be applied prospectively from 1 January 2010. Early adoption is allowed.

- On 29 January 2009, the IFRIC issued Interpretation IFRIC 18 (Transfers of Assets from Customers), which clarifies the accounting treatment for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from the customer in order to acquire or construct the item of property, plant, and equipment that will be used to comply with the obligations set out in the agreement. The interpretation must be applied prospectively from 1 January 2010.
- In June 2009, the IASB issued an amendment to IFRS 2 (Share-based Payments: Group Cash-settled Share-based Payment Transactions). The amendment is applicable starting 1 January 2010; at the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for its application.
- IFRS 9 (Financial Instruments), issued on 12 November 2009, applicable from 1 January 2013, only changes the requisites for the classification and measurement of financial assets currently established by IAS 39; once completed, it will fully replace IAS 39. Therefore, financial liabilities continue to be regulated by IAS 39. It must be noted that the EU has currently suspended the process of adoption of the IFRS 9, therefore the standard cannot be applied within the EU, pending an overall assessment by the European Commission on the whole project of replacement of IAS 39.
- Amendment to IFRIC 14 (Prepayments of a Minimum Funding Requirement), issued on 26 November 2009 and applicable from 1 January 2011.

- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments), issued on 26 November 2009 and applicable from 1 July 2010. It defines the accounting treatment to be adopted when a debtor renegotiates the terms of a financial liability with its creditor and both agree to accept a debt-for-equity swap to settle the financial liability fully or partially.
- Amendment to IFRS 1 (Additional Exemptions for First time Adopters), issued on 23 July 2009 and applicable from 1 January 2010. By amending IFRS 1, the Exposure Draft 2009/13 extends the exemption from the obligation to present comparative information as defined in the amendment published in March 2009 (fair value hierarchy) to entities that for the first time apply international financial standards when preparing financial statements for a year starting before 1 January 2010.
- IAS 24 revised (Related Party Disclosures) issued on 4 November 2009 and applicable from 1 January 2011; the standard, which will replace the present version of IAS 24, intends to simplify reporting obligations on related parties for entities that are under significant influence or common control by a government body or in which a government body is a controlling shareholder; it also eliminates several application difficulties arising on the notion of related parties.
- Amendment to IFRS 1 (Limited Exemption from Comparative IFRS 7 Disclosures for First time Adopters), issued on 28 January 2010 and applicable from 1 July 2010.

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 (including the relevant goodwill) 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 joint control ceases.

Business Combinations

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

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

The cost of a business combination, identified as the fair value at the date control is assumed of the assets acquired, liabilities assumed and equity instruments issued for the business combination purposes, including any directly attributable costs, is therefore recognised as the fair value at the acquisition date of the assets, liabilities and contingent liabilities that can be identified at acquisition. Any excess of cost of the Acquisition over the Group's share of the fair value of the identifiable assets, liabilities and potential liabilities at acquisition are recognised as goodwill. Any negative differences are charged directly to the Income Statement. If the initial cost of a business combination can only be determined provisionally, adjustments to the initial provisional values must be made within twelve months of the acquisition date. Minority interests are recognised on the basis of the fair value of the net assets acquired. If a business combination involves more than one transaction, with successive share purchases, each transaction is treated separately using the cost of the transaction and fair value information on the assets, liabilities and potential liabilities at the date of each transaction to determine the amount of any differences. When the Group obtains control of a company through a subsequent share purchase, the previously held interests are accounted for based on the fair value of identifiable assets, liabilities and contingent liabilities, at the date control is acquired.

The goodwill arising from business combinations is accounted for as an asset of the acquired company.

Share-based Payments

Share-based payments are transactions in which an entity receives goods or services in exchange for own equity instruments or amounts based on the price of its own shares or other equity instruments. The entity recognises the goods or services acquired or received in a share-based payment transaction on the date it receives the goods or services, accordingly increasing equity if the goods or services have been received based on a share-based payment transaction settled using equity instruments, or recognising a liability if the goods or services have been acquired through a share-based payment transaction settled in cash. When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

Intragroup Transactions

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

Transactions with Minority Shareholders

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

Conversion of the Financial Statements of Foreign Companies

The financial statements of the Group Companies included in the Consolidated Financial Statements are denominated in the currency used in the primary market in which they operate (functional currency). The Group Consolidated Financial Statements are denominated in euro, which is the functional currency of the Parent Company Brembo S.p.A.
At year end, the assets and liabilities of subsidiaries, associate companies and joint ventures whose functional currency is not the euro are translated into the currency used to prepare the consolidated Group accounts at the exchange rate prevailing at that date. Income Statement items are translated at the average exchange rate for the period (as it is considered to represent the average of the exchange rates prevailing on the dates of the individual transactions). The differences arising from the translation of initial equity at end-of-period exchange rates, and the differences arising as a result of the different method used for translating the result for the period are recognised under a specific heading of equity. If consolidated foreign companies are subsequently sold, accumulated conversion differences are recognised in the Income Statement.
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	31.12.2009	Average 2009	31.12.2008	Average 2008
US Dollar	0.694155	0.717737	0.718546	0.679923
Japanese Yen	0.007510	0.007678	0.007928	0.006564
Swedish Krona	0.097542	0.094162	0.091996	0.103979
Czech Koruna	0.037774	0.037800	0.037209	0.040086
Slovak Krona	N/A	N/A	0.033194	0.031977
Polish Zloty	0.243635	0.230955	0.240761	0.284304
Mexican Peso	0.052848	0.053236	0.051993	0.061366
Pound Sterling	1.125999	1.122271	1.049869	1.255835
Brazil Real	0.398200	0.360937	0.308299	0.373874
Indian Rupee	0.014916	0.014857	0.014785	0.015699
Chinese Renminbi	0.101678	0.105071	0.105312	0.097817

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. Compared to 31 December 2008, the consolidation area changed as follows:

- effective 1 January 2009, the subsidiary Brembo North America Homer Inc. was merged into Brembo North America Inc. The merger had no effect on Brembo's consolidated financial statements;
- following the previously described joint-venture agreement between Brembo and SGL Group, Brembo's equity investment in Brembo Ceramic Brake Systems S.p.A. (now Brembo SGL Carbon Ceramic Brakes S.p.A.) decreased from 100% to 50%. Brembo then acquired 50% of Brembo SGL Carbon Ceramic Brakes GmbH, a SGL-Group company specialised in the manufacture of carbon-ceramic discs. As a result, Brembo SGL Carbon Ceramic Brakes S.p.A. was deconsolidated in June, and the Group's investment in the joint venture was measured using the equity method;
- in July 2009, an agreement was reached between Sanluis Group and Brembo S.p.A. to suspend the arbitration underway and Brembo acquired the remaining 24% of Brembo Rassini S.A. de C.V. (now Brembo Mexico Puebla S.A. de C.V.), in exchange for its stake in Fundimak S.A. de C.V, plus the remainder of the net consideration of USD 1,400 thousand; the agreement was executed on 19 August 2009;
- on 15 July 2009, the company Brembo Czech S.r.o., 100% held by Brembo S.p.A., was incorporated;
- in September 2009, a new company, Brembo Nanjing Foundry Co. Ltd, was set up in China. In January 2010, it was used as a vehicle to acquire all the assets of a foundry from Donghua Automotive Industrial Co. Ltd.;

- in December 2009, the company Qingdao Brembo Trading Co. Ltd., 100% controlled through Brembo International S.A., was incorporated. The company will deal with logistics operations within the Qingdao hub;
- on 22 December 2009 the winding up procedures of Brembo Participations B.V. were concluded.

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, and interest expense, if applicable (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 life of individual assets is reviewed periodically, so as to ascertain that it is 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 and recorded at the inception of the lease under property, plant and equipment at the fair value of the leased asset or, if lower, the present value of the lease payments. The corresponding liability to the lessor is recorded under financial debt. The methods used to calculate depreciation and the subsequent valuation of the asset are consistent with those used for directly owned assets.

Finance leases where the lessor retains substantially all the risks and rewards incident to ownership are classified as operating leases. Lease payments are recognised in the Income Statement on a straight-line basis over the lease term.

Leasehold improvements

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

Development Costs, Goodwill and Other Intangible Assets

The 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 rewards 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, which is calculated using the straight-line method (beginning on the date the assets are available for use) over their useful life, and net of any impairment losses, taking into account any residual value. The useful life of assets is reviewed periodically.

Development costs – An intangible asset generated in the development phase of an internal project 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 is 5 years, representing the mean useful life of the rewards linked to the developed product.

Goodwill and trademarks – Goodwill arising from business combinations is initially recorded 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 a definite useful life are amortised using the straight-line method over their estimated useful lives, based on strategic plans for their expected use.

Impairment of Assets

Goodwill, intangible assets with an indefinite life and development costs underway are systematically tested for impairment at least once a year, 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 the relevant impairment loss is recognised. 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 value corresponds to the replacement cost. For finished products and semi-finished goods, the presumable realisable value corresponds to the estimated sales price in the ordinary course of business, less the estimated costs of completion and costs to sell.
Inventories that are obsolete or characterised by a long turnover period are written down on the basis of their possible useful life or realisable value, by creating a special inventory adjustment fund.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances, unrestricted deposits and other treasury investments with original maturities of up to three months. A treasury investment is considered as availability, when it is instantly convertible to cash with minimal risk of any fluctuation in value and, further, it is intended to meet short-term cash requirements and is not held as an investment.
For purposes of the 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 estimates are recognised under the same heading of the Income Statement under which the original provision was recognised and in the Income Statement of the period in which the change is made. When provisions are discounted to present value, the change resulting from the passage of time or interest rate fluctuations is recognised 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-benefit 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 recorded as fixed assets are recognised as non-current liabilities and credited to the Income Statement in relation to the period in which depreciation is charged for the relevant assets.
Benefits in the form of tax credits are recognised in the period in which there is reasonable certainty (compliance with all conditions) to allow recognition of the credit and are treated on the basis of the costs and/or planned use of the credit.

Financial Assets and Liabilities

Equity investments in other entities are measured at fair value; when the fair value cannot be reliably determined, equity investments are measured at cost adjusted for impairment.

All other financial assets are initially recorded at cost, which corresponds to fair value plus ancillary costs.

The company classifies its financial assets as follows: financial assets at fair value in the Income Statement, trade receivables, loans and 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 profit or loss.

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, they are measured 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)".

Financial guarantees are initially recognised at fair value, which upon initial recognition usually corresponds to the amount 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 for a predetermined amount and in favour of a specifically identified third party, the contract is initially recognised at fair value.

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 is recognised in the Income Statement on an accrual basis and recognised 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. 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 amount of deferred tax assets is reviewed at the end of every period and is reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow the partial or full use of such assets.

Tax balances (current and deferred) attributable to amounts recognised directly in Equity are also recognised directly in Equity.
Current and deferred tax assets and liabilities are offset only when the legal right of offset exists; such amounts are recognised as receivables or payables in the Balance Sheet.

Dividends

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

Segment Reporting

In applying IFRS 8 for the first time from 1 January 2009, the Group identified the following reportable operating segments based on the qualitative and quantitative criteria specified therein:

- Discs – systems and motorbikes;
- After Market and 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, which, together with the Finance Department, 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 derivatives.

Since most of Brembo's financial debt is subject to variable interest rates, the Group 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 2009 and 31 December 2008, with other variables held constant. The potential impacts were calculated on the variable-rate financial assets and liabilities at 31 December 2009. The above change in interest rates would result in a higher (or lower) annual pre-tax expense of approximately €1,142 thousand (€1,228 thousand at 31 December 2008), gross of the tax effect.
The average quarterly net financial debt was used to provide the most reliable information possible.

The Group had the following Interest Rate Swap (IRS) agreements outstanding at 31 December 2009 to hedge against interest rate risk:

- at 31 December 2009, the Parent Company had an IRS outstanding on a notional amount of €30 million that was accounted for using hedge accounting. At that date, it was 100% effective, compared to 97.86% effective at 31 December 2008. Applying a shift of 50 basis points to the forward curve at 31 December 2009 would impact equity (gross of tax) by ± €151 thousand (± €290 thousand in 2008);
- the Parent Company also has an Interest Rate Swap agreement outstanding on a notional amount of €20 million, which does not qualify for hedge accounting, although it was entered into for the purpose of hedging a portion of the short-term financial debt. Applying a shift of 50 basis points to the forward curve at 31 December 2009 would impact equity (gross of tax) by ± €84 thousand (+/ €181 thousand in 2008);
- the consolidated company Brembo Poland Spolka Zoo has an outstanding IRS agreement on an amortising loan with a residual value of €10.8 million at 31 December 2009; this derivative is also accounted for using hedge accounting and is 100% effective, as in 2008. In this case, no shift was applied to the forward curve at 31 December 2009, as the derivative expires on 15 March 2010 and the last differential flow is certain, as the EURIBOR basis was established at the beginning of the interest-accrual period (11 December 2009);
- the consolidated company Sabelt S.p.A. has an outstanding IRS agreement on a notional amount of €1.5 million that does not qualify for hedge accounting, although it was entered into for the purpose of hedging a portion of the company's medium-/long-term financial debt. Applying a shift of 50 basis points to the forward curve at 31 December 2009 would impact equity by ± €31 thousand, gross of tax (± €37 thousand in 2008).

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 to compensate any imbalances;
the Group also uses forward contracts (currency forward purchases and sales) to minimise exchange rate risks.
Net currency positions are not systematically hedged. They are hedged if net flows are material enough to warrant doing so;
historical and predicted trends for the exchange rates in question are also assessed;
any hedges that exceed Brembo's net trade position indicate that Brembo decided to hedge trade-related flows anticipated in following months.
A sensitivity analysis is provided below to illustrate the effects on net income (loss) and equity resulting from a positive (negative) change in exchange rates.
Starting with the exposures at the end of 2008 and 2009, a change calculated as the standard deviation (dispersion of data around the value itself) of the exchange rate with respect to the average exchange rate was applied to the average exchange rates for 2008 and 2009 to measure exchange rate volatility.

	31.12.2009			31.12.2008		
(euro thousand)	Change %	Increase	Decrease	Change %	Increase	Decrease
Euro/Pound Sterling	2.73%	(17.8)	18.8	5.17%	11.5	(12.7)
Euro/Japanese Yen	4.52%	34.2	(37.4)	10.51%	139.6	(172.4)
Euro/Swedish Krona	3.26%	(57.2)	61.1	4.40%	(58.8)	64.2
Euro/US Dollar	5.23%	(72.6)	80.6	7.03%	(52.9)	60.9
Euro/Polish Zloty	7.68%	(613.5)	715.5	5.68%	614.2	(688.2)
Euro/Brazil Real	6.63%	201.8	(230.5)	8.62%	175.3	(208.4)
US Dollar/Polish Zloty	8.92%	(77.5)	92.7	11.36%	(47.9)	60.2
US Dollar/Mexican Peso	4.30%	(1.1)	1.2	9.39%	410.2	(495.2)
Euro/Chinese Renminbi	5.29%	(532.2)	591.6	8.38%	59.2	(70.0)
US Dollar/Chinese Renminbi	0.10%	1.1	(1.1)	1.96%	(4.9)	5.1
Brazil Real/US Dollar	11.36%	35.0	(44.0)	13.04%	26.4	(34.3)
Polish Zloty/Pound Sterling	N/A	N/A	N/A	5.22%	(5.2)	5.8
Pound Sterling/US Dollar	N/A	N/A	N/A	9.61%	22.2	(27.0)
Mexican Peso/Euro	3.41%	14.8	(15.9)	4.93%	28.5	(31.5)
Japanese Yen /US Dollar	N/A	N/A	N/A	5.49%	0.7	(0.8)
Chinese Renminbi/Japanese Yen	N/A	N/A	N/A	5.01%	0.8	(0.8)
Total		**(1,085.0)**	**1,232.6**		**1,318.8**	**(1,545.0)**

Commodity Risk

During the year, Brembo S.p.A. entered into a derivative contract to lock in energy prices for all of 2009, on a notional volume of 70 million Mwh. At the end of 2009, the contract, which was not subject to hedge accounting, was terminated.
There were no other derivative contracts extant at 31 December 2009.

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 Central Treasury 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-/long-term debt (as well as with equity), and working capital requirements are financed using short-term credit lines;
- includes the company 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.

(euro thousand)	Book value	Contractual cash flows	Within 1 year	From 1 to 5 years	Beyond 5 years
Non-derivative financial liabilities					
Short-term credit lines and bank overdrafts	(99,028)	(99,028)	(99,028)	0	0
Payables to banks (loans)	(133,004)	(138,503)	(39,305)	(99,198)	0
Payables to other financial institutions	(59,507)	(60,296)	(54,182)	(5,806)	(308)
Finance leases	(26,556)	(27,801)	(6,240)	(20,827)	(734)
Trade and other payables	(163,223)	(163,223)	(163,223)	0	0
Derivative financial liabilities					
Derivatives	(1,547)	(1,442)	(1,338)	(104)	0
Total	**(482,865)**	**(490,293)**	**(363,316)**	**(125,935)**	**(1,042)**

The maturities are determined based on the period from the balance sheet date to the expiration of the contractual obligations. The amounts shown in the table reflect undiscounted cash flows.
For fixed- and variable-rate financial liabilities, both principal and interest were considered for the different maturity periods; for variable-rate liabilities, the rate at 31 December 2009 plus the relevant spread.
"Payables to banks" includes three loans subject to financial covenants, especially with reference to the parent company Brembo S.p.A.:

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

The covenants with respect to Brembo's consolidated financial statements are as follows:

1) Net Financial Debt/EBITDA (<3.5);

2) EBITDA/Net Interest Expense (>4);

3) Net Financial Debt/Equity (≤1,7).

If the covenants are not met, the bank can request early repayment.

Considering that the ratios calculated based on Brembo Group's financial statements do not exceed the specified limits, the loan was distributed in the table according to its contractual maturities.

- **"Intesa San Paolo IMI L.100" loan made on 17 March 2006; remaining balance at 31 December 2009: €4,180 thousand maturing on 20 March 2014.**

The covenants with respect to Brembo's consolidated financial statements are as follows:

1) Net Financial Debt/Equity ≤1.2;

2) Net Financial Debt/Gross Operating Income ≤2.75.

If the ratio requirements are not met, the bank can request early repayment. Considering that the two ratios calculated using Brembo Group's financial statements at 31 December 2009 have been complied with, the loan was distributed in the table according to its contractual maturities.

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

The loan is subject to the following covenants:

1) Net Debt/EBITDA ≤3 (calculated using the Group's consolidated results);

2) Debt/Equity ≤1.5 (calculated based on the financial statements of Brembo North America Inc. used for the consolidation).

If the covenants are not met, the bank can request early repayment. Considering that at 31 December 2009 the two covenants were below the specified limits, the loan was distributed in the table according to its contractual maturity.

Respect of the covenants is verified at each contractual maturity date.

Management believes that currently available credit facilities, apart from the cash flow generated by current operations, will allow Brembo to meet its financial needs arising from investing activities, working capital management, and the payment of payables at their natural expiries.
In further detail, at 31 December 2009, unused bank credit facilities were 63.2% (a total of €269.4 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 Brembo arises mainly in relation to trade receivables.
Most parties with which Brembo does business are leading car and motorbike manufacturers with high credit standing.
Brembo 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 in the next page 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)	Note	Book value 31.12.2009	Book value 31.12.2008	Fair value 31.12.2009	Fair value 31.12.2008
Financial assets available for sale		0	0	0	0
Financial assets and liabilities held for trading at fair value through profit or loss		0	0	0	0
Investments held to maturity		0	0	0	0
Loans, receivables and financial liabilities valued ad amortised cost:					
Current and non-current financial assets		71	56	71	56
Trade receivables		161,663	189,296	161,663	189,296
Loans and other current and non-current assets		18,035	35,516	18,035	35,516
Cash and cash equivalents		64,653	45,617	64,653	45,617
Current and non-current payables to banks		(232,033)	(288,174)	(229,638)	(289,634)
Other current and non-current financial liabilities		(86,064)	(92,819)	(86,315)	(94,412)
Trade payables		(159,361)	(178,926)	(159,361)	(178,926)
Other current liabilities		(37,772)	(47,824)	(37,772)	(47,824)
Other non-current liabilities		(64)	(189)	(64)	(189)
Financial liabilities available for sale		0	0	0	0
Derivatives		(1,547)	(2,067)	(1,547)	(2,067)
Total		**(272,419)**	**(339,514)**	**(270,275)**	**(342,567)**

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

The fair value was calculated for:

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

ANALYSIS OF EACH ITEM

Balance Sheet

Foreword

For comparison purposes, certain figures in the consolidated financial statements for 2008 were restated compared to those examined by the Shareholders' Meeting held on 24 April 2009, following the purchase price allocation process of Brembo Ceramic Brake Systems S.p.A., now called Brembo SGL Carbon Ceramic Brakes S.p.A. In 2009, the PPA process was also completed for Brembo Brake India Ltd. and Brembo Nanjing Brake System Co., without finding any differences with respect to the prices that had been temporarily assigned.
The differences in the Balance Sheet, Income Statement and Cash Flow Statement arising from the above-mentioned PPA process are shown below.

Assets

(euro thousand)	31.12.2008 Revised data following business combination	31.12.2008 Approved data	Change
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	354,204	354,204	0
Development costs	40,662	40,662	0
Goodwill and other indefinite useful life assets	44,152	43,265	887
Other intangible assets	24,654	24,452	202
Shareholdings valued using the equity method	830	830	0
Other financial assets (investments in other companies and derivatives)	305	305	0
Receivables and other non-current assets	426	426	0
Deferred tax assets	14,571	14,571	0
TOTAL NON-CURRENT ASSETS	**479,804**	**478,715**	**1,089**
CURRENT ASSETS			
Inventories	197,573	197,573	0
Trade receivables	189,096	189,096	0
Other receivables and current assets	44,263	44,263	0
Financial current assets and derivatives	56	56	0
Cash and cash equivalents	45,617	45,617	0
TOTAL CURRENT ASSETS	**476,605**	**476,605**	**0**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS	**0**	**0**	**0**
TOTAL ASSETS	**956,409**	**955,320**	**1,089**

Equity and Liabilities

(euro thousand)	31.12.2008 Revised data following business combination	31.12.2008 Approved data	Change
GROUP EQUITY			
Share capital	34,728	34,728	0
Other reserves	97,187	97,187	0
Retained earnings/(losses)	110,540	109,508	1,032
Profit/(loss) for the year	37,505	37,512	(7)
TOTAL GROUP EQUITY	**279,960**	**278,935**	**1,025**
MINORITY INTERESTS	**12,075**	**12,075**	**0**
TOTAL EQUITY	**292,035**	**291,010**	**1,025**
NON-CURRENT LIABILITIES			
Non-current payables to banks	107,673	107,673	0
Other non-current financial payables and derivatives	86,264	86,264	0
Other non-current liabilities	1,139	1,139	0
Provisions	5,011	5,011	0
Provisions for employee benefits	22,839	22,839	0
Deferred tax liabilities	16,796	16,732	64
TOTAL NON-CURRENT LIABILITIES	**239,722**	**239,658**	**64**
CURRENT LIABILITIES			
Current payables to banks	180,501	180,501	0
Other current financial payables and derivatives	8,622	8,622	0
Trade payables	178,926	178,926	0
Tax payables	3,765	3,765	0
Other current payables	52,838	52,838	0
TOTAL CURRENT LIABILITIES	**424,652**	**424,652**	**0**
TOTAL EQUITY AND LIABILITIES	**956,409**	**955,320**	**1,089**

Income Statement

(euro thousand)	31.12.2008 Revised data following the business combination	31.12.2008 Approved data	Change
Sales of goods and services	**1,060,771**	**1,060,771**	**0**
Other revenues and income	19,167	19,167	0
Costs for capitalised internal works	13,740	13,740	0
Raw materials, consumables and goods	(532,067)	(532,067)	0
Other operating costs	(209,858)	(209,858)	0
Personnel expenses	(210,808)	(210,808)	0
GROSS OPERATING INCOME	**140,945**	**140,945**	**0**
Depreciation, amortisation and impairment losses	(66,168)	(66,157)	(11)
NET OPERATING INCOME	**74,777**	**74,788**	**(11)**
Net interest income (expense)	(19,422)	(19,422)	0
Interest income (expense) from investments	(1,747)	(1,747)	0
INCOME BEFORE TAXES	**53,608**	**53,619**	**(11)**
Taxes	(17,379)	(17,383)	4
INCOME BEFORE MINORITY INTERESTS	**36,229**	**36,236**	**(7)**
Minority interests	1,276	1,276	0
GROUP NET INCOME FOR THE YEAR	**37,505**	**37,512**	**(7)**
BASIC/DILUTED EARNINGS PER SHARE	**0.57**	**0.57**	

Cash Flow Statement

(euro thousand)	31.12.2008 Revised data following business combination	31.12.2008 Approved data	Change
Cash and cash equivalents at beginning of year	**(95,311)**	**(95,311)**	**0**
Consolidated net income for the year before taxes	**53,608**	**53,619**	**(11)**
Depreciation, amortisation/Impairment losses	66,168	66,157	11
Capital gains/losses	(3,027)	(3,027)	0
Write-ups/Write-downs of shareholdings	1,759	1,759	0
Income from shareholdings	(12)	(12)	0
Financial portion of provisions for defined benefits and payables for personnel	663	663	0
Long-term provisions for employee benefits	1,080	1,080	0
Other provisions net of utilisations	6,636	6,636	0
Cash flows generated by operations	**126,875**	**126,875**	**0**
Paid current taxes	(12,040)	(12,040)	0
Uses of long-term provisions for employee benefits	(2,940)	(2,940)	0
(Increase) reduction in current assets:			
inventories	(20,086)	(20,086)	0
financial assets	(11,445)	(11,445)	0
trade receivables and receivables from companies valued using the equity method	21,799	21,799	0
receivables from others and other assets	(208)	(208)	0
Increase (reduction) in current liabilities:			
trade payables and payables to companies valued using the equity method	(28,758)	(28,758)	0
payables to others and other liabilities	(2,156)	(2,156)	0
Translation differences on current assets	(14,702)	(14,702)	0
Net cash flows from / (for) operating activities	**56,339**	**56,339**	**0**

(euro thousand)	31.12.2008 Revised data following business combination	31.12.2008 Approved data	Change
Investments in:			
intangible assets	(24,420)	(24,420)	0
property, plant and equipment	(69,280)	(69,280)	0
financial assets - shareholdings	(30)	(30)	0
Acquisition of "BCBS"	(14,081)	(14,081)	0
Acquisition of "Nyabs"	(4,402)	(4,402)	0
Acquisition of Sabelt Group	(9,549)	(9,549)	0
Acquisition of "KBX"	(10,700)	(10,700)	0
30% capital gain on the disposal of the "HPK" business line	3,524	3,524	0
Capital contributions to consolidated companies by minority shareholders	49	49	0
Price for disposal, or reimbursement value of fixed assets	15,045	15,045	0
Net cash flows from / (for) investing activities	**(113,844)**	**(113,844)**	**0**
Dividends paid in the year	(19,775)	(19,775)	0
Dividends received in the year	12	12	0
Acquisition of own shares	(7,924)	(7,924)	0
Loans and financing granted by banks and other financial institutions in the year	101,885	101,885	0
Repayment of long-term loans	(19,843)	(19,843)	0
Net cash flows from / (for) financing activities	**54,355**	**54,355**	**0**
Total cash flows	**(3,150)**	**(3,150)**	**0**
Cash and cash equivalents of acquired companies	**(2,811)**	**(2,811)**	**0**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(101,272)**	**(101,272)**	**0**

As can be seen from the above tables, the final determination of the amounts relating to the aforementioned business combinations did not have a material impact.

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	22,883	114,041	392,071	106,442	21,813	6,347	663,597
Accumulated depreciation	0	(22,605)	(214,901)	(84,655)	(14,109)	0	(336,270)
Balance at 1 January 2008	**22,883**	**91,436**	**177,170**	**21,787**	**7,704**	**6,347**	**327,327**
Changes:							
Translation differences	(167)	(4,660)	(8,811)	(548)	(129)	(342)	(14,657)
Change in consolidation area	559	2,524	23,062	1,017	396	1,183	28,741
Reclassification	0	98	2,888	527	(14)	(4,603)	(1,104)
Acquisitions	0	3,974	39,767	13,425	2,114	10,000	69,280
Disposals	0	(92)	(1,701)	(1,451)	(175)	0	(3,419)
Depreciation	0	(4,244)	(36,005)	(9,568)	(1,947)	0	(51,764)
Impairment losses	0	(132)	(36)	(32)	0	0	(200)
Total changes	**392**	**(2,532)**	**19,164**	**3,370**	**245**	**6,238**	**26,877**
Historical cost	23,275	114,980	444,019	118,987	23,423	12,585	737,269
Accumulated depreciation	0	(26,076)	(247,685)	(93,830)	(15,474)	0	(383,065)
Balance at 1 January 2009	**23,275**	**88,904**	**196,334**	**25,157**	**7,949**	**12,585**	**354,204**
Changes:							
Translation differences	65	462	1,384	105	78	(168)	1,926
Change in consolidation area	0	(64)	(12,355)	(666)	(228)	(183)	(13,496)
Reclassification	0	291	7,509	2,026	508	(11,424)	(1,090)
Acquisitions	0	684	18,312	5,871	951	7,805	33,623
Disposals	0	0	(1,926)	(1,461)	(47)	(132)	(3,566)
Depreciation	0	(4,124)	(38,757)	(10,072)	(2,172)	0	(55,125)
Impairment losses	0	0	(4,569)	(7)	0	(62)	(4,638)
Total changes	**65**	**(2,751)**	**(30,402)**	**(4,204)**	**(910)**	**(4,164)**	**(42,366)**
Historical cost	23,340	116,562	437,654	122,450	24,141	8,486	732,633
Accumulated depreciation	0	(30,409)	(271,722)	(101,497)	(17,102)	(65)	(420,795)
Balance at 31 December 2009	**23,340**	**86,153**	**165,932**	**20,953**	**7,039**	**8,421**	**311,838**

During 2009, property, plant and equipment for a total of €33,623 thousand were purchased.
The majority of investments in property, plant and equipment were made in Italy by Parent Company Brembo S.p.A. and went to plants, machines and equipment (€13,390 thousand).
Other investments in property, plant and equipment were made by subsidiaries Brembo Spolka Zo.o. and Brembo Poland Spolka Zo.o., for €4,920 thousand and €4,544 thousand, respectively. Investments by Brembo Spolka Zo.o. mainly went to equipment purchases for a new platform.

In January 2009, Brembo expanded its operations in Brazil by acquiring the assets used for manufacturing and marketing flywheels for the automotive industry from the Brazilian company Sawem Industrial Ltda. The acquisition of the business unit, which was completed through subsidiary Brembo do Brasil Ltda., resulted in an investment in property, plant and equipment of €3,281 thousand.
The deconsolidation of BSCCB S.p.A. resulted in a decrease of €13,496 thousand.
Net disposals amounted to €3,564 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.
Total depreciation charges for 2009 amounted to €55,125 thousand.
Write-downs totalled €4,638 thousand and were mainly attributable to the reorganisation process of Brembo Mexico Puebla S.A. de C.V., as noted in the Report on Operations.

At 31 December 2009, the net book value of assets held under finance leases totalled €35,359 thousand. A breakdown by asset category is provided below:

	31.12.2009		31.12.2008	
(euro thousand)	**Leased**	**Not leased**	**Leased**	**Not leased**
Land	2,371	20,969	2,371	20,904
Buildings	24,273	61,880	25,269	63,635
Plant and machinery	8,542	157,390	10,144	186,190
Industrial and commercial equipment	0	20,953	0	25,157
Other assets	173	6,866	224	7,725
Assets in course of construction and payments on account	0	8,421	0	12,585
Total	**35,359**	**276,479**	**38,008**	**316,196**

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

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

(euro thousand)	Development costs	Goodwill	Industrial patents, trademarks and similar rights A	Other intangible assets B	Total other intangible assets A+B	Total
Historical cost	45,955	33,578	25,489	37,213	62,702	142,235
Accumulated amortisation	(12,900)	(5,117)	(22,488)	(27,256)	(49,744)	(67,761)
Balance at 1 January 2008	**33,055**	**28,461**	**3,001**	**9,957**	**12,958**	**74,474**
Changes:						
Translation differences	5	(3,097)	0	193	193	(2,899)
Change in consolidation area	735	21,054	3,140	2,013	5,153	26,942
Reclassification	589	0	(2)	263	261	850
Acquisitions	13,750	0	2,912	7,758	10,670	24,420
Disposals	(111)	0	(1)	(3)	(4)	(115)
Amortisation	(5,128)	0	(1,068)	(3,509)	(4,577)	(9,705)
Impairment losses	(2,233)	(2,266)	0	0	0	(4,499)
Total changes	**7,607**	**15,691**	**4,981**	**6,715**	**11,696**	**34,994**
Historical cost	58,711	46,017	30,578	48,245	78,823	183,551
Accumulated amortisation	(18,049)	(1,865)	(22,596)	(31,573)	(54,169)	(74,083)
Balance at 1 January 2009	**40,662**	**44,152**	**7,982**	**16,672**	**24,654**	**109,468**
Changes:						
Translation differences	(3)	396	(3)	(109)	(112)	281
Change in consolidation area	0	(2,067)	0	0	0	(2,067)
Reclassification	(153)	0	270	472	742	589
Acquisitions	9,587	0	1,196	3,059	4,255	13,842
Disposals	0	0	(1)	(44)	(45)	(45)
Amortisation	(6,841)	0	(1,658)	(5,248)	(6,906)	(13,747)
Impairment losses	(3,466)	(1,534)	(27)	0	(27)	(5,027)
Total changes	**(876)**	**(3,205)**	**(223)**	**(1,870)**	**(2,093)**	**(6,174)**
Historical cost	65,004	56,418	31,775	51,201	82,976	204,398
Accumulated amortisation	(25,218)	(15,471)	(24,016)	(36,399)	(60,415)	(101,104)
Balance at 31 December 2009	**39,786**	**40,947**	**7,759**	**14,802**	**22,561**	**103,294**

Development costs

The item "Development costs" includes costs for development, internal and external, for a historical cost of €65,004 thousand. During the year, this item changed due to higher costs incurred for jobs begun in 2009, 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 mass production.

The gross amount includes development activities for projects underway totalling €16,545 thousand.

The total amount of costs for capitalized internal works charged to the Income Statement during the year amounted to €9,233 thousand (€13,740 thousand in 2008).

Impairment losses totalled €3,466 thousand and are 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.

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

Goodwill

Goodwill decreased €2,067 thousand as a result of the deconsolidation of BSCCB S.p.A.

Recognised goodwill was tested for impairment.

The main assumptions used to determine the value in use of the cash-generating unit relate to the discount rate and growth rate. Specifically, calculations used cash-flow projections for the 2010-2012 period covered by the corporate business plans. Cash flows for subsequent periods were extrapolated using a prudential steady 1.5% medium- to long-term growth rate. The discount rate used was 8%, which reflected the current market assessments of the time value of money and the risks specific to Brembo S.p.A. The impairment tests indicated the need to write-down the goodwill relating to the Sabelt Group by €1,534 thousand (After Market - Performance Group segment).

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.

A sensitivity analysis considering a change in WACC from 8% to 8.5% and a perpetuity growth range from 1.5% to 1% is provided below:

	Sensitivity analysis parameters	
	WACC 8.5%	Perpetuity 1%
Frenco S.A.	no write-down	no write-down
AP Racing Ltd.	no write-down	no write-down
Brembo Brake India Pvt Ltd.	no write-down	no write-down
Brembo Nanjing Brake Systems Co. Ltd.	no write-down	no write-down
Sabelt Group	no further write-down	no further write-down
HL Homer	no write-down	no write-down
HL Apodaca	no write-down	no write-down

Other intangible assets

Other intangible assets increased a total of €4,255 thousand, mainly related to the share of the investment for the year required to gradually implement the new ERP (Enterprise Resource Planning) system within the Group and for €1,196 thousand related to licenses and trademarks.

3. Shareholdings Valued Using the Equity Method (Affiliate 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 movements in the "Shareholdings" item:

(euro thousand)	31.12.2008	Acquisitions and subscriptions	Change in consolidation area	Write-ups/ (Write-downs)	Other changes	31.12.2009
Brembo SGL Carbon Ceramic Brakes S.p.A.	0		26,523	(2,457)	(84)	23,982
Innova Tecnologie S.r.l.	0	30		(30)		0
Petroceramics S.r.l.	585			(337)		248
Softia S.r.l.	245			4		249
Total	**830**	**30**	**26,523**	**(2,820)**	**(84)**	**24,479**

The equity investment in **Innova Tecnologie S.r.l.** was written down for a total of €302 thousand, of which €242 thousand was recognised among "provisions". The write-down is primarily related to the elimination of Brembo's share of intragroup income.

In detail, in 2009, a €30 thousand payment was made to replenish losses of Innova Tecnologie S.r.l.

On 28 May 2009, Brembo formed a 50-50 joint venture with SGL Group that specialises in ceramic carbon brake discs. The joint venture was formed by combining the assets of the respective investee companies: Brembo Ceramic Brake Systems S.p.A. and SGL Brakes GmbH. The object of the new joint venture, named **Brembo SGL Carbon Ceramic Brakes (BSCCB)**, is the development of carbon-ceramic braking systems and the manufacture and sale of carbon-ceramic brake discs for the original equipment market for cars and commercial vehicles. The joint venture was formed as follows: SGL Technologies GmbH subscribed a €30 million reserved capital increase in Brembo Ceramic Brake Systems S.p.A. (€2 million in share capital and €28 million as share premium account), thus acquiring 50% of the company. Brembo Ceramic Brake Systems S.p.A. (now Brembo SGL Carbon Ceramic Brakes S.p.A.) approved the acquisition, for €30 million, of 100% of SGL Brakes GmbH (now **Brembo SGL Carbon Ceramic Brakes GmbH),** an SGL-Group company specialised in the manufacture of CCM discs. The acquisition agreement specifies price adjustments that must be made on the basis of criteria established therein.
In light of the above, BSCCB S.p.A. was deconsolidated and accounted for using the equity method at 31 December 2009. The investment was measured using the equity method, based on BSCCB consolidated figures at 31 December 2009, which reflect the business combination resulting from the acquisition by BSCCB of Germany-based Brembo SGL Carbon Ceramic Brakes GmbH.

At year-end, the value of the shareholding in **Petroceramics S.r.l.** was tested for impairment and as a result was written down by €337 thousand. The impairment test was based on three-year cash flow projections (2010-2012) and a terminal-value estimate calculated using a constant growth rate of 1.5%. The calculations used a WACC of 8% and an average growth rate for 2010-2012 of 10%.

As previously indicated in relation to goodwill, 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.
A sensitivity analysis considering a change in WACC from 8% to 8.5% and a perpetuity growth range from 1.5% to 1% is provided below:

	Sensitivity analysis standards	
	WACC 8,5%	**Perpetuity 1%**
Brembo SGL Carbon Ceramic Brakes S.p.A.	no write-down	no write-down
Petroceramics S.r.l.	(426)	(425)
Softia S.r.l.	no write-down	no write-down

Other associate companies

(euro thousand)	31.12.2009 *Softia S.r.l.*	31.12.2009 *Innova Tecnologie S.r.l.*	31.12.2009 *Petroceramics S.r.l.*	31.12.2008 *Softia S.r.l.*	31.12.2008 *Innova Tecnologie S.r.l.*	31.12.2008 *Petroceramics S.r.l.*
Country	Italy	Italy	Italy	Italy	Italy	Italy
% ownership	40%	30%	20%	40%	30%	20%
Assets	1,688	8,349	1,832	1,399	8,385	1,694
Liabilities	(1,067)	(8,514)	(586)	(789)	(8,455)	(485)
Equity (including net income/loss for the year)	(621)	165	(1,246)	(610)	70	(1,209)
Sales of goods and services	(2,358)	(142)	(1,143)	(2,771)	(19)	(1,188)
Net income (loss) for the year	10	(195)	37	86	(170)	146

Companies under common control

(euro thousand)	*Brembo SGL Carbon Ceramic S.p.A.* 31.12.2009	*Brembo SGL Carbon Ceramic S.p.A.* 31.12.2008
Country	Italy	Italy
% ownership	50%	50%
Non-current assets	27,056	14,458
Current assets	33,495	20,024
Non-current liabilities	(1,840)	(451)
Current liabilities	(13,935)	(20,312)
Equity (including net income/loss for the year)	(44,776)	(13,719)
Sales of goods and services	48,277	30,099
Costs	(53,490)	(27,957)

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

This item is broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Shareholdings in other companies	95	95
Other	59	210
Total	**154**	**305**

"Shareholdings in other companies" includes the 10% interest in International Sport Automobile S.a.r.l. and 1.20% interest in Fuji Co. The investment in Fundimak S.A. de C.V., which was originally €7,114 thousand, was fully written down at 31 December 2008 due to the company's situation and the Group's relationship with its shareholder, the Sanluis Group. In July 2009, Brembo and the Sanluis Group reached an agreement for the sale of Fundimak, which took place on 19 August 2009. The disposal of the shareholding led to the release of the impairment loss recognised in previous years amounting to €1,373 thousand.
"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)	31.12.2009	31.12.2008
Trade receivables	0	200
Income tax receivables	169	180
Non-income tax receivables	814	46
Total	**983**	**426**

Tax receivables mostly refer to applications for tax reimbursements.

6. Deferred Tax Assets and Liabilities

The net balance of deferred tax assets and liabilities at 31 December 2009 is broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Deferred tax assets	17,695	14,571
Deferred tax liabilities	(11,015)	(16,796)
Total	**6,680**	**(2,225)**

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)	31.12.2009	31.12.2008
Balance at beginning of year	**(2,225)**	**(8,316)**
Provision for deferred tax liabilities	(401)	(2,349)
Provision for deferred tax assets	8,950	7,790
Use of deferred tax assets and liabilities	28	2,260
Exchange rate fluctuations	159	(1,196)
Tax rate changes	2	0
Other movements	167	(414)
Balance at end of year	**6,680**	**(2,225)**

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

	Assets		Equity and liabilities		Net	
(euro thousand)	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Property, plant, equipment and other equipment	2,172	1,858	13,294	16,496	(11,122)	(14,638)
Development costs	0	6	1,506	2,443	(1,506)	(2,437)
Other intangible assets	99	117	23	1,284	76	(1,167)
Other financial assets (investments in other companies)	0	61	0	0	0	61
Trade receivables	710	231	562	584	148	(354)
Inventories	4,940	3,646	182	259	4,758	3,387
Other receivables and current assets	2	717	0	0	2	717
Other financial liabilities	759	491	238	266	521	225
Other liabilities	1,004	665	0	27	1,004	638
Provisions	729	386	0	0	729	386
Provisions for employee benefits	1,601	3,022	1,704	1,748	(103)	1,274
Trade payables	376	688	9	3	367	685
Other	14,953	9,781	3,147	783	11,806	8,998
Compensation balance between deferred tax assets and liabilities	(9,650)	(7,097)	(9,650)	(7,097)	0	0
Total	**17,695**	**14,571**	**11,015**	**16,796**	**6,680**	**(2,225)**

Deferred tax assets were recognised based on an assessment of their future recoverability in respect of updated strategic plans. It should be noted that subsidiary Brembo Poland Spolka Zo.o. is located in a "special economic zone" and is entitled to deduct 50% of its investments from its current taxes each period until 2016. At year-end, the company revised its estimate of the recoverability of the tax benefits based on an estimate of the benefit that will be usable in three financial years (the reference period for its corporate plans). The company recognised deferred taxes amounting to €8,212 (PLN 33,706 thousand). In this regard, the potential future benefit valued at 31 December 2009 and not recognised in the financial statements amounted to PLN 37.4 million (approximately €9.1 million).

7. Inventories

A breakdown of net inventories, which is stated net of the inventory write-down provision, is shown below:

(euro thousand)	31.12.2009	31.12.2008
Raw materials	55,873	75,881
Work in progress	25,534	34,262
Finished products	56,263	83,605
Goods in transit	5,197	3,825
Total	**142,867**	**197,573**

The decrease in inventories at 31 December 2009 is due to inventory-reduction policies put in place by the Group to counteract a fall in demand.

Movements in the inventory write-down provision are reported in the following table:

(euro thousand)	Balance at 31.12.2008	Provisions	Use	Exchange rate fluctuation	Other	Balance at 31.12.2009
Inventory write-down provision	11,032	9,235	(4,450)	(8)	25	15,834

8. Trade Receivables

At 31 December 2009, the balance of trade receivables compared to the previous year was as follows:

(euro thousand)	31.12.2009	31.12.2008
Trade receivables	158,724	189,094
Receivables from affiliate companies	2,939	2
Total	**161,663**	**189,096**

The change in trade receivables compared to 31 December 2008 is directly linked to a decrease in sales volumes during the year and the sale without recourse of certain receivables and notes due on or after 31 December 2009 by the Parent Company, Brembo S.p.A.
Since March, the 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.
Trade receivables are stated net of the provision for bad debts, which amounted to €5,860 thousand. Movements in the provision for bad debts are shown below:

(euro thousand)	Balance at 31.12.2008	Provisions	Exchange rate fluctuation	Use	Other movements	Balance at 31.12.2009
Provision for bad debts	5,562	2,551	(27)	(2,142)	(84)	5,860

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

(euro thousand)	Balance at 31.12.2009	Balance at 31.12.2008
Listed clients	94,381	115,344
Unlisted clients	72,277	80,458
Total	**166,658**	**195,802**

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)	31.12.2009	Write-down 2009	31.12.2008	Write-down 2008
Current	88,070	68	107,435	93
Expired by 0 to 30 days	630	2	2,741	4
Expired by 30 to 60 days	1,736	4	2,161	44
Expired by over 60 days	3,945	1,469	3,007	1,162
Total	**94,381**	**1,543**	**115,344**	**1,303**
% Ratio of expired receivables not written down to total exposure	*5.1%*		*5.9%*	
Total expired receivables, not written down	**4,836**		**6,699**	

Unlisted clients

(euro thousand)	31.12.2009	Write-down 2009	31.12.2008	Write-down 2008
Current	64,353	176	67,705	317
Expired by 0 to 30 days	1,303	1	3,629	173
Expired by 30 to 60 days	1,086	85	1,918	135
Expired by over 60 days	5,535	4,055	7,206	2,853
Total	**72,277**	**4,317**	**80,458**	**3,478**
% Ratio of expired receivables not written down to total exposure	*5.2%*		*11.9%*	
Total expired receivables, not written down	**3,783**		**9,592**	

9. Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Receivables from others	4,620	13,169
Income tax receivables	6,946	4,021
Non-income tax receivables	12,602	22,302
Other receivables	2,539	4,771
Total	**26,707**	**44,263**

"Receivables from others" decreased significantly from 31 December 2008 following the recognition, billback and collection at the end of June 2009 of the amounts invested in expanding the Group's Technological Centre in Stezzano following an agreement reached between Brembo S.p.A. and Torre SGR S.p.A. The billback was €12,180 thousand plus VAT.

The item "Income tax receivables" includes the tax credit for research investments, primarily owed to the Parent Company, Brembo S.p.A., under the 2007 Finance Law. The credit is not considered as part of income or taxable income for IRAP (Italy's regional tax for production activities) and may be used to pay income taxes and IRAP and to offset indirect taxes and social security contributions. Brembo has received authorisation from the Revenue Department to use the tax credit received. The total amount of €2,475 thousand was recognised in the income statement for the portion accrued in 2009, under "Other revenues and income".
"Non-income tax receivables" consists mainly of VAT credits; the significant decrease is due in part to the billback to Torre SGR S.p.A. and in part to the general fall in sales.

Movements in the Provision for other bad debts at 31 December 2009 are reported in the following table:

(euro thousand)	Balance at 31.12.2008	Provisions	Exchange rate fluctuations	Use	Balance at 31.12.2009
Provision for other bad debts	0	73	0	31	104

10. Financial Current Assets and Derivatives

This item is broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Other receivables	71	56

This item mainly includes security deposits.

11. Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	31.12.2009	31.12.2008
Bank and postal accounts	64,120	44,945
Cheques	2	4
Cash-in-hand and cash equivalents	531	668
Total cash and cash equivalents	**64,653**	**45,617**
Payables to banks: ordinary current accounts and foreign currency advances (*)	(99,029)	(146,889)
Cash and cash equivalents from Cash Flow Statement	**(34,376)**	**(101,272)**

(*) 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 2009 decreased by €570 thousand compared to 31 December 2008. Movements for the year are given in the relevant statement.

Share Capital

The subscribed share capital is fully paid up and amounted to €34,728 thousand at 31 December 2009. 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 2008 and at 31 December 2009:

(No. of shares)	31.12.2009	31.12.2008
Ordinary shares issued	66,784,450	66,784,450
Own shares	(1,440,000)	(1,440,000)
Total shares outstanding	**65,344,450**	**65,344,450**

As regards Brembo's buy-back plan explained in the Directors' Report on Operations, the company neither bought nor sold own shares in 2009.

Other Reserves

In accordance with the resolution approved by the Shareholders' Meeting of 24 April 2009, Brembo S.p.A. allocated €174 thousand of its 2008 net income to extraordinary reserves and €1,777 thousand to restricted reserves; a resolution was also passed to distribute dividends to shareholders for a total of €14,703 thousand, in the amount of €0.225 per outstanding share at ex-coupon date.
The €84 thousand change is due to the valuation of the share-based payment plans for BSCCB GmbH, a company controlled by BSCCB S.p.A. that is accounted for using the equity method.
The reserve formed during previous financial years as a result of the recognition of share-based payment plans, decreased in 2009 due to the resignation of plan recipients. In 2009, BSCCB GmbH decided to terminate share-based payment plans, therefore there was no such plan extant at 31 December 2009.

Share Capital and Reserves of Minority Interests

The main changes in this item refer to the acquisition of a 24% shareholding in Mexico Puebla S.A. de C.V. and the change in the translation reserve.
As previously indicated, in accordance with the Group's accounting policy (Economic Entity Model), the impact of transactions with minority shareholders is recognised directly in equity.

13. Financial Debt and Derivatives

This item is broken down as follows:

	Balance at 31.12.2009			Balance at 31.12.2008		
(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	99,029	0	99,029	146,889	0	146,889
– loans	37,034	95,970	133,004	33,612	107,673	141,285
Total	**136,063**	**95,970**	**232,033**	**180,501**	**107,673**	**288,174**
Payables to other financial institutions	59,538	26,525	86,063	7,000	85,819	92,819
Derivatives	1,449	98	1,547	1,622	445	2,067
Total	**60,987**	**26,623**	**87,610**	**8,622**	**86,264**	**94,886**

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

(euro thousand)	Original amount	Amount at 31.12.2008	Amount at 31.12.2009	Portion due within 1 year	Portion due between 1 and 5 years	Portion due after 5 years
Payables to banks:						
San Paolo IMI loan Law 346/88 (reinforced aluminium project)	3,091	1,814	1,291	700	591	0
UBI loans (€25 million)	25,000	22,843	18,191	4,984	13,207	0
San Paolo I.M.I. L. 100 loan (China project)	4,653	4,698	4,180	922	3,258	0
Centro Banca loan (€25 million)	25,000	23,691	18,703	5,012	13,691	0
Centro Banca loan (€25 million)	25,000	0	21,176	4,926	16,250	0
Unicredit loan (€50 million)	50,000	49,991	39,901	10,026	29,875	0
Intesa San Paolo NY credit line	4,298	2,885	2,779	2,779	0	0
Intesa San Paolo NY loan	16,982	15,483	12,420	2,503	9,917	0
Unicredito credit line	14,000	3,513	697	697	0	0
EIB loan	20,000	14,264	10,847	3,341	7,506	0
Banca Popolare di Bergamo 100598	200	22	0	0	0	0
Unicredit 4012688	500	50	0	0	0	0
Banca d'Alba 262101866	250	36	0	0	0	0
Intesa San Paolo 50314002	500	105	0	0	0	0
Unicredit 4040175	300	158	97	64	33	0
Intesa San Paolo 592177	300	250	150	100	50	0
Banca Popolare di Bergamo 100870	350	113	0	0	0	0
Intesa San Paolo 638133	300	250	150	100	50	0
MCC L. 598 Isofix	120	120	120	0	120	0
MCC L. 598/94 Research	364	0	295	73	222	0
0740 Banesto loan	1,000	1,000	507	507	0	0
807247788109 loan	1,500	0	1,500	300	1,200	0
Total payables to banks	**193,708**	**141,285**	**133,004**	**37,034**	**95,970**	**0**
Payables to other financial institutions:						
Production Activity Ministry Law 46/82 (CCM project)	2,371	2,001	1,792	289	963	540
MICA Law 46 loan (electrical car)	221	101	78	26	52	0
Simest loan Law 394/USA	2,065	474	160	160	0	0
Simest	0	102	102	102	0	0
Sabelt option	7,130	2,980	0	0	0	0
Payable to Simest S.p.A.	4,062	4,360	4,209	0	4,209	0
Centrobanca soft loan	0	3	0	0	0	0
Banca Intesa bond	50,000	50,469	50,092	50,092	0	0
Payables to minority shareholders of Brembo Performance S.p.A.	N/A	0	1,000	1,000	0	0
Payables to the factor	N/A	0	2,074	2,074	0	0
Payables to other financial institutions for leases	53,462	32,328	26,556	5,795	16,479	4,282
Total payables to other financial institutions	**119,311**	**92,819**	**86,063**	**59,538**	**21,703**	**4,822**
TOTAL	**313,019**	**234,104**	**219,067**	**96,572**	**117,673**	**4,822**

In the period under review, the Group obtained a new €25 million medium-/long-term loan from Centrobanca. The loan is not subject to covenants. Other, smaller loans were also obtained.
At 31 December 2009, consolidated company Brembo Performance S.p.A. owed €1,000 thousand to minority shareholders for an advance payment of compensation that might be due under agreements regarding the integration of Sabelt.
The amount is included in "Other current financial debts and derivatives".

In light of the above-mentioned current market situation and with a view to minimising credit and liquidity risks, in March 2009, the Parent Company Brembo S.p.A. began selling its receivables to factors under arrangements that transfer all associated primary risks to the factor. At 31 December 2009, the company owned €2,074 thousand for receivables collected to be transferred to the factoring firm, in accordance with agreements.

Brembo is revising its Group debt structure, in view of the maturity of the €50 million Banca Intesa bond in October 2010. The possible alternatives are currently being analysed in order to identify the most convenient one. The company aims at achieving a more balanced debt situation, with 70% medium-/long-term maturities and 30% short-term maturities, also taking into account the capital requirements for investments in China and Poland.

The following table provides a breakdown of the Group's debt from finance leases. Instalments are given by principal and interest due.

	31.12.2009			31.12.2008		
(euro thousand)	Instalment	Interest	Principal	Instalment	Interest	Principal
Within one year	6,516	900	5,616	6,630	1,127	5,503
Between 1 and 5 years	17,712	1,720	15,992	22,303	2,672	19,631
After 5 years	2,980	56	2,924	7,510	612	6,898
Total	**27,208**	**2,676**	**24,532**	**36,443**	**4,411**	**32,032**

The following table provides a breakdown of operating leases:

(euro thousand)	31.12.2009
Within one year	8,210
Between 1 and 5 years	23,341
After 5 years	7,884
Total	**39,435**

The table below shows the debt structure broken down by annual interest rate and currency at 31 December 2009:

(euro thousand)	Fixed rate	Variable rate	Total
Euro	29,588	174,279	203,867
US Dollar	0	15,200	15,200
Total	**29,588**	**189,479**	**219,067**

It should be noted that, at 31 December 2009, financial debts backed by collateral amounted to €1,291 thousand (€1,814 thousand at 31 December 2008).
For the entire term of the BEI loan (€20 million), subsidiary Brembo Poland Spolka Zo.o. has agreed to not grant pledges, mortgages or privileges on the company's assets and revenues to secure other types of financing; the same restrictions apply to Brembo S.p.A. and Brembo International S.A. for the €50 million bond issued.

As previously indicated, the Group's compliance with the covenants to which it is subject was assessed at the balance sheet date.

At 31 December 2009, the following financial derivatives were accounted for at fair value:

	31.12.2009		31.12.2008	
(euro thousand)	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Cash flow hedge	0	710	0	346
Derivatives held for trading	0	837	0	1,721
Total	**0**	**1,547**	**0**	**2,067**

The fair value of financial derivatives was determined considering market values at the reporting date. The Group has entered into the following types of derivative contracts: Interest Rate Swaps, which are accounted for using cash flow hedge accounting and IRS held for trading. The fair value of Interest Rate Swaps was determined by discounting estimated future cash flows, based on the rates curve.

The following table shows the notional value of the financial derivatives in existence at 31 December 2009:

(euro thousand)	31.12.2009	31.12.2008
Interest rate risk management	62,333	65,667
Currency forwards	0	4,000
Commodities risk	0	3,546
Total	**62,333**	**73,213**

As previously indicated, at 31 December 2009, the Group had an outstanding Interest Rate Swap that was entered into to mitigate its interest rate risk on the bond issued by the consolidated company Brembo International S.A. with a nominal value of €50 million. The notional value of the IRS is €30 million, meaning that the company has decided to hedge only a portion of the debt. The fair value at 31 December 2009 was negative at €647 thousand.
The derivative was accounted for using hedge accounting and is 100% effective. The negative change in fair value, amounting to €422 thousand, was recognised in Equity (net of €309 thousand tax effect). The fair value was determined by discounting estimated future cash flows. The contract became effective on 25 November 2005 and will terminate on 26 October 2010.
The consolidated company Brembo Poland Spolka Zo.o. also entered into an interest rate swap to hedge a loan granted by the European Investment Bank for a nominal value €20 million. The notional value of the IRS is €20 million, meaning that the loan risk is fully hedged, but the IRS matures before the natural expiry of the loan (the hedge expires on 15 March 2010 and the loan expires on 15 June 2013). The fair value at 31 December 2009 was negative at €63 thousand. Hedge accounting (cash flow hedge) was used in this case as well and the hedge was fully effective.
There was also an outstanding held-for-trading IRS at 31 December 2009. The contract was entered into by the consolidated company Sabelt S.p.A. and had a fair value negative at €118 thousand at that date. As the instrument does not qualify for hedge accounting, changes in fair value are recognised in the income statement.
At 31 December 2009, the company also had an IRS (classified as a held-for-trading financial instrument) with a notional value of €20 million that was entered into to hedge interest rate risk. The instrument matures in 2010. The fair value at 31 December 2009 was negative at €527 thousand.

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

(euro thousand)	31.12.2009
Balance at beginning of year	(305)
Movements from fair value valuation	(737)
Movements in the reserve for payment/collection of differentials	365
Balance at end of year	**(677)**

Net Financial Position

The following table shows the reconciliation of the net financial position at 31 December 2009 (€254,990 thousand), and at 31 December 2008, amounting to €337,442 thousand based on the layout prescribed by CONSOB Communication No. 6064293 of 28 July 2006.

	(euro thousand)	31.12.2009	31.12.2008
A	Cash	531	669
B	Other cash equivalents:	64,122	44,949
	– Bank and postal accounts	64,120	44,945
	– Cheques	2	4
C	Derivatives and securities held for trading	0	0
D	**LIQUIDITY (A+B+C)**	**64,653**	**45,618**
E	Current financial receivables	0	0
F	Current payables to banks	99,029	146,889
G	Current portion of non-current debt	37,034	33,612
H	Other current financial debts and derivatives	60,987	8,622
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**197,050**	**189,123**
J	**NET CURRENT FINANCIAL DEBT (I-E-D)**	**132,397**	**143,505**
K	Non-current payables to banks	95,970	107,673
L	Bonds issued	0	50,000
M	Other non-current financial debts	26,623	36,264
N	**NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)**	**122,593**	**193,937**
O	**NET FINANCIAL DEBT (J+N)**	**254,990**	**337,442**

Net debt at 31 December 2009 was €254,990 thousand, compared to €337,442 thousand at 31 December 2008. The decrease is the result of measures taken to reduce inventories and receivables and revise the company's investment policies to combat falling demand and reduced net operating income.

In light of the current market situation and with a view to minimising credit and liquidity risks, in March

2009, the Parent Company Brembo S.p.A. began selling its receivables to factors under arrangements that transfer all primary risks associated with the receivables to the factor. Factored receivables at 31 December 2009 amounted to €14,860 thousand.

At the end of June, in accordance with contractual agreements, Brembo received €12,180 thousand (plus VAT) from Torre SGR S.p.A. as payment of a billback of costs incurred for the expansion of the Stezzano building.

Total gross investments during the year amounted to €47,465 thousand, of which €3,281 thousand went toward the acquisition of assets of Sawem Industrial Ltda. through subsidiary Brembo do Brasil Ltda.

The Parent Company paid €14,703 thousand in dividends in May.

In August the company paid the last instalment in connection with the Bradi bankruptcy, amounting to €4,250 thousand.

In the period under review, the Group obtained a new €25,000 thousand medium-/long-term loan from Centrobanca. The loan is not subject to covenants. Other smaller loans were also obtained.

14. Other Non-current Liabilities

This item is broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Other payables	477	1,139

The item includes the amount of the substitute tax payable under paragraph 48 of Article 1 of Italy's Law 244 of 24 December 2007 ("2008 Finance Law") to eliminate off-balance-sheet overpayments relating to Research and Development costs. The amount of the substitute tax is payable in three instalments, two of which are due in 2010 and 2011.

15. Provisions

This item is broken down as follows:

(euro thousand)	Balance at 31.12.2008	Provisions	Use	Exchange rate fluctuation	Other	Balance at 31.12.2009
Other provisions for contingencies and charges	5,011	2,568	(2,450)	80	(138)	5,071
Provision for restructuring	0	15	0	0	0	15
Provision for taxation	0	1,000	0	0	0	1,000
Total	**5,011**	**3,585**	**(2,450)**	**80**	**(138)**	**6,086**

The amount allocated to the provision for taxes during the year is an estimate of liabilities that could arise as a result of ongoing tax litigation.

Other provisions for contingencies and charges (€5,070 thousand) primarily includes product guarantees and supplementary customer indemnities (in connection with the Italian agency contract), the valuation of risks associated with ongoing litigation and the provision associated with the valuation of the shareholding in Innova Technologie S.r.l. using the equity method, as stated above.

16. Provisions for Employee Benefits

Group companies provide post-employment benefits through defined-contribution plans or defined-benefit plans.
In the case of defined-contribution plans, the Group companies pay contributions to public or private insurance institutes based on legal or contractual obligations or on a voluntary basis. Once such contributions have been paid, the companies have no further payment obligations.
The employees of the United Kingdom subsidiary AP Racing Ltd have the benefit of a corporate pension plan (AP Racing Pension Scheme), which is made up of two sections: the first is a defined contribution for employees hired after 1 April 2001 and the second is a defined benefit, for those already in service at 1 April 2001 (and previously covered by the AP Group Pension Fund). The defined-benefit plan is funded by employer and employee contributions made to a trustee that is legally separate from the enterprise providing benefits to its employees.
Brembo Mexico Apodaca S.A. de C.V. offers a pension plan to its employees that qualifies as a defined-benefit plan.
Unfunded defined-benefit plans include also the “Employees’ leaving entitlement” provided by the Group’s Italian companies, in accordance with current applicable regulations.
These funds are calculated on an actuarial basis using the "Projected Unit Credit Method".
"Other employee provisions" refers to other employee benefits.

The balances at 31 December 2009 are shown below:

(euro thousand)	Balance at 31.12.2008	Provisions	Use	Interest expense	Change in consolidation area	Exchange rate fluctuation	Balance at 31.12.2009
Employees’ leaving indemnity	19,847	555	(2,371)	1,037	(174)	0	18,894
Other employee provisions	2,992	355	(717)	164	0	218	3,012
Total	**22,839**	**910**	**(3,088)**	**1,201**	**(174)**	**218**	**21,906**

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

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo Mexico Apodaca plan	
End of financial year	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Reconciliation of defined-benefit obligations						
Present value of defined-benefit obligation at beginning of year	18,463	18,209	14,491	19,321	172	143
Current social security (cost)	28	20	311	427	22	20
Interest expense	1,020	987	953	1,094	14	12
Employees' contributions	0	0	172	205	0	0
Plan changes	0	0	0	0	0	0
Net actuarial (gains) losses	874	917	5,159	(1,913)	(31)	34
Benefits paid by the plan or company	(1,633)	(2,016)	(569)	(273)	(10)	(3)
Expenses	0	0	0	0	0	0
Taxes	0	0	0	0	0	0
Insurance premiums	0	0	0	0	0	0
Net transfers (including the effect of mergers and demergers)	(31)	346	0	0	0	0
Decreases	0	0	0	0	0	0
Curtailment	0	0	0	0	0	0
Eliminations	0	0	0	0	0	0
Exchange rate fluctuations	0	0	1,071	(4,370)	3	(34)
Present value of defined-benefit obligation at end of year	18,721	18,463	21,588	14,491	170	172
Reconciliation of plan assets						
Fair value of plan assets at beginning of year	0	0	11,362	18,350	0	0
Expected return on plan assets	0	0	804	1,403	0	0
Net actuarial gains (losses)	0	0	1,962	(5,262)	0	0
Employer's contributions	1,630	2,016	535	618	0	0
Employees' contributions	0	0	172	205	0	0
Benefits paid	(1,630)	(2,016)	(569)	(273)	0	0
Expenses	0	0	0	0	0	0
Taxes	0	0	0	0	0	0
Insurance premiums	0	0	0	0	0	0
Eliminations	0	0	0	0	0	0
Business combinations	0	0	0	0	0	0
Exchange rate fluctuations	0	0	833	(3,679)	0	0
Fair value of plan assets at end of year	0	0	15,099	11,362	0	0

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo Mexico Apodaca plan	
End of financial year	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Reconciliation of assets or liabilities recognised in the Balance Sheet						
Unfunded plans/Partially or fully funded plans						
Present value of funded defined-benefit obligation	0	0	21,588	14,491	0	0
Fair value of plan assets	0	0	(15,099)	(11,362)	0	0
Funded plan deficit (surplus)	0	0	6,489	3,129	0	0
Present value of unfunded defined-benefit obligation	18,721	18,645	0	0	170	172
Unrealised net actuarial gains/(losses)	328	1,177	(4,529)	(1,491)	2	(34)
Net recognised actuarial gains/(losses)	0	0	0	0	0	0
Amount not recognised as an asset (as explained in paragraph 58b)	0	0	0	0	0	0
Net liabilities / (assets) at reporting date	**19,049**	**19,822**	**1,960**	**1,638**	**172**	**138**
Amounts recognised in the Balance Sheet:						
Liabilities	19,049	19,822	1,960	1,638	172	146
Assets	0	0	0	0	0	0
Net liabilities / (assets)	**19,049**	**19,822**	**1,960**	**1,638**	**172**	**146**
Amounts recognised in the Income Statement						
Amounts recognised in the Income Statement:						
Current social security (cost)	28	20	311	427	22	20
Interest payable	1,020	987	953	1,094	14	12
Expected return on plan assets	0	0	(804)	(1,403)	0	0
Expected return on reimbursement rights recognised as assets (paragraph 104A)	0	0	0	0	0	0
Amortisation of social security costs for past services	0	0	0	0	0	0
Net amortisation of actuarial (income) and loss	(1)	(18)	0	(6)	1	0
Effect of the limit explained in Paragraph 58b	0	0	0	0	0	0
Effect of plan reductions – recognised net (income)/ loss	0	0	0	0	0	0
Effect of plan cancellation – recognised net (income)/loss	0	0	0	0	0	0
Total cost recognised in the Income Statement	**1,047**	**989**	**460**	**112**	**37**	**32**

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo Mexico Apodaca plan	
End of financial year	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Main actuarial assumptions						
Weighted average of the assumptions used for determining defined-benefit obligations						
Discount rates	5.00%	5.70%	5.70%	6.20%	9.00%	8.30%
Salary increases	N/A	3.50 - 5.00 %	4.30%	3.55%	4.00%	4.75%
Inflation rate	2.00%	2.00%	3.55%	2.80%	3.50%	4.25%
Increase in pensions	N/A	N/A	3.55%	2.80%	N/A	N/A
Weighted average of the assumptions used for determining contributions						
Discount rates	5.70%	5.50%	6.20%	5.80%	8.30%	8.75%
Expected rate of return on plan assets	0.00%	0.00%	4.05%	4.05%	4.75%	4.00%
Expected rate of salary increases	N/A	3.50 - 5.00 %	3.30%	3.30%	4.25%	3.50%
Inflation rate	2.00%	2.00%	3.20%	3.20%	N/A	N/A

	Unfunded Plan (Employees' leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo Mexico Apodaca Plan	
Asset categories	**Percentage of assets**	**Expected return of assets**	**Percentage of assets**	**Expected return of assets**	**Percentage of assets**	**Expected return of assets**
Plan assets						
Asset categories						
Shares	0.00%	0.00%	84.00%	8.00%	0.00%	0.00%
Bonds	0.00%	0.00%	15.50%	4.50%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%
Total	**0.00%**	**0.00%**	**100.00%**	**7.42%**	**0.00%**	**0.00%**
Amounts invested in financial instruments of the Company						
Assets allocated for the plan, invested in shares issued by the Company						
Assets allocated for the plan, invested in property used by the Company						

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo Mexico Apodaca plan	
End of financial year	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Past experience of actuarial gains and losses						
Difference between expected and actual returns on plan assets						
a. Amount	0	0	1,962	(5,262)	0	0
b. Percentage of assets at reporting date	*0%*	*0%*	*13%*	*-46%*	*0%*	*0%*
Experience (gains) losses on liabilities						
a. Amount	(393)	445	560	177	4	4
b. Percentage of plan liabilities at reporting date	*-2%*	*3%*	*3%*	*1%*	*1% - 8%*	*1% - 7%*

17. Trade Payables

At 31 December 2009, trade payables were as follows:

(euro thousand)	31.12.2009	31.12.2008
Trade payables	154,115	178,457
Payables to affiliate companies	5,246	469
Total	**159,361**	**178,926**

The sharp decrease in "trade payables" was due to the reduction in Group's sales.
On the other hand, payables to affiliate companies increased as a result of the exclusion of the company BSCCB S.p.A. from the consolidation area.

18. Tax Payables

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

(euro thousand)	31.12.2009	31.12.2008
Tax payables	1,263	3,765

19. Other Current Payables

Other current payables at 31 December 2009 are shown below:

(euro thousand)	31.12.2009	31.12.2008
Tax payables other than current taxes	6,188	5,015
Social security charges	9,046	10,051
Amounts due to employees	18,524	22,758
Other payables	9,430	15,014
Total	**43,188**	**52,838**

"Tax payables other than current taxes" includes tax payables for withholdings primarily on employee earnings.
"Amounts due to employees" includes employee wages for December, which most companies pay in January. The amount decreased significantly from the previous year, as the 2008 amount included payments due under management's three-year incentive plan that were paid in July 2009.
At 31 December 2008, "Other payables" included the remaining amount due on the August acquisition of Bradi S.p.A. in connection with the company's bankruptcy proceedings. The amount paid was €4,250 thousand.

Consolidated Income Statement

20. Sales of Goods and Services

Breakdown of sales of goods and services was as follows:

(euro thousand)	31.12.2009	31.12.2008
Italy	170,578	252,476
Abroad	655,319	808,295
Total	**825,897**	**1,060,771**

The breakdown of Group sales by geographical area of destination and by application is provided in the Report on Operations. A breakdown by geographical area of production is provided in **Note 32** – Segment Report.

21. Other Revenues and Income

These are made up of:

(euro thousand)	31.12.2009	31.12.2008
Miscellaneous recharges	3,085	5,057
Gains on disposal of assets	4,969	3,232
Miscellaneous grants	2,637	3,132
Gain from the disposal of 50% of BSCCB S.p.A.	3,874	0
Other revenue	5,563	7,746
Total	**20,128**	**19,167**

"Other revenue" includes €4,000 thousand in compensation received from a supplier. "Miscellaneous grants" includes tax credits on investments in research.

22. Costs for Capitalised Internal Works

This item refers to the capitalisation of development costs incurred during the year, amounting to €9,233 thousand.

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

The item is broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Change in inventories and inventory write-downs	41,430	(3,566)
Purchase of raw materials	357,440	521,649
Purchase of consumables	12,977	17,038
Allowances	(808)	(3,054)
Total	**411,039**	**532,067**

As previously mentioned, a policy implemented in 2009 to optimise inventories allowed the company to significantly reduce inventory levels.

24. Other Operating Costs

These costs are broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Transports	20,207	24,798
Maintenance, repairs and utilities	40,586	48,318
Contracted work	37,351	51,991
Rent	13,092	11,568
Other operating costs	46,680	73,183
Total	**157,916**	**209,858**

"Other operating costs" include €6,898 thousand in marketing costs (2008: €11,045 thousand), €9,345 thousand for administrative costs (2008: €10,258 thousand), €4,304 thousand in travel (2008: €5,943 thousand) and €1,416 thousand in legal expenses (2008: €3,514 thousand).

25. Personnel Expenses

Breakdown of personnel expenses is as follows:

(euro thousand)	31.12.2009	31.12.2008
Wages and salaries	129,114	145,855
Social security contributions	35,703	38,749
Employees' leaving entitlement and other personnel provisions	7,040	7,551
Other costs	13,264	18,653
Total	**185,121**	**210,808**

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

	Executives	White-collars	Blue-collars	Total
2009 average	164	1,727	3,586	5,477
2008 average	175	1,795	4,198	6,168
Changes	**(11)**	**(68)**	**(612)**	**(691)**
Total at 31 December 2009	156	1,715	3,546	5,417
Total at 31 December 2008	178	1,804	3,865	5,847
Changes	**(22)**	**(89)**	**(319)**	**(430)**

26. Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Amortisation of intangible assets:		
Development costs	6,841	5,128
Industrial patents and similar rights for original work	1,260	779
Licences, trademarks and similar rights	398	289
Other intangible assets	5,248	3,509
Total	**13,747**	**9,705**
Depreciation of property, plant and equipment:		
Buildings	3,128	3,262
Leased buildings	996	982
Plant and machinery	37,124	34,286
Leased plant and machinery	1,633	1,719
Industrial and commercial equipment	10,072	9,568
Other property, plant and equipment	2,121	1,895
Other leased property, plant and equipment	51	52
Total	**55,125**	**51,764**
Impairment losses:		
Property, plant and equipment	4,638	200
Intangible assets	5,027	4,499
Total	**9,665**	**4,699**
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	**78,537**	**66,168**

The increase in the item is primarily attributable to the greater depreciation caused by the considerable investments in specific plant and machinery in the second half of 2008, in addition to development costs and costs incurred to implement the new Enterprise Resource Planning (ERP) system.
Comments on impairment losses are provided in the notes to the Balance Sheet items.

27. Net Interest Income (Expense)

This item comprises:

(euro thousand)	31.12.2009	31.12.2008
Exchange rate gains	23,076	23,090
Interest income from employee's leaving entitlement and other personnel provisions	804	1,403
Interest income	4,232	6,881
Other	9	0
Total interest income	**28,121**	**31,374**
Exchange rate losses	(24,510)	(29,436)
Interest expense from employees' leaving entitlement and other personnel provisions	(2,005)	(2,066)
Interest expense	(12,153)	(19,287)
Other	(3)	(7)
Total interest expense	**(38,671)**	**(50,796)**
TOTAL NET INTEREST INCOME (EXPENSE)	**(10,550)**	**(19,422)**

"Interest income (expense)" also includes the effect of an adjustment to the estimate of the amount due in relation to the put option on 30% of Brembo Performance S.p.A. granted under an agreement with Sabelt S.p.A.'s former shareholders. The adjustment to the estimate decreased the amount due, resulting in income of €2,980 thousand.

Generally speaking, the Group benefited from lower interest rates during the year, although average indebtedness increased.

28. Interest Income (Expense) from Investments

This item comprises:

(euro thousand)	31.12.2009	31.12.2008
Write-ups of shareholdings valued using the equity method	6	731
Write-downs of shareholdings valued using the equity method	(2,803)	(608)
Write-ups/(Write-downs) of other shareholdings	1,373	(1,882)
Other income	6	12
Total	**(1,418)**	**(1,747)**

The balance of €6 thousand represents dividends received from International Sport Automobile S.a.r.l.
As previously indicated, following the termination of litigation with the Sanluis Group in 2009, a portion of the impairment recognised in previous periods for Funimak S.A. de C.V., which was sold to the Sanluis Group, was reversed. The effect amounted to €1,373 thousand.

29. Taxes

This item is broken down as follows:

(euro thousand)	31.12.2009	31.12.2008
Current taxes	8,733	25,082
Deferred taxes	(8,578)	(7,703)
Estimated tax payables	1,000	0
Total	**1,155**	**17,379**

30. Earnings per Share

Basic earnings per share were €0.16 at 31 December 2009 (December 2008: €0.57), and were calculated by dividing the net income or losses for the year attributable to holders of ordinary equity instruments of the Parent Company by the weighted average number of ordinary shares outstanding during 2009, amounting to 65,732,906 (December 2008: 65,732,906).
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 and 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.

The table below provides information on the fees paid to Directors, Auditors and General Manager of Brembo S.p.A. and of other Group companies and additional information required:

(euro thousand)

SUBJECT	OFFICE		FEES			
Name and surname	Office held	Term of office (per year)	Compensation for the office held	Non-monetary benefits	Bonuses and other incentives	Other compensation
Alberto Bombassei	Chairman of BoD - MD	2008-2010	1,000			
Cristina Bombassei	Member of BoD	2008-2010	30		14	83 (1)(2)
Giovanni Cavallini	Member of BoD	2008-2010	30			
Giancarlo Dallera	Member of BoD	2008-2010	30			
Giovanna Dossena	Member of BoD	2008-2010	30			
Umberto Nicodano	Member of BoD	2008-2010	30			165 (3)
Pasquale Pistorio	Member of BoD	2008-2010	30			
Giuseppe Roma	Member of BoD	2008-2010	30			
Pierfrancesco Saviotti	Member of BoD	2008-2010	30			
Matteo Tiraboschi	Member of BoD	2008-2010	30		88	201 (1)
Sergio Pivato	Chairman of the Board of Statutory Auditors	2008-2010	45			
Enrico Colombo	Auditor	2008-2010	30			
Daniela Salvioni	Auditor	2008-2010	30			
Mauro Pessi	Director who resigned during the year		312			4,795 (1)

(1) compensation paid as employee salary
(2) a portion of compensation was paid by the company and a portion by social security institutions.
(3) compensation relates to Brembo S.p.A. and other Group companies

The table below summarises the impact of transactions with related parties on the Consolidated Financial Statements.

(euro thousand)	31.12.2009					31.12.2008				
		Related parties					Related parties			
a) Impact of transactions with related parties on Balance Sheet items	**Book value**	**Total**	**Other related parties**	**Unconsolidated investee companies**	**%**	**Book value**	**Total**	**Other related parties**	**Unconsolidated investee companies**	**%**
Trade receivables	161,663	3,639	700	2,939	2.3%	189,096	938	936	2	0.5%
Other receivables and current assets	26,707	0	0	0	0.0%	44,263	10	10	0	0.0%
Provisions for Employee Benefits	(21,906)	(40)	(40)	0	0.2%	(22,839)	(39)	(39)	0	0.2%
Trade payables	(159,361)	(5,657)	(411)	(5,246)	3.5%	(178,926)	(593)	(349)	(244)	0.3%
Other current financial payables and derivatives	(60,987)	(1,000)	(1,000)	0	1.6%	(8,622)	0	0	0	0.0%
Other current payables	(43,188)	(2,546)	(2,415)	(131)	5.9%	(52,838)	(1,546)	(1,546)	0	2.9%

(euro thousand)	31.12.2009					31.12.2008				
		Related parties					Related parties			
b) Impact of transactions with related parties on Income Statement items	**Book value**	**Total**	**Other related parties**	**Unconsolidated investee companies**	**%**	**Book value**	**Total**	**Other related parties**	**Unconsolidated investee companies**	**%**
Sales of goods and services	825,897	2,777	2,700	77	0.3%	1,060,771	3,676	2,846	830	0.3%
Other revenues and income	20,128	2,321	30	2,291	11.5%	19,167	4,186	155	4,031	21.8%
Raw materials, consumables and goods	(411,039)	(18,048)	(24)	(18,024)	4.4%	(532,067)	(21,828)	(35)	(21,793)	4.1%
Other operating costs	(157,916)	(2,813)	(2,325)	(488)	1.8%	(209,858)	(3,196)	(2,590)	(606)	1.5%
Personnel expenses	(185,121)	(5,480)	(5,480)	0	3.0%	(210,808)	(7,700)	(7,700)	0	3.7%
Net interest income (expense)	(10,550)	(22)	(18)	(4)	0.2%	(19,422)	(32)	(33)	1	0.2%

Sales of products, supply of services and transfers of fixed assets between 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. Eight companies are currently participating, but Brembo plans to extend the system to all Group companies

to the extent allowed by the tax and other laws of the individual countries. Following the aforementioned joint-venture agreements, BSCCB S.p.A. is no longer part of the centralised treasury system.
In accordance with the joint-venture agreements with the SGL Group, on 27 May 2009, Brembo S.p.A. forgave an €8,743 thousand financial receivable due from BSCCB S.p.A. and treated the amount as a forgivable loan.

The following loans were contracted between Group companies in 2009:

- USD 0.7 million from Brembo North America Inc. to Brembo Mexico Apodaca S.A. de C.V. from 26 February to 26 May 2009 at the 3-month USD LIBOR rate +0.625%; at maturity, the loan was renewed until 17 August 2009;
- €5 million from Brembo International S.A. to Brembo Poland Spolka Zo.o. from 23 March to 23 September 2009 at the 6-month EURIBOR rate +0.80%.
- a USD 12.309 million loan from Brembo S.p.A. to Brembo North America Inc. was extended until 6 September 2010 (3-month USD LIBOR +0.625%);
- a loan agreement was also entered into between Brembo S.p.A. and Brembo Czech S.r.o. on 20 October 2009 for CZK 1,300,000; of this amount, CZK 800,000 has been disbursed. The credit line has a 12-month term, and interest is calculated based on the 3-month PRIBOR +1.125% payable at the end of the agreement.

32. Segment Report

In applying IFRS 8 for the first time from 1 January 2009, the Group identified the following reportable operating segments based on the qualitative and quantitative criteria specified therein:

- Discs – systems and motorbikes;
- After Market and 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 2009 who accounted for over 10% of consolidated net revenues. None of the single carmakers comprising such groups exceeded this limit.

The following table shows segment information on sales of goods and services and results at 31 December 2009 and 31 December 2008:

	Total		Discs/ System/Motorbike		After Market/ Performance Group		Interdivision		Non-segment data	
(euro thousand)	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Net sales	829,394	1,069,027	642,450	840,549	194,073	225,274	(7,939)	(6,263)	810	9,467
Change in inventories of finished products and WIP	(21,805)	9,943	(9,440)	1,793	(12,803)	8,311	0	0	438	(161)
Production value	**807,589**	**1,078,970**	**633,010**	**842,342**	**181,270**	**233,585**	**(7,939)**	**(6,263)**	**1,248**	**9,306**
Raw materials and consumables	(377,059)	(524,907)	(313,496)	(416,126)	(71,713)	(110,000)	7,939	6,263	211	(5,044)
Contracted work	(36,197)	(46,854)	(19,043)	(27,190)	(17,154)	(19,584)	0	0	0	(80)
Total production external costs	**(413,256)**	**(571,761)**	**(332,539)**	**(443,316)**	**(88,867)**	**(129,584)**	**7,939**	**6,263**	**211**	**(5,124)**
Added value	**394,333**	**507,209**	**300,471**	**399,026**	**92,403**	**104,001**	**0**	**0**	**1,459**	**4,182**
Cost of temporary staff	(103,845)	(125,031)	(87,074)	(107,266)	(16,992)	(15,657)			221	(2,108)
Variable production costs	(54,977)	(73,821)	(44,843)	(63,900)	(9,592)	(8,372)			(542)	(1,549)
Depreciation, amortisation and impairment losses	(58,846)	(50,591)	(50,354)	(44,734)	(9,171)	(6,165)			679	308
Other costs	(29,847)	(35,328)	(22,064)	(26,698)	(6,864)	(7,351)			(919)	(1,279)
Production costs	**(247,515)**	**(284,771)**	**(204,335)**	**(242,598)**	**(42,619)**	**(37,545)**			**(561)**	**(4,628)**
Distribution costs	(8,441)	(11,704)	(5,127)	(7,402)	(3,314)	(4,230)			0	(72)
Gross operating income	**138,377**	**210,734**	**91,009**	**149,026**	**46,470**	**62,226**			**898**	**(518)**
BU personnel costs	(73,059)	(83,821)	(41,062)	(47,335)	(30,895)	(35,332)			(1,102)	(1,154)
Central Staff costs	(41,303)	(48,826)	(26,295)	(31,958)	(13,634)	(13,907)			(1,374)	(2,961)
Operating income (loss)	**24,015**	**78,087**	**23,652**	**69,733**	**1,941**	**12,987**			**(1,578)**	**(4,633)**
Extraordinary costs and revenues	3,685	7,762							3,685	7,762
Financial costs and revenues	(10,792)	(19,574)							(10,792)	(19,574)
Income and charges from shareholdings	(1,002)	(1,758)							(1,002)	(1,758)
Non-operating costs and revenues	(5,229)	(10,909)							(5,229)	(10,909)
Income before taxes	**10,677**	**53,608**	**23,652**	**69,733**	**1,941**	**12,987**			**(14,916)**	**(29,112)**
Sundry taxes	(1,155)	(17,379)							(1,155)	(17,379)
Minority interests	1,006	1,276							1,006	1,276
Net income (loss)	**10,528**	**37,505**	**23,652**	**69,733**	**1,941**	**12,987**			**(15,065)**	**(45,215)**

A reconciliation between the consolidated financial statements and the above information is provided below:

(euro thousand)	31.12.2009	31.12.2008
SALES OF GOODS AND SERVICES	**825,897**	**1,060,771**
scrap sales (in the segment report they are subtracted from "External production costs")	(727)	(3,145)
sales of prototypes	0	6,323
miscellaneous billbacks (in the consolidated financial statements they are included in "Other revenues and income")	3,049	3,515
capital gains on sale of equipment (in the consolidated financial statements they are included in "Other revenues and income")	543	1,158
effect of intercompany adjustment	750	1,987
Other	(118)	(1,573)
NET SALES	**829,394**	**1,069,027**

(euro thousand)	31.12.2009	31.12.2008
NET OPERATING INCOME	**22,645**	**74,777**
different accounting treatment of development costs	741	(6,467)
grant Re. law 296 (in the segment report it is included in “Sundry taxes”)	(2,475)	(2,878)
different accounting treatment of operating costs	(107)	0
effect of application of IAS 19	(494)	(865)
legal expenses for special projects (in the segment report they are included in “Non-operating costs and revenues")	576	2,845
different amortisation/write-down criteria	601	2,367
restructuring costs (in the segment report they are included in “Non-operating costs and revenues”)	7,036	6,414
capital gains/losses on disposal of assets (in the segment report they are included in “Non-operating costs and revenues”)	197	(2,228)
capital gain on disposal of BSCCB S.p.A. (in the segment report it is included in “Non-operating costs and revenues”)	(3,874)	0
different classification of the provision for receivable write-downs (in the segment report it is included in "Non-operating costs and revenues")	(99)	2,070
different classification of the provision for inventory write-downs (in the segment report it is included in "Non-operating costs and revenues")	150	3,001
different classification of the provision for risks (in the segment report it is included in "Non-operating costs and revenues")	(812)	45
different classification of banking expenses (in the segment report it is included in “Financial costs and revenues”)	239	0
effect of adjustments from intercompany transactions	(4)	(1,136)
effect of Purchase Price Allocation completion	0	14
other	(305)	128
OPERATING INCOME (LOSS)	**24,015**	**78,087**

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 2008 and 31 December 2009 are provided in the table below:

	Total		Discs/ Systems/Motorbikes		After Market/ Performance Group		Non-segment data	
(euro thousand)	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Property, plant and equipment	311,823	354,150	257,987	301,693	53,795	53,875	41	(1,418)
Intangible assets	103,237	108,404	37,586	39,645	18,338	20,185	47,313	48,574
Financial assets	24,704	1,191	0	0	0	0	24,704	1,191
(a) Total fixed assets	**439,764**	**463,745**	**295,573**	**341,338**	**72,133**	**74,060**	**72,058**	**48,347**
Inventories	142,360	197,260	82,391	121,017	59,700	77,620	269	(1,377)
Current assets	193,086	244,536	128,239	155,509	42,858	48,461	21,989	40,566
Current liabilities	(202,958)	(246,398)	(128,076)	(139,091)	(32,996)	(45,512)	(41,886)	(61,795)
Provisions	(6,897)	(10,854)	0	0	0	0	(6,897)	(10,854)
(b) Net working capital	**125,591**	**184,544**	**82,554**	**137,435**	**69,562**	**80,569**	**(26,525)**	**(33,460)**
NET INVESTED CAPITAL (a+b)	**565,355**	**648,289**	**378,127**	**478,773**	**141,695**	**154,629**	**45,533**	**14,887**
(d) Equity	**291,467**	**291,013**	**370,949**	**468,636**	**137,406**	**150,340**	**(216,888)**	**(327,963)**
(e) Provisions for employee benefits	**18,897**	**19,852**					**18,897**	**19,852**
Medium/long-term financial debt	174,084	193,937					174,084	193,937
Short-term financial debt	80,907	143,487					80,907	143,487
(f) Net financial debt	**254,991**	**337,424**					**254,991**	**337,424**
(g) COVERAGE (d+e+f)	**565,355**	**648,289**	**370,949**	**468,636**	**137,406**	**150,340**	**57,000**	**29,313**

Invested capital above is in line with the statutory figure for the company at 31 December 2009 (€568,361 thousand, compared to €652,317 thousand in December 2008) mainly due to the different classification of the pension fund (€3,006 thousand, compared to €2,992 thousand in December 2008) and lesser, negligible amounts. Another difference at 31 December 2008 is due to the completion of accounting for business combinations, which had a €1,025 thousand impact on invested capital.

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 investments;
- current assets and liabilities mainly consist of trade receivables and payables;
- provisions for contingencies and charges and other provisions are not allocated.

33. Significant Events After 31 December 2009

As reported above, on 15 January 2010, Brembo Nanjing Foundry Co. Ltd. (100% held by Brembo SpA) and Donghua Automotive Industrial Co. Ltd. (part of the Saic Group, China's top manufacturer of cars and commercial vehicles) finalised agreements for the purchase of foundry plants and equipment.
The project envisages the gradual creation of an integrated production centre in Nanjing, including a foundry and a production facility for brake callipers and discs (for cars and commercial vehicles) that will be able to offer the Chinese market braking systems built to meet Brembo's standards of performance, style and comfort.
On 12 March 2010, Brembo announced that it will invest €82 million in Poland from 2010 to 2014, to expand the production capacity of the Dabrowa Gornicza integrated industrial hub (manufacture of brake discs for cars and commercial vehicles).
The investment is 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 financed with cash generated by the Group, EIB loans and partly with a grant from the European Union (€13.5 million); it will also benefit from tax breaks, as part of the Katowice Economic Special Zone.
During meeting of the Board of Directors on 15 March 2010, a new Director was co-opted. Bruno Saita, who has collaborated with the Group for several years, took up the position of non-executive Director.
There are no other significant events to report after 31 December 2009 and up to 15 March 2010.

Stezzano, 15 March 2010

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annex 1

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

(euro thousand)

PURCHASING COMPANY	Brembo S.p.A.	Brembo Spolka Zo.o.	Brembo Scandinavia A.B.	Corporacion Upwards 98 S.A.	Brembo North America Inc.	Brembo Japan Co. Ltd.	Brembo Mexico Puebla S.A. de C.V.	Brembo UK Ltd.	Marchesini S.p.A.	Brembo do Brasil Ltda.	Brembo International S.A.	Brembo Mexico Apodaca S.A. de C.V.	Brembo Poland Spolka Zo.o.
SELLING COMPANY													
Brembo S.p.A.		3,811		2,349	4,109	924	363	739	1,373	1,087 [a]		257	10,744 [b]
Brembo Spolka Zo.o.	10,059									577			1,082
Brembo Scandinavia A.B.	663												
Corporacion Upwards 98 S.A.	2,418 [d]									38			801 [e]
Brembo North America Inc.	1,522					4	70		1	46		974	
Brembo Japan Co. Ltd.	568												
Brembo Mexico Puebla S.A. de C.V.	64				2,317 [f]					26		84 [g]	
Brembo UK Ltd.	173												
Marchesini S.p.A.	167 [h]												
Brembo do Brasil Ltda.	59												
Brembo International S.A.	1,073												63
Brembo Mexico Apodaca S.A. de C.V.					304		14						
Brembo Poland Spolka Zo.o.	19,544 [i]	2		(90)	4								
Ap Racing Ltd.	9												
Brembo China Brake Systems Co. Ltd.	8,757			204	179		317						
Brembo Deutschland GmbH	51												
Brembo Performance S.p.A.	73		1	112	2					2			
Sabelt S.p.A.	14												
Belt & Buckle S.r.o.													
Brembo Performance North America Inc.	1				65				20				
Brembo Performance Japan Co. Ltd.	13					22							
Brembo Brake India Pvt Ltd.	838 [l]												
Brembo Nanjing Brake Systems Co.Ltd.													
TOTAL CONSOLIDATED COMPANIES	**46,066**	**3,813**	**1**	**2,575**	**6,980**	**950**	**764**	**739**	**1,394**	**1,776**	**0**	**1,315**	**12,690**
Brembo SGL Carbon Ceramic Brakes S.p.A.	30,411 [m]												
Brembo SGL Carbon Ceramic Brakes GmbH	2,940												
Petroceramics S.r.l.	473												
TOTAL	**79,890**	**3,813**	**1**	**2,575**	**6,980**	**950**	**764**	**739**	**1,394**	**1,776**	**0**	**1,315**	**12,690**

(a) : Of which €28 thousand for sales of property, plant and equipment
(b) : Of which €121 thousand for sales of property, plant and equipment
(c) : Of which €63 thousand for sales of property, plant and equipment
(d) : Of which €1,114 thousand for sales of property, plant and equipment
(e) : Of which €683 thousand for sales of property, plant and equipment
(f) : Of which €179 thousand for sales of property, plant and equipment
(g) : Of which €56 thousand for sales of property, plant and equipment
(h) : Of which €3 thousand for sales of property, plant and equipment
(i) : Of which €25 thousand for sales of property, plant and equipment
(l) : Of which €56 thousand for sales of property, plant and equipment
(m) : Of which €2,800 thousand for sales of intangible assets and €71 thousand for sales of property, plant and equipment
(n) : Of which €1 thousand for sales of property plant and equipment

Ap Racing Ltd.	Brembo China Brake Systems Co. Ltd.	Brembo Deutschland GmbH	Brembo Performance S.p.A.	Sabelt S.p.A.	Belt & Buckle S.r.o.	Brembo Performance North America Inc.	Brembo Performance Japan Co. Ltd.	Brembo Brake India Pvt Ltd.	Brembo Nanjing Brake Systems Co. Ltd.	CONSOLIDATED COMPANIES	Brembo SGL Carbon Ceramic Brakes S.p.A.	Brembo SGL Carbon Ceramic Brakes GmbH	Petroceramics S.r.l.	TOTAL
412	885	69	5,185	266		18	5	1,111	27	**33,734**	3,584	3	87	**37,408**
			1						233 [c]	**11,952**				**11,952**
										663				**663**
			55							**3,312**				**3,312**
				5		210				**2,832**				**2,832**
							252			**820**				**820**
						7				**2,498**				**2,498**
										173				**173**
						11				**178**				**178**
										59				**59**
										1,136				**1,136**
										318				**318**
									513	**19,973**				**19,973**
										9				**9**
									1,788	**11,245**				**11,245**
										51				**51**
						88	1,139			**1,417**				**1,417**
					2,768					**2,782**				**2,782**
				3,693						**3,693**				**3,693**
			466	62			2			**616**				**616**
			134	95						**264**				**264**
										838				**838**
										0				**0**
412	**885**	**69**	**5,841**	**4,121**	**2,768**	**334**	**1,398**	**1,111**	**2,561**	**98,563**	**3,584**	**3**	**87**	**102,237**
			5							**30,416**		1	1 [n]	**30,418**
										2,940				**2,940**
										473	304			**777**
412	**885**	**69**	**5,846**	**4,121**	**2,768**	**334**	**1,398**	**1,111**	**2,561**	**132,392**	**3,888**	**4**	**88**	**136,372**

Annex 2

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

(euro thousand) PURCHASING COMPANY	Brembo S.p.A.	Brembo Spolka Zo.o.	Brembo Scandinavia A.B.	Corporacion Upwards 98 S.A.	Brembo North America Inc.	Brembo Japan Co. Ltd.	Brembo Mexico Puebla S.A. de C.V.	Brembo UK Ltd.	Marchesini S.p.A.	Brembo do Brasil Ltda.	Brembo International S.A.	Brembo Mexico Apodaca S.A. de C.V.	Brembo Poland Spolka Zo.o.
SELLING COMPANY													
Brembo S.p.A.		1,841		2,492	14,476[a]	208	1,942	699	781	2,517		200	3,725
Brembo Spolka Zo.o.	2,807									151			213
Brembo Scandinavia A.B.	102												
Corporacion Upwards 98 S.A.	1,884									38			831
Brembo North America Inc.	341					2	63		1	1		317	
Brembo Japan Co. Ltd.	202												
Brembo Mexico Puebla S.A. de C.V.	8				939					25		61[f]	
Brembo UK Ltd.	172												
Marchesini S.p.A.	77[g]												
Brembo do Brasil Ltda.													
Brembo International S.A.	58,374[h]												
Brembo Mexico Apodaca S.A. de C.V.					157		11						
Brembo Poland Spolka Zo.o.	3,534	1		611	4					123			
Ap Racing Ltd.													
Brembo China Brake Systems Co. Ltd.	3,310			72	103		104						
Brembo Deutschland GmbH	47												
Brembo Performance S.p.A.	4			208						2			
Sabelt S.p.A.	14												
Belt & Buckle S.r.o.													
Brembo Performance North America Inc.	525[i]				15								
Brembo Performance Japan Co. Ltd.	14					8							
Brembo Nanjing Brake Systems Co. Ltd.													
Brembo Czech S.r.o.													
Brembo Brake India Pvt. Ltd.	150												
TOTAL CONSOLIDATED COMPANIES	**71,565**	**1,842**	**0**	**3,383**	**15,694**	**218**	**2,120**	**699**	**782**	**2,857**	**0**	**578**	**4,769**
Brembo SGL Carbon Ceramic Brakes S.p.A.	4,494[l]												
Brembo SGL Carbon Ceramic Brakes GmbH	708												
Petroceramics S.r.l.	175												
TOTAL	**76,942**	**1,842**	**0**	**3,383**	**15,694**	**218**	**2,120**	**699**	**782**	**2,857**	**0**	**578**	**4,769**

[a] : Of which €8,544 thousand intercompany loan and €4,085 cash pooling
[b] : Of which €143 thousand cash pooling
[c] : Of which €184 thousand intercompany loan and €4,204 cash pooling
[d] : Of which €5,418 thousand cash pooling
[e] : Of which €31 thousand intercompany loan
[f] : Of which €8 thousand intercompany loan
[g] : Of which €43 thousand cash pooling
[h] : Of which €50,104 thousand intercompany loan and €8,271 cash pooling
[i] : Of which €525 thousand cash pooling
[l] : Of which €131 thousand security deposit

Ap Racing Ltd.	Brembo China Brake Systems Co. Ltd.	Brembo Deutschland GmbH	Brembo Performance S.p.A.	Sabelt S.p.A.	Belt & Buckle S.r.o.	Brembo Performance North America Inc.	Brembo Performance Japan Co. Ltd.	Brembo Nanjing Brake Systems Co. Ltd.	Brembo Czech S.r.o.	Brembo Brake India Pvt Ltd.	CONSOLIDATED COMPANIES	Brembo SGL Carbon Ceramic Brakes S.p.A.	Brembo SGL Carbon Ceramic Brakes GmbH	Petroceramics S.r.l.	TOTAL
191	1,875	211 [b]	6,976 [c]	5,631 [d]			2	12	30 [e]	456	**44,265**	2,936	3		**47,204**
								110			**3,281**				**3,281**
											102				**102**
			56								**2,809**				**2,809**
						70					**795**				**795**
							16				**218**				**218**
						4					**1,037**				**1,037**
											172				**172**
											77				**77**
											0				**0**
											58,374				**58,374**
											168				**168**
								162			**4,435**				**4,435**
											0				**0**
								287			**3,876**				**3,876**
											47				**47**
						64	336				**614**				**614**
					635						**649**				**649**
				542							**542**				**542**
			118	(6)							**652**				**652**
			129	48							**199**				**199**
											0				**0**
											0				**0**
											150				**150**
191	**1,875**	**211**	**7,279**	**6,215**	**635**	**138**	**354**	**571**	**30**	**456**	**122,462**	**2,936**	**3**	**0**	**125,401**
											4,494				**4,494**
											708				**708**
											175	119			**294**
191	**1,875**	**211**	**7,279**	**6,215**	**635**	**138**	**354**	**571**	**30**	**456**	**127,839**	**3,055**	**3**	**0**	**130,897**

Annex 3

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

COMPANY	HEADQUARTERS	
Brembo S.p.A.	Curno (Bergamo)	Italy
AP Racing Ltd.	Coventry	United Kingdom
Brembo Deutschland GmbH	Leinfelden-Echterdingen	Germany
Brembo International S.A.	Luxembourg	Luxembourg
Marchesini S.p.A.	Curno (Bergamo)	Italy
Brembo Brake India Pvt Ltd.	Pune	India
Brembo North America Inc.	Plymouth	United States
Brembo Performance S.p.A.	Curno (Bergamo)	Italy
Brembo China Brake Systems Co. Ltd.	Beijing	China
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China
Brembo Nanjing Foundry Co. Ltd.	Nanjing	China
Brembo Czech S.r.o.	Mošnov	Czech Republic
Brembo Mexico Puebla S.A. de C.V.	Puebla	Mexico
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 Górnizca	Poland
Brembo Scandinavia A.B.	Göteborg	Sweden
Brembo UK Ltd.	London	United Kingdom
Brembo do Brasil Ltda.	Betim	Brazil
Brembo Mexico Puebla S.A. de C.V.	Puebla	Mexico
Corporacion Upwards 98 S.A.	Zaragoza	Spain
Brembo North America Inc.	Plymouth	United States
Brembo Mexico Apodaca S.A. de C.V.	Apodaca Nuevo León	Mexico
Brembo Mexico Apodaca S.A. de C.V.	Apodaca Nuevo León	Mexico
Brembo Performance Japan Co. Ltd.	Tokyo	Japan
Brembo Performance North America Inc.	Plymouth	United States
Sabelt S.p.A.	Turin	Italy
Belt & Buckle S.r.o.	Zilina	Slovak Republic
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China

SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES Direct	Indirect	
Eur	34,727,914			
Gbp	221,000	100%		Brembo S.p.A.
Eur	25,000	100%		Brembo S.p.A.
Eur	49,872,000	100%		Brembo S.p.A.
Eur	500,000	100%		Brembo S.p.A.
Inr	140,000,000	99.99%		Brembo S.p.A.
Usd	33,798,805	94.68%		Brembo S.p.A.
Eur	5,000,000	70%		Brembo S.p.A.
Cny	125,333,700	67.74%		Brembo S.p.A.
Cny	115,768,679	27.75%		Brembo S.p.A.
Cny	98,783,080	100%		Brembo S.p.A.
Czk	200,000	100%		Brembo S.p.A.
Mxn	110,849,230	0.01%		Brembo S.p.A.
Cny	1,365,700		100%	Brembo International S.A.
Pln	15,279,546		100%	Brembo International S.A.
Jpy	11,000,000		100%	Brembo International S.A.
Pln	53,600,000		100%	Brembo International S.A.
Sek	4,500,000		100%	Brembo International S.A.
Gbp	600,000		100%	Brembo International S.A.
Brl	17,803,201		99.99%	Brembo International S.A.
Mxn	110,849,230		99.99%	Brembo International S.A.
Eur	498,043		68%	Brembo International S.A.
Usd	33,798,805		5.32%	Brembo International S.A.
Usd	12,000,000		0.01%	Brembo International S.A.
Usd	12,000,000		99.99%	Brembo North America Inc.
Jpy	5,000,000		70%	Brembo Performance S.p.A.
Usd	2,500,200		70%	Brembo Performance S.p.A.
Eur	458,520		70%	Brembo Performance S.p.A.
Eur	265,551		70%	Brembo Performance S.p.A.
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
Softia S.r.l.	Erbusco (Brescia)	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 Direct	Indirect	
Eur	4,000,000	50%		Brembo S.p.A.
Eur	100,000	40%		Brembo S.p.A.
Eur	100,000	30%		Brembo S.p.A.
Eur	123,750	20%		Brembo S.p.A.
Eur	25,000		50%	Brembo SGL Carbon Ceramic Brakes S.p.A.

STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors on the Consolidated Financial Statements for the Year Ended 31 December 2009

Shareholders of the Parent Company Brembo S.p.A.
This Report concerns the Consolidated Financial Statements of the Brembo Group.

This Report acknowledges the responsibilities assigned to the Board of Statutory Auditors by Legislative Decree 58 of 24 February 1998 and in this regard, it refers to the Report on Operations for the Financial Statements at 31 December 2009 of Parent Company Brembo S.p.A.
Based on these assumptions, the Board of Statutory Auditors notes as follows:

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

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

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

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

– 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 2009 were prepared in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2009, issued by the International Accounting Standard Boards (IASB) and adopted by EC Regulations.

The comparative figures at 31 December 2008 have been expressed based on the same principles adopted for the balances at 31 December 2009; accordingly, it is reported that certain values in the 2008 financial statements have been revised following the conclusion of the "Purchase Price Allocation" process relating to the business combination of the company Brembo Ceramic Brake Systems S.p.A., now Brembo SGL Carbon Ceramic Brakes S.p.A. The Notes to the Consolidated Financial Statements illustrate the differences between the figures approved by the Shareholders' Meeting on 24 April 2009 and the amended figures.

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

Balance Sheet

Assets	
Non-current assets	458,443
Current assets	395,961
Non-current assets held for sale and/or disposal groups and/or discontinued operations	0
Total assets	**854,404**
Equity and liabilities	
Equity	291,465
Non-current liabilities	162,077
Current liabilities	400,862
Total equity and liabilities	**854,404**

Income Statement

Gross operating income	101,182
Net operating income	22,645
Income before taxes	10,677
Income before minority interests	9,522
Group net income/(loss) for the year	**10,528**

In our opinion, the Consolidated Financial Statements present a fair picture of Brembo Group's equity, financial situation and operating income for the year ended 31 December 2009, in compliance with above-mentioned accounting standards and regulations for consolidated financial statements.

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

Stezzano, 9 April 2010

BOARD OF STATUTORY AUDITORS

Sergio Pivato *(Chairman)*
Enrico Colombo *(Auditor)*
Daniela Salvioni *(Auditor)*

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LEGISLATIVE DECREE N 58 DATED 24 FEBRUARY 1998 (NOW ARTICLE 14 OF LEGISLATIVE DECREE N° 39 DATED 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 2009, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement 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 n° 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the 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 audit opinion.

The audit of the consolidated financial statements as of 31 December 2009 has been conducted in accordance with the Law in force during that period.

For comparative purposes the consolidated financial statements present corresponding data of the prior year. As discussed in the explanatory notes, the directors have retrospectively adjusted the comparative data related to the audited consolidated financial statements of the prior year, on which we issued our auditors' report on 9 April 2009. The methods used for the retrospective adjustment of the corresponding data of the prior period and the information presented in the explanatory notes, with regards to changes made to such data, have been audited by us for the purpose of expressing our opinion on the Brembo Group consolidated financial statements as of 31 December 2009.

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

PRICEWATERHOUSECOOPERS

3 In our opinion, the consolidated financial statements of Brembo SpA as of 31 December 2009 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 n° 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results 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 accordance 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 specific section related to the Corporate Governance and ownership structures, limited to the information provided for in accordance with the article 123-bis, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of the Legislative Decree n° 58/98, with the financial statements, as required by the Law. For this purpose, we have performed the procedures required under Auditing Standard n° 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Directors' Report on operations and the information, provided for in accordance with the article 123-bis, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of the Legislative Decree n° 58/98 presented in the specific section of the same report, are consistent with the consolidated financial statements of Brembo SpA as of 31 December 2009.

Milan, 9 April 2010

PricewaterhouseCoopers SpA

Signed by
Luigi Migliavacca
(Partner)

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

(2)

brembo

Attestation of the consolidated financial statements according to art. 81-ter of Consob Resolution No. 11971 of 14 May 1999 with amendments and additions

1. We 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 2009.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2009 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) has 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) agrees with the accounting records and entries;

c) is 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.

15 March 2010

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**

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Export M BG 020900

R.E.A. 134667
Registro Imprese BG
Codice Fiscale e Partita IVA
n° 00222620163

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2009

BREMBO S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2009

Balance Sheet at 31 December 2009

Assets

(euro)	31.12.2009	*of which with related parties*	31.12.2008	*of which with related parties*	Change
NON-CURRENT ASSETS					
Property, plant, equipment and other equipment	156,555,421		173,421,395		(16,865,974)
Development costs	38,355,164		38,789,520		(434,356)
Other intangible assets	12,797,729		11,908,450		889,279
Shareholdings	178,524,925		164,493,260		14,031,665
Other financial assets (investments in other companies and derivatives)	4,450		4,450		0
Receivables and other non-current assets	202,662		213,332		(10,670)
TOTAL NON-CURRENT ASSETS	**386,440,351**		**388,830,407**		**(2,390,056)**
CURRENT ASSETS					
Inventories	85,617,157		107,880,473	*5,000*	(22,263,316)
Trade receivables	96,781,605	*25,484,790*	139,561,346	*19,964,898*	(42,779,741)
Other receivables and current assets	10,071,394		21,114,632	*9,500*	(11,043,238)
Current financial assets and derivatives	22,678,192	*22,609,238*	27,150,037	*27,080,775*	(4,471,845)
Cash and cash equivalents	15,522,775		1,586,274		13,936,501
TOTAL CURRENT ASSETS	**230,671,123**		**297,292,762**		**(66,621,639)**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS	**0**		**0**		**0**
TOTAL ASSETS	**617,111,474**		**686,123,169**		**(69,011,695)**

Equity and Liabilities

(euro)	31.12.2009	*of which with related parties*	31.12.2008	*of which with related parties*	Change
EQUITY					
Share capital	34,727,914		34,727,914		0
Other reserves	121,523,614		119,878,554		1,645,060
Retained earnings/(losses)	12,840,937		12,840,937		0
Profit/(loss) for the year	21,144,284		16,653,451		4,490,833
TOTAL EQUITY	**190,236,749**		**184,100,856**		**6,135,893**
NON-CURRENT LIABILITIES					
Non-current payables to banks	76,872,632		82,231,713		(5,359,081)
Other non-current financial payables and derivatives	16,327,871		71,071,313	*50,000,000*	(54,743,442)
Other non-current liabilities	507,669		1,281,696		(774,027)
Provisions	3,076,393		1,158,095		1,918,298
Provisions for employee benefits	18,499,681	*40,142*	19,273,553	*39,363*	(773,872)
Deferred tax liabilities	8,509,552		12,378,045		(3,868,493)
TOTAL NON-CURRENT LIABILITIES	**123,793,798**		**187,394,415**		**(63,600,617)**
CURRENT LIABILITIES					
Current payables to banks	107,593,086		119,800,659		(12,207,573)
Other current financial payables and derivatives	66,953,370	*58,942,155*	31,884,433	*26,152,205*	35,068,937
Trade payables	99,078,005	*18,498,871*	122,478,158	*14,585,091*	(23,400,153)
Tax payables	550,009		1,965,675		(1,415,666)
Other current payables	28,906,457	*2,414,884*	38,498,973	*1,676,204*	(9,592,516)
TOTAL CURRENT LIABILITIES	**303,080,927**		**314,627,898**		**(11,546,971)**
NON-CURRENT LIABILITIES HELD FOR SALE AND/OR INCLUDED IN DISCONTINUED OPERATIONS	**0**		**0**		**0**
TOTAL EQUITY AND LIABILITIES	**617,111,474**		**686,123,169**		**(69,011,695)**

Income Statement at 31 December 2009

(euro)	31.12.2009	*of which with related parties*	31.12.2008	*of which with related parties (*)*	Change
Sales of goods and services	459,731,440	*24,778,183*	645,139,355	*38,207,312*	(185,407,915)
Other revenues and income	24,365,501	*13,381,860*	22,543,468	*13,800,262*	1,822,033
Costs for capitalised internal works	9,087,205		13,598,686		(4,511,481)
Raw materials, consumables and goods	(236,421,607)	*(72,178,704)*	(331,165,729)	*(88,871,973)*	94,744,122
Other operating costs	(90,375,914)	*(6,349,054)*	(128,228,130)	*(7,686,066)*	37,852,216
Personnel expenses	(126,385,242)	*(5,513,910)*	(148,318,919)	*(7,708,638)*	21,933,677
GROSS OPERATING INCOME	**40,001,383**		**73,568,731**		**(33,567,348)**
Depreciation, amortisation and impairment losses	(42,699,064)		(36,671,833)		(6,027,231)
NET OPERATING INCOME	**(2,697,681)**		**36,896,898**		**(39,594,579)**
Interest income (*)	*4,626,493*		*6,387,983*		*(1,761,490)*
Interest expense (*)	*(13,924,574)*		*(20,153,636)*		*6,229,062*
Net interest income (expense)	(9,298,081)	*(893,499)*	(13,765,653)	*(2,467,609)*	4,467,572
Interest income (expense) from investments	32,595,339	*37,440,259*	3,335,877	*7,702,161*	29,259,462
INCOME BEFORE TAXES	**20,599,577**		**26,467,122**		**(5,867,545)**
Taxes	544,707		(9,813,671)		10,358,378
NET INCOME (LOSS)	**21,144,284**		**16,653,451**		**4,490,833**

(*) The figures for 2008 were adjusted to more accurately reflect the company's situation.

Comprehensive Income Statement at 31 December 2009

(euro)	31.12.2009	*of which with related parties*	31.12.2008	*of which with related parties*	Change
NET INCOME (LOSS)	**21,144,284**		**16,653,451**		**4,490,833**
Effect of hedging accounting (cash flow hedge) of derivatives	(421,918)		(1,345,592)		923,674
Tax effects on other components of comprehensive income	116,028		370,037		(254,009)
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**20,838,394**		**15,677,896**		**5,160,498**

Cash-flow Statement at 31 December 2009

(euro)	31.12.2009	*of which with related parties*	31.12.2008	*of which with related parties (*)*
Cash and cash equivalents at beginning of year	**(97,409,836)**		**(120,731,747)**	
Cash and cash equivalents at beginning of year of the "HPK" business line	0		(3,500,000)	
Cash and cash equivalents at beginning of year	**(97,409,836)**		**(124,231,747)**	
Net income for the year before taxes	**20,599,577**		**26,467,122**	
Depreciation, amortisation/Impairment losses	42,699,064		36,671,833	
Capital gains/losses	739,687		(2,166,148)	
Write-ups/Write-downs of shareholdings	4,844,920		4,366,284	
Financial portion of provisions for payables for personnel	1,011,509		945,048	
Long-term provisions for employee benefits	0		27,539	
Income from shareholdings	(37,440,259)	*(37,440,259)*	(7,702,161)	*(7,702,161)*
Other provisions net of utilisations	913,717		2,916,941	
Net working capital generated by operations	**33,368,215**		**61,526,458**	
Paid current taxes	(5,296,649)		(3,723,845)	
Uses of long-term provisions for employee benefits	(1,785,381)	*779*	(1,893,241)	*39,363*
(Increase) reduction in current assets:				
inventories	22,348,520	*5,000*	(14,107,466)	*(4,470)*
financial assets (*)	9,922,979		(9,481,843)	
trade receivables and receivables from other Group companies	42,795,696	*(5,519,892)*	(8,300,339)	*474,891*
receivables from others and other assets	4,482,515	*9,500*	(513,946)	*(9,500)*
Increase (reduction) in current liabilities:				
trade payables and payables to other Group companies	(23,406,607)	*3,913,780*	(17,259,694)	*(8,257,975)*
payables to others and other liabilities (*)	(12,724,706)	*738,680*	(3,831,882)	*1,545,799*
Net cash flows from / (for) operating activities	**69,704,582**		**2,414,202**	

(euro)	31.12.2009	*of which with related parties*	31.12.2008	*of which with related parties (*)*
Investments in:				
intangible assets	(15,127,826)		(20,704,508)	
property, plant and equipment	(12,716,033)		(39,234,471)	
financial assets (shareholdings)	(18,780,585)		(41,235,601)	
Price for disposal, or reimbursement value of fixed assets	696,113		11,652,231	
Price for disposal, or reimbursement value of shareholdings	0		1,582,679	
Price for disposal of the “HPK” business line, gross of cash and cash equivalents	0		15,380,000	
Net cash flows from / (for) investing activities	**(45,928,331)**		**(72,559,670)**	
Dividends paid in the year	(14,702,501)	*(8,502,316)*	(18,493,566)	*(10,572,260)*
Loans to Group companies and amounts payable to companies participating in the centralised treasury system (*)	(12,738,513)	*(12,738,513)*	24,065,918	*24,065,918*
Acquisition of own shares	0		(7,923,836)	
Dividends received	37,440,259	*37,440,259*	7,702,161	*7,702,161*
Loans and financing granted by banks and other financial institutions in the year	27,074,361		100,000,000	
Repayment of long-term loans	(28,940,761)		(8,383,298)	
Net cash flows from / (for) financing activities	**8,132,845**		**96,967,379**	
Total cash flows	**31,909,096**		**26,821,911**	
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(65,500,740)**		**(97,409,836)**	

(*) Figures for 2008 denoted with asterisks were adjusted to provide more accurate information; they refer to loans to Group companies and companies participating in the centralised treasury system. The disclosure regarding related parties was expanded.

Statement of Changes in Equity at 31 December 2009

(euro)	Share Capital	Other reserves	Retained earnings (losses)	Net income (loss) for the year	Equity
Balance at 1 January 2008	**34,727,914**	**107,290,450**	**12,840,937**	**28,235,853**	**183,095,154**
Allocation of profit for the previous year		9,742,287		(9,742,287)	**0**
Payment of dividends				(18,493,566)	**(18,493,566)**
Gain on the disposal of the “HPK” business line		11,745,208			**11,745,208**
Acquisition of own shares		(7,923,836)			**(7,923,836)**
Components of comprehensive income:					
Effect of hedging accounting (cash flow hedge) of financial instruments (*)		(975,555)			**(975,555)**
Net income (loss) for the year				16,653,451	**16,653,451**
Balance at 31 December 2008	**34,727,914**	**119,878,554**	**12,840,937**	**16,653,451**	**184,100,856**
Allocation of profit for the previous year		1,950,950		(1,950,950)	**0**
Payment of dividends				(14,702,501)	**(14,702,501)**
Components of comprehensive income:					
Effect of hedging accounting (cash flow hedge) of financial instruments (*)		(305,890)			**(305,890)**
Net income (loss) for the year				21,144,284	**21,144,284**
BALANCE AT 31 DECEMBER 2009	**34,727,914**	**121,523,614**	**12,840,937**	**21,144,284**	**190,236,749**

(*) Hedging reserves are net of the related tax effect.

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 2009

Shareholders,

Pursuant to Art. 153 of Legislative Decree No. 58 of 24 February 1998, the Board of Statutory Auditors must report to the General 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 Art. 149 of the above-mentioned Decree and are now able to report the following information, in compliance with the provisions of CONSOB Circular of 6 April 2001:

1. During Board Meetings and periodic checks, Company Directors constantly informed us on the most significant economic and financial transactions carried out by the company. These transactions are part of the Group's strategic development plan and fully comply with laws and the Company By-laws. The main economic, financial and balance sheet transactions carried out during 2009 are listed below:
   a) On 28 May 2009, Brembo formed a 50-50 joint venture with SGL Group that specialises in ceramic carbon brake discs. The joint venture was formed by combining the assets of the respective investee companies: Brembo Ceramic Brake Systems S.p.A. and SGL Brakes GmbH. The object of the new joint venture, named Brembo SGL Carbon Ceramic Brakes S.p.A., is the development of carbon-ceramic braking systems and the manufacture and sale of carbon-ceramic brake discs for the original equipment market for cars and commercial vehicles. The joint venture was formed as follows: SGL Technologies GmbH subscribed a €30,000 thousand reserved capital increase by Brembo Ceramic Brake Systems S.p.A. (€2,000 thousand in share capital and €28,000 thousand to the share premium account) to acquire 50% of the company. Brembo Ceramic Brake Systems S.p.A. (now Brembo SGL Carbon Ceramic Brakes S.p.A.) approved the acquisition, for €30,000 thousand, of 100% of SGL Brakes GmbH (now Brembo SGL Carbon Ceramic Brakes GmbH), an SGL-Group company specialised in the manufacture of CCM discs. The acquisition agreement specifies price adjustments that must be made on the basis of criteria established therein.
   b) In July 2009, an agreement was reached with Sanluis Corporation to suspend the arbitration underway and Brembo acquired 24% of Brembo Rassini S.A. de C.V. (now Brembo Mexico Puebla S.A. de C.V.), in exchange for its stake in Fundimak S.A. de C.V, plus the remainder of the net consideration of USD 1,400 thousand. The agreement was executed on 19 August 2009.

c) In September 2009, a new company, Brembo Nanjing Foundry Co. Ltd., was set up in China, with a share capital of €10,000 thousand, which was paid in three instalments between October and December 2009. The newly incorporated company was used in January 2010 as a vehicle to acquire all the assets of a foundry from Donghua Automotive Industrial Co. Ltd, a company of the Saic group, the top Chinese manufacturer of cars and commercial vehicles. The transaction aims at strengthening the Brembo Group's presence in China by creating an integrated production centre in Nanjing, including a foundry and a production facility for brake callipers and discs (for cars and commercial vehicles) that will be able to offer the Chinese market braking systems built to meet Brembo's standards of performance, style and comfort.

d) In December 2009, Brembo's operations in China strengthened further, with the incorporation of the company Qingdao Brembo Trading Co. Ltd., 100% held through Brembo International S.A. The company carries out logistic activities within the Qingdao logistic hub.

2. In 2009, the Company did not carry out any atypical or unusual transactions.

No atypical or unusual operations were carried out with related parties, nor were there any that can significantly affect the Company's economic, equity and financial situation.

No atypical or unusual transactions were carried out with third parties or with Group companies.

Ordinary transactions within the Group related to the purchase and sale of products, services and the transfer of property, plant and equipment. The total amount of commercial transactions with other related parties was not material. All the transactions took place at prices that are in line with fair market values. These transactions are deemed fair and have been carried out in the interest of the Company.

In accordance with the joint-venture agreements with the SGL Group, on 27 May 2009, Brembo S.p.A. forgave an €8,743 thousand financial receivable due from BSCCB S.p.A. and treated the amount as a forgivable loan.

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.

Eight companies are currently participating, but Brembo plans to extend the system to all Group companies to the extent allowed by the tax and other laws of the individual countries. Following the aforementioned joint-venture agreements, BSCCB S.p.A. is no longer part of the centralised treasury system. The credit balance in respect of those taking part in the cash pooling system amounted to €5,012 thousand at 31 December 2009. The positions are in Euros and Usd.

It is noted that the Annual Financial Report contains specific detailed information regarding intra-Group transactions and transactions with related parties.

On 13 November 2008, the Board of Directors, in response to a proposal by Brembo's Remuneration Committee, approved the "2009 Ponte Plan" designed for certain executive Directors and Top Managers of Brembo. The Plan requires the achievement of several quantitative objectives in terms of Net Income and Operating Free Cash Flow, as set out in the related rules.

The plan is directed to approximately 35 people who are best able to impact the Group's performance. The reference period was 1 January 2009 – 31 December 2009.

On 24 April 2009, the General Shareholders' Meeting approved the incentive plan, confirming in particular that it can be applied to the Chairman.

Based on year-end results, no bonus was paid. At their meeting on 15 March, the Board of Directors considered the evaluations provided by the Remuneration Committee and voted to not pay any of the bonuses awardable under the 2009 Ponte Plan.

Brembo neither bought nor sold its shares in 2009. At 31 December 2009, the Company owned 1,440,000 own shares, purchased at an average weighted price of €7.94, for a total value of €11,436 thousand.

3. The Independent Auditors’ Report issued on 9 April 2010 does not set forth any items particularly worthy of note.
4. We received two reports as per Article 2408 of the Italian Civil Code (on 4 July 2009 and 30 March 2010) and completed the necessary inquiries.
5. We received no complaints in 2009.
6. PricewaterhouseCoopers was paid €29 thousand for the provision of auditing services, including certification.
7. PricewaterhouseCoopers representatives were paid €90 thousand for providing technical and methodological assistance in relation to the "Management of ERP Project Risks" and €93 thousand for providing administrative and company assistance.
8. During the year the Board of Statutory Auditors checked, pursuant to art. 3 and art. 5 of the Corporate Governance Code, that the criteria and assessment procedures adopted by the Board of Directors in order to appraise the independence of its members have been correctly applied and issued an opinion on the appointment of the Manager in charge of the Company's financial reports pursuant to Law 262/05.
9. Opinions were provided during the year as required by law.
10. During 2009, the Board of Directors met nine times and the Board of Statutory Auditors met six times, whereas the Audit Committee met six times.
11. 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.
12. Brembo's organisational structure is constantly adjusted to the size and complexity reached by the company.
13. The internal control system is adequate, and it appears to be suitable for pursuing risk prevention and ensuring the effective application of standards of corporate conduct, which have been acknowledged in

the Code of Ethics. During 2009, Internal Audit was carried out based on the approved three-year audit plan, in line with the actions agreed during the year with the Chairman and Audit Committee. The audit plan envisages: risk assessments, using the Control Risk Self Assessment method, organisational audits of all Group companies, audits of conformity with law No. 262/05 and legislative decree No. 231/01, operating audits on specific areas of activity and ethics audits on the basis of specific reports received.

14. 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.

15. The Company issued instructions to subsidiaries, as provided for by Article 114, paragraph 2, of Legislative Decree 58/1998: these instructions are deemed in line with regulations.

16. 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.

17. Brembo's System of Corporate Governance was implemented also in financial year 2009, fully complying with the provisions of the "Corporate Governance of Listed Companies" and the new requirements for companies listed on the STAR segment. In compliance with Art. 6 of Legislative Decree 231/2001, the Company continued all the necessary actions aimed at setting up an Organisation, Management and Control system capable of preventing Brembo from being considered liable for crimes pursuant to Italian Legislative Decrees 231/2001 and 61/2002.
    Training and refresher courses have been organised for those responsible for the Organisation, Management and Control Model in Group companies on the subject of new offences and, in particular, on their responsibilities as regards internal controls and principles contained in the Code of Ethics. The company has included in the Organisation, Management and Control Model the new types of offences envisaged under the supplement to Legislative Decree 231/2001: the new text was approved by the Board of Directors on 15 March 2010.
    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.

18. During the year, we carried out the monitoring activities set forth in Article 149.
    During the meetings of the Board of Directors and our periodic meetings with the Directors, we were immediately informed of significant transactions and were able to obtain all the details required to analyse and evaluate their impact on the Company's economic and financial structure. During our frequent meetings with the Audit Committee and with the Independent Auditors, we were able to obtain detailed information on the Internal Control System and on the Company's level of administration and accounting organisation.

We can confirm that in performing our activities, we did not note any irregularities, omissions or censurable operations.

19. We hereby propose that the General Shareholders' Meeting approve the Financial Statements for the year ended 31 December 2009 and we further express our favourable opinion on the proposal of the Board of Directors for the distribution of dividends.

Stezzano, 9 April 2010

BOARD OF STATUTORY AUDITORS

Sergio Pivato (Chairman)
Enrico Colombo *(Auditor)*
Daniela Salvioni *(Auditor)*

A list is given below of the administrative and control functions held by members of the Board of Statutory Auditors in other companies at 9 April 2010 (Attachment pursuant to art. 144-*quinquiedecies* Issuers' Regulations).

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

Enrico Maria Colombo: Chairman of the Board of Directors of Tod's S.p.A., Filangeri 29 s.r.l., Ceccato aria compressa S.p.A., Collistar S.p.A., Misco Italy Computer Supplies S.p.A., Riva Acciaio S.p.A., Riva Fire S.p.A., DEL.COM. S.r.l., Acting Auditor of ABAC Aria Compressa S.p.A., Lifegate Radio S.p.A., Società Italo Britannica Manetti & Roberts S.p.A., UHU Bison S.p.A.

Daniela Salvioni: No positions held with other companies.

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