50 YEARS
1961-2011

ANNUAL REPORT 2010

brembo®

ANNUAL REPORT 2010

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The Annual Report is a translation provided only for the convenience of foreign readers. The Italian version will prevail.

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 **29 April 2011 at 11:00 a.m. CET** (first call) or, if necessary, on 30 April 2011, at the same place and time (second call), to resolve on the following

AGENDA

1. Presentation of the Annual Financial Statements of the merged company Marchesini S.p.A. at 31 December 2010, prepared in condensed form within the meaning of Article 2435-*bis* of the Italian Civil Code and availing of the exemption from the obligation to prepare the Directors' Report on Operations pursuant to Article 2435-*bis*, paragraph 7, of the Italian Civil Code, accompanied by the Statutory Auditors' Report. Ensuing resolutions.
2 Presentation of the Financial Statements of the merged company Brembo Performance S.p.A. for the year ended 31 December 2010, with the Directors' Report on Operations, Statutory Auditors' Report and the Independent Auditors' Report. Ensuing resolutions.
3. Presentation of the Financial Statements of Brembo S.p.A. for the year ended 31 December 2010, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in Charge of the Company's Financial Reports. Allocation of profit for the year and dividend distribution. Ensuing resolutions.
4. Presentation of the Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2010, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in Charge of the Company's Financial Reports.
5. Appointment of the Board of Directors.
5.1 Determination of the number of members of the Board of Directors' and the duration of their term of appointment.
5.2 Appointment of Directors.
5.3 Appointment of the Chairman of the Board of Directors.
5.4 Determination of the annual remuneration of Directors.
6. Appointment of the Board of Statutory Auditors.
6.1 Appointment of three Statutory Auditors and two Alternate Auditors.
6.2 Appointment of the Chairman of the Board of Statutory Auditors.
6.3 Determination of the annual remuneration of members of the Board of Statutory Auditors.
7. Reviewing of PriceWaterhouseCoopers S.p.A.'s fees for the 2010-2012 period. Ensuing resolutions.
8. Authorisation for the buy-back and disposal of own shares. Ensuing resolutions.
9. Amendments to articles 1, 2, 3, 4, 5, 9, 14, 26, 27 and 28 of the Regulations of the Shareholders' Meetings. Ensuing resolutions.

Stezzano, 14 March 2011

ON BEHALF OF THE BOARD OF DIRECTORS
The Chairman
Alberto Bombassei

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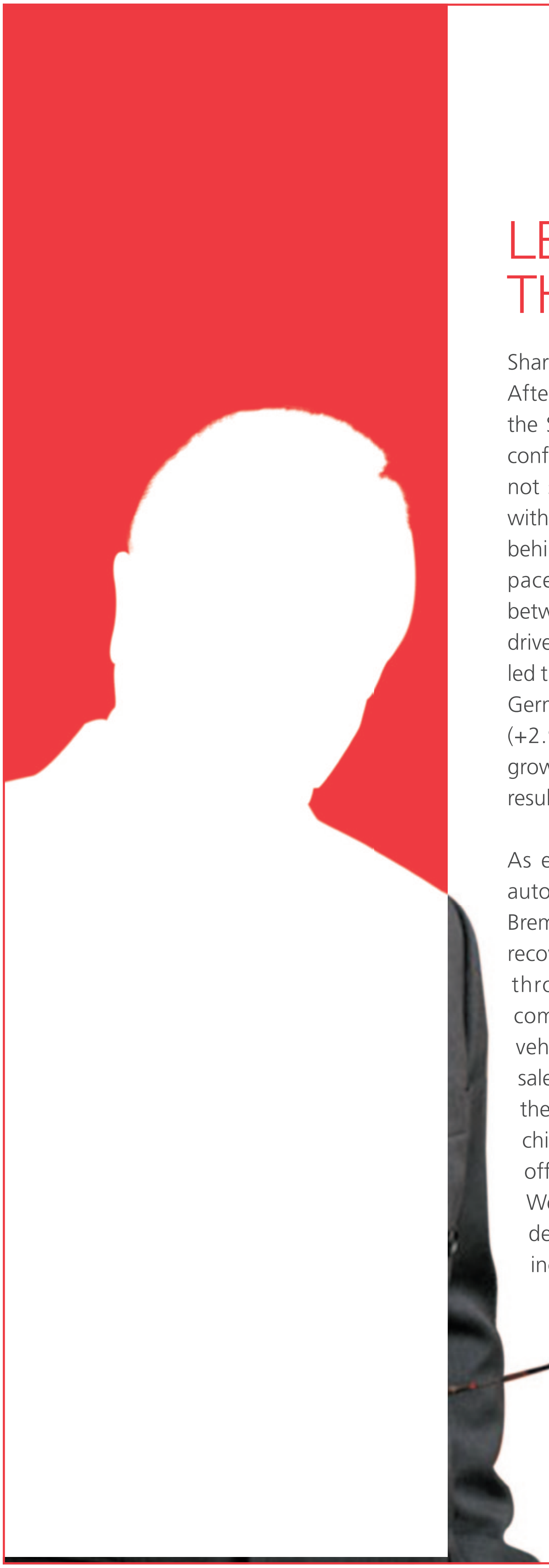


LETTER FROM THE CHAIRMAN

Shareholders,

After the year of the great global economic crisis, the worst since the Second World War, 2010 saw a return to a climate of renewed confidence. However, the signs of a recovery, while present, are still not sufficient to allow us to consider the challenges and problems with which the global economic system is confronted to be entirely behind us. Global GDP resumed growth (+4.6%), albeit at a slower pace than expected, continuing to reflect very clear differences between mature and emerging economies, which remained the true drivers of growth. China (+10.3%), India (+8.7%) and Brazil (+7.5%) led the recovery. Yet countries such as Japan (+4.3%), Russia (+3.9%), Germany (+3.6%) and – to a more modest extent – the United States (+2.9%) and the entire Eurozone (+1.7%) also showed positive growth indicators, following a 2009 in which all had posted negative results, in some cases to a very severe degree.

As economic growth resumed, albeit at an uncertain pace, the automotive industry, which has always been the target market for Brembo's products, also yielded a positive performance during the year, recovering from a crisis that had affected all vehicle manufacturers throughout the world, with the inevitable repercussions on component suppliers. Registrations of cars and light commercial vehicles, the segment in which Brembo posts three-fourths of its sales, exceeded 70 million, increasing by more than 13% in 2010 at the global level. Growth was once more driven by the new markets, chiefly China and India, which reported increases in excess of 30%, offsetting the consistently disappointing performance of sales in Western Europe, where new vehicle registrations continued to fall, decreasing by nearly -4%, due in part to the discontinuation of incentive campaigns.

Brembo succeeded in seizing the opportunity presented by the attenuation of the crisis, and the company's presence on the most dynamic markets, as well as the important new supply agreements reached with European and American vehicle manufacturers led to a significant improvement in all indicators during the reporting year. Sales exceeded €1,075 million, up by more than 30% compared to the previous year, an all-time high in the company's nearly 50 years of history. Net operating income increased by nearly two and a half times (+149%) and income before taxes more than quadrupled (+325.5%) to reach over €45 million.

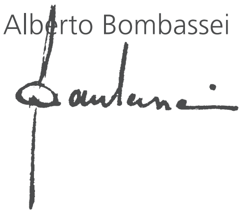
During the year, the Group continued to pursue an investment policy aimed in particular at consolidating and developing its presence in the geographical areas of greatest promise for the automotive industry, while also proceeding with the manufacturing integration processes to which the company has been committed for several years, with the aim of reducing costs and achieving ever greater efficiency in production cycles.

In January 2010, we acquired a foundry in Nanjing, China, from China's leading manufacturer of cars and commercial vehicles. This foundry, together with our previous facility, which has been operational since 2001, will form an integrated manufacturing hub in which Brembo plans to invest €50 million to triple its output of brake discs and callipers for the Chinese and Asian markets by 2013. In Poland, we launched a four-year, €82 million investment plan for the same type of production process with the aim of increasing the production capacity of the integrated industrial hub in Dabrowa Gornicza, where a new foundry is under construction, in order to meet the needs resulting from the acquisition of increased market share in Europe. In the Czech Republic, a new production facility is under construction. With a planned investment of €35 million, the new facility will become operational as early as 2011 and will handle the casting, processing and assembly of brake callipers and other aluminium components, with the aim of offering the European market high-quality, high-tech brake systems. In India, where Brembo has long operated its own production facility, a new brand has been created for the production and marketing of brake systems for motorbikes and scooters intended for the local market.

In parallel, the Group has remained committed to researching and developing new products and technologies, in order to consolidate the leadership that has always distinguished Brembo in this field at the global level. The goals pursued by the Group include studying and applying new materials capable of improving the performance of brake systems by reducing their weight. They also include conducting research aimed at limiting production costs for the most sophisticated systems in order to achieve wider application, extending them to the middle and upper-middle segments of the market as well. To provide cutting-edge products also to emerging markets, Brembo has decided to create a specific Development Centre for these markets, construction of which has begun in China, while for NAFTA countries a Centre is already operational in the USA.

In conclusion, 2010 was a year that saw Brembo return to levels of production and results very close to those achieved prior to the global economic crisis. We have also resumed hiring, both in Italy and internationally. This, along with our results, is the best way to prepare to celebrate 50 years of Brembo history in 2011, with all those who have contributed, and continue to contribute, to the Group's success on a daily basis.

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 27 April 2010, the Shareholders' Meeting appointed Bruno Saita to the Board of Directors (as non-executive and non-independent director). Bruno Saita had previously been co-opted onto the Board of Directors on 15 March 2010 following Mauro Pessi's resignation from the positions of Director and Managing Director (non-independent executive director).

At 31 December 2010, 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) (10)
	Umberto Nicodano (4)
	Pasquale Pistorio (2) (6)
	Giuseppe Roma (2) (10)
	Bruno Saita (4)
	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)

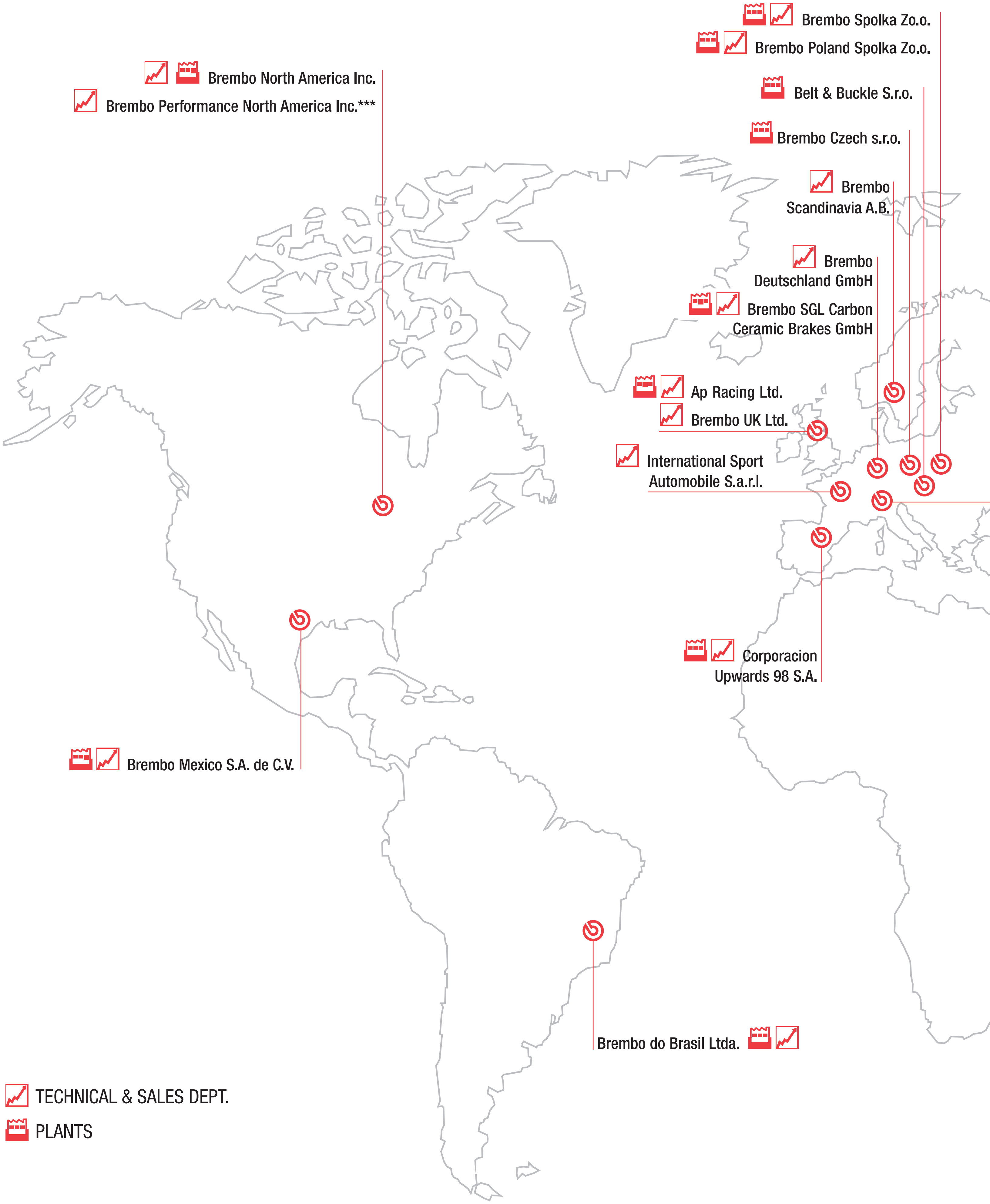
Committees

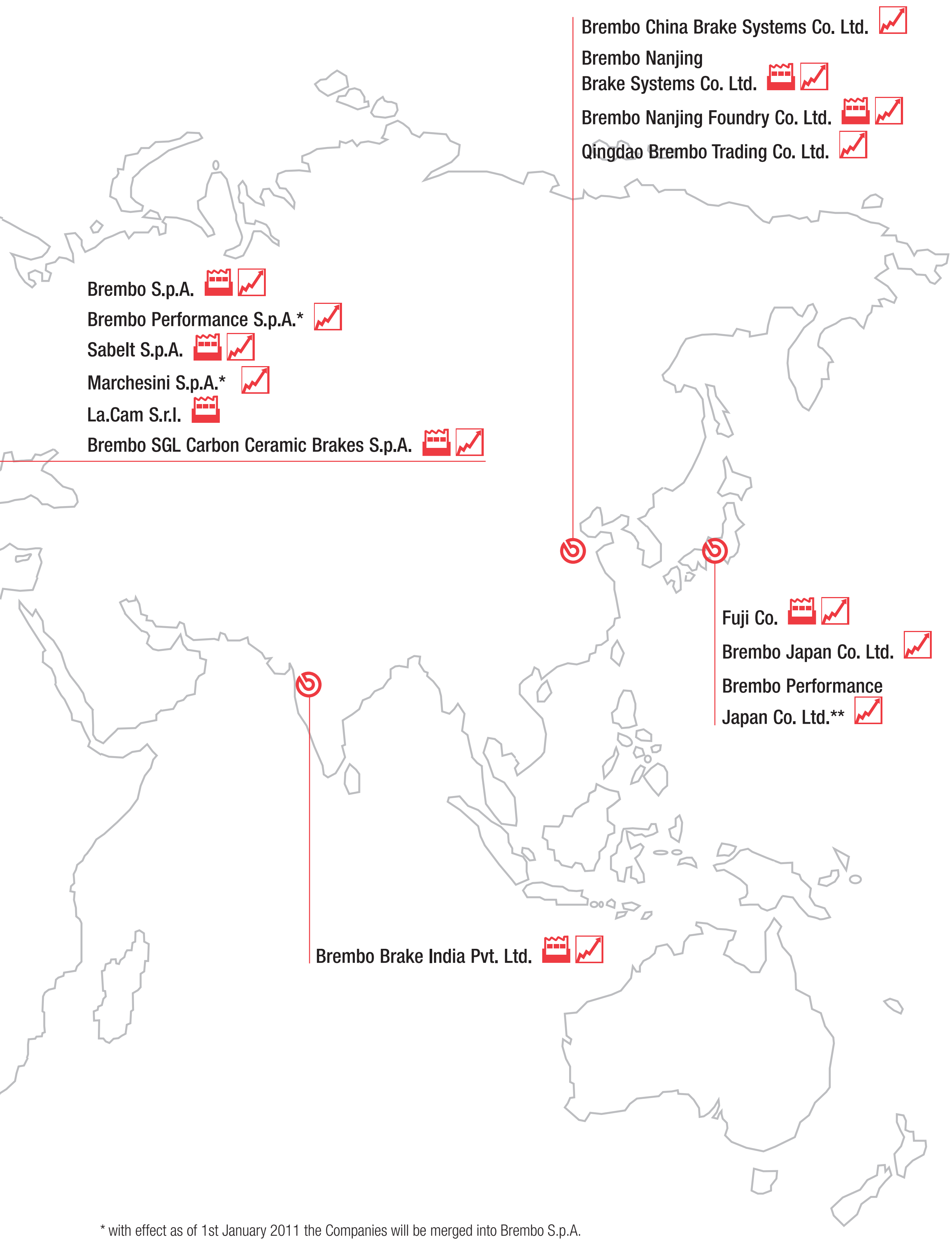
Audit Committee	Giuseppe Roma **(Chairman)** Giancarlo Dallera Giovanna Dossena
Remuneration Committee	Umberto Nicodano **(Chairman)** Giovanni Cavallini Pierfrancesco Saviotti
Supervisory Committee	Giovanna Dossena **(Chairwoman)** Giancarlo Dallera Alessandra Ramorino Pierfrancesco Saviotti

(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 as Manager in Charge of the Company's Financial Reports. He also holds the position of Investor Relator.
(10) At 31 December 2010, Brembo confirmed the independent status of Directors Giovanna Dossena and Giuseppe Roma pursuant to letter l), paragraph 3, of Article 2.2.3 of the Rules of the Market. During its self evaluation activity, the Board confirmed the Directors' independent status in light of the professionalism and independent judgement demonstrated by them, as well as their 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).

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

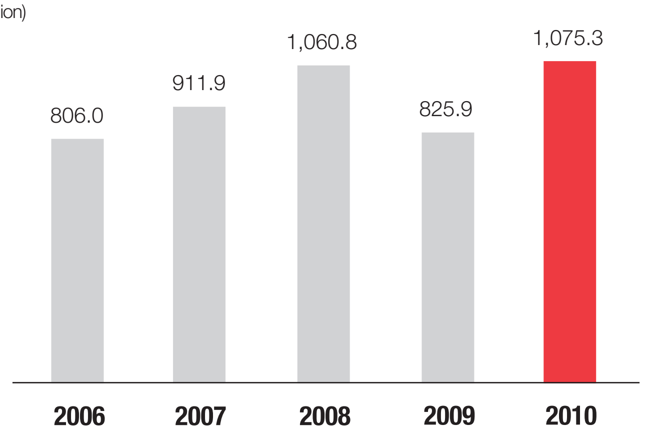




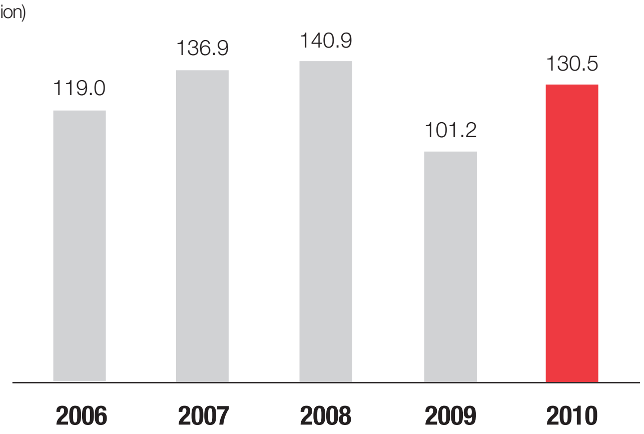
* with effect as of 1st January 2011 the Companies will be merged into Brembo S.p.A.
** with effect as of 1st January 2011 the Company will be merged into Brembo Japan Co. Ltd.
*** with effect as of 1st January 2011 the Company will be merged into Brembo North America Inc.

BREMBO: SUMMARY OF GROUP RESULTS

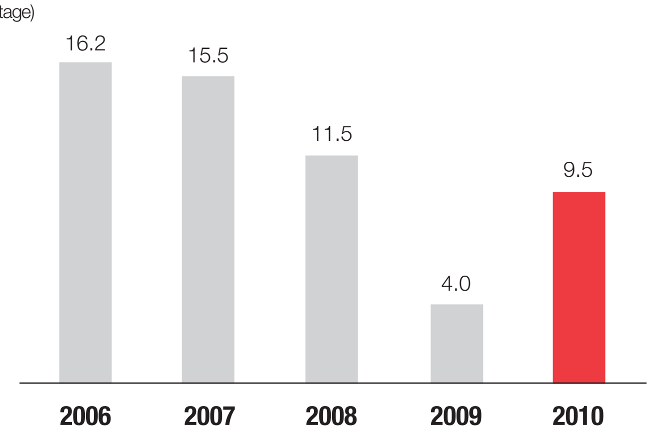
SALES OF GOODS AND SERVICES
(euro million)



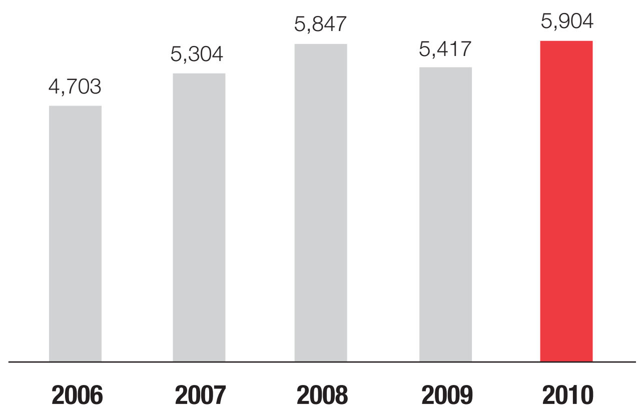
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PERSONNEL AT END OF PERIOD
(No.)



Economic results

(euro thousand)	31.12.2006	31.12.2007	31.12.2008	31.12.2009	31.12.2010	% 2010/2009
Sales of goods and services	805,986	911,885	1,060,771	825,897	1,075,252	*30.2%*
Gross operating income	118,969	136,943	140,945	101,182	130,542	*29.0%*
% on sales	*14.8%*	*15.0%*	*13.3%*	*12.3%*	*12.1%*	
Net operating income	79,543	88,630	74,777	22,645	56,396	*149.0%*
% on sales	*9.9%*	*9.7%*	*7.0%*	*2.7%*	*5.2%*	
Income before taxes	70,409	76,472	53,608	10,677	45,433	*325.5%*
% on sales	*8.7%*	*8.4%*	*5.1%*	*1.3%*	*4.2%*	
Net income (loss)	42,945	60,764	37,505	10,528	32,271	*206.5%*
% on sales	*5.3%*	*6.7%*	*3.5%*	*1.3%*	*3.0%*	

Financial results

(euro thousand)	31.12.2006	31.12.2007	31.12.2008	31.12.2009	31.12.2010	% 2010/2009
Net invested capital (1)	492,517	573,430	652,317	568,361	592,804	*4.3%*
Equity	270,564	313,994	292,035	291,466	325,859	*11.8%*
Net financial debt (1)	193,290	235,885	337,443	254,990	246,735	*-3.2%*

Personnel and investments

	31.12.2006	31.12.2007	31.12.2008	31.12.2009	31.12.2010	% 2010/2009
Personnel at end of period (No.)	4,703	5,304	5,847	5,417	5,904	*9.0%*
Turnover per employee (euro thousand)	171.4	171.9	181.4	152.5	182.1	*19.4%*
Investments (2) (euro thousand)	84,147	116,865	149,384	47,465	77,164	*62.6%*

Main ratios

	31.12.2006	31.12.2007	31.12.2008	31.12.2009	31.12.2010
Net operating income/Sales	*9.9%*	*9.7%*	*7.0%*	*2.7%*	*5.2%*
Income before taxes/Sales	*8.7%*	*8.4%*	*5.1%*	*1.3%*	*4.2%*
Investments/Sales	*10.4%*	*12.8%*	*14.1%*	*5.7%*	*7.2%*
Net financial debt/Equity	*71.4%*	*75.1%*	*115.5%*	*87.5%*	*75.7%*
Interest expense/Sales	*1.2%*	*1.1%*	*1.8%*	*1.3%*	*0.8%*
Interest expense/Net operating income	*11.8%*	*11.2%*	*26.0%*	*46.6%*	*15.9%*
ROI (3)	*16.2%*	*15.5%*	*11.5%*	*4.0%*	*9.5%*
ROE (4)	*16.3%*	*19.6%*	*12.4%*	*3.3%*	*9.8%*

(1) A breakdown of these items is provided in the reclassified Balance Sheet on page 39.
(2) The item includes acquisitions of property, plant, equipment and intangible assets and increases deriving from the change in the consolidation area.
(3) Net operating income/Net invested capital.
(4) Net income (loss) before minority interests/Equity.

DIRECTORS' REPORT ON OPERATIONS

BREMBO AND THE MARKET

Macroeconomic Context

In 2010, the global macroeconomic context was characterised by widespread improvement in the main indicators. The global economy's growth prospects gradually strengthened during the year in both the financial industry and in the car industry, in which Brembo operates. A growing number of countries throughout the world began to show signs of the resumption of growth at various levels of intensity and following various trends.

Emerging countries were once more the main drivers of this growth. In 2010, these markets continued to report very high growth rates, in excess of 6%. In mature economies, the reporting year witnessed heterogeneous performances, as economic activity strengthened in the United States and Germany, whereas Japan and the United Kingdom showed slight contractions.
According to the OECD's latest estimates, global output increased by 4.6% in 2010, a positive result, albeit slightly below previous estimates. In 2011, growth is expected to amount to 4.2% (unchanged from the estimate published at the end of the third quarter), with a distribution similar to that seen in 2010, in which emerging markets accounted for more than two-thirds of expected growth.
Demand from emerging countries drove an increase in the volume of exchange of goods and services, allowing international trade to close out 2010, according to the OECD's estimates, with 12.3% growth, an improvement compared to the estimate prepared at the end of September (+11.4%).

In the Eurozone, a severe climate of uncertainty continues to surround capital market tensions and their potential contagion of the area's economy. The latest estimates by Consensus Economics, released in January 2011, called for the area's GDP to grow by 1.7% in 2010 and decline slightly to 1.5% for 2011.
Foremost among the countries that stand out for their dynamism is Germany, which according to the federal statistics institute Destatis is expected to close 2010 with GDP growth of 3.6%. This important result is tied to both the increase in exports and the recovery of domestic consumption. Estimates for Italy call for growth of 0.9%, below the European average, albeit with positive signs relating to the 4.1% increase in industrial output through November. The recovery of the major Euro Area countries continued to be slowed by the climate of uncertainty that is severely conditioning the job market: the unemployment rate remains very high, reaching record levels among young people at the end of 2010. In November, the European unemployment rate was 9.6%, and the youth unemployment rate was above 20%. In Italy, in the same month, the general unemployment rate was below the European average, while the youth rate was nearly 29%.
Inflation, measured according to the harmonised consumer price index, fluctuated, closing 2010 at 1.6%, while showing an uptrend late in the year (2.2% in December). The figure continues to be affected primarily by food and energy components.
The macroeconomic European scenario, Brembo's primary market of operation, is certainly influenced by the performance of the automotive industry. Motor vehicle registrations declined further (-9.2% in the EU27) in the fourth quarter of 2010 and year-end figures showed uneven performances in the various countries. In Germany, the decrease exceeded 23%. In Italy, car registrations fell below two million, marking an annual decrease of 9.2% compared to 2009. Commenting on the automotive market in Italy, the Chairman of ANFIA (Italy's Automotive Industry Association) stated that "the Italian car market's performance in all of 2010 inevitably reflects the expectations that have been

building for months," and added that "in the 12 months, orders received decreased 25% compared to January-December 2009 and a remarkable 40% in December 2010 compared to December 2009. With 2011 off to a start of this kind, we cannot expect a brilliant beginning to the year, yet we may hope that the situation will improve after the first quarter, encouraged by the signs of a recovery in consumer confidence."

In the United States, the growth trend also continued in the final months of the year and the increase for all of 2010 is expected to achieve 2.9%, the highest level on record since the end of 2007. According to these figures, growth is expected to continue, although there is still considerable cause for uncertainty and concern. Indeed, the economic recovery is still not in a position to yield an effective reduction in the unemployment rate. The high level of this indicator remains the weak spot for the U.S. economy, as for most mature markets, although there were some positive signs in the United States late in the year, as unemployment benefit applications decreased more than expected. To create new jobs and reduce the unemployment rate (9.4% in December, a threshold that had not been crossed for a year and a half), the United States is entering into agreements with other countries to increase exports of U.S. products. In detail, agreements have been signed with China for USD 45 billion and India for USD 10 billion, in addition to the free-trade agreement negotiated with Seoul.
Other positive signs were provided by the real-estate market, as existing home sales increased by a remarkable 12.3% in December, as well as from industrial output, which resumed growth in the final two months of the year. In the first part of the fourth quarter, the slight increase in real disposable income led U.S. households to increase their spending, especially on durable goods.

In Japan, the latest January 2011 estimates by Consensus Economics called for GDP growth of 4.3% in 2010 compared to 2009. Industrial output declined in October and only recovered to a partial degree in November. Negative signs were also seen in exports, which showed a decrease in volumes during the autumn period. The Japanese executive is also concerned by the unemployment rate, which rose again to 5.1% in October-November from the 5.0% reported in September. Over the past decade, Japanese GDP growth was a mere 0.6% compared to 1.7% in the United States. A growth rate of 0.6% leads analysts to consider the past ten years a 'lost decade' for Japan.
This figure, along with the rise of the Chinese market, will most likely drive the Japanese government to action. In addition, in November the monthly Tankan survey of confidence in the manufacturing sector showed a decline compared to the previous month.

Growth remained high in the main emerging markets.

In Brazil, GDP growth was estimated to amount to 7.5% in 2010 according to the latest estimates by Consensus Economics at the end of 2010. In this area, economic growth, while robust, showed some signs of moderation in the second half of the year. The automotive market mirrored the positive performance of the economy at large. According to the latest figures published by Fenabrave, the association of Brazilian dealers, Brazil closed 2010 with an increase in sales of cars, heavy vehicles and buses of more than 10% compared to the previous year.

In Russia, Consensus Economics estimated that GDP increased by 3.9% in 2010, following the contraction of 7.9% in 2009. Figures for sales of cars and light commercial vehicles showed a remarkable 60% increase in the last month of the year, closing 2010 with 30% growth to nearly two million vehicles sold.

In India, economic growth continued at the rapid pace seen in the previous year. According to the latest January 2011 estimates by Consensus Economics, GDP is expected to rise by 8.7% in 2010, marking further progress compared to the 8.3% estimated in September. However, inflationary pressures in this country, as in the other areas where there are enormous influxes of capital, remain strong.

In China, the fourth quarter of 2010 continued to witness rapid growth. Buoyed by this result, China surpassed Japan in terms of Gross Domestic Product after more than 40 years. China has thus become the world's second-largest economy after the United States.
In September, Japanese GDP amounted to USD 3,959.4 billion, compared to the 3,946.8 billion reported by Beijing during the same period, while analysts were predicting China to surpass Japan in 2011. In short, China's GDP increased by 10.3% in 2010. The level of inflation remains a weak point for the Chinese government, although the increase in prices on an annual basis through December was more moderate, declining to 4.6% compared to 5.1% in the previous month. Figures for 2010 showed an increase in exports and imports, with the total volume of imports and exports rising by 34.7% compared to 2009.

In commodities markets, the average price per barrel (the average of the prices of the three qualities of crude oil considered) amounted to USD 79 a barrel in 2010, up by 28% compared to the average for 2009. In further detail, the price tracked between USD 80 and 90 a barrel during the fourth quarter, yielding an average of USD 81.7 a barrel, which climbed to USD 84.6 in November and USD 90.1 in December. In mid-January 2011, the average of the prices of the three qualities of crude oil considered reached USD 95 a barrel. These increases reflect the rise in demand from China and the United States.
The International Energy Agency (IEA) has revised its estimate of global oil demand for 2011 downwards. Driven by emerging markets, global demand is expected to climb 1.6% on an annual basis, bringing daily demand from the 87.7 million barrels of 2010 to the 89.1 million barrels estimated for 2011 (360,000 barrels more than estimated in the previous IEA report).
The prices of several metals have undergone significant increases, reflecting strong demand from emerging countries, particularly from China.

The global market for the sale of light vehicles continued to grow, driven by the impetus provided by rapidly expanding new markets, although there was a slight slowdown in the second half of the year. Global light vehicle sales increased by 13.3%. Due to the strong negative impact of the discontinuation of incentive campaigns, western Europe was the area of greatest decline with a decrease of almost 4% year-on-year. The Chinese market also slowed, although the growth rates seen on the Chinese market remained above 20% in the fourth quarter of 2010.

Currency Markets

The currencies of the main markets on which Brembo operates at an industrial and commercial level generally appreciated against the euro, while fluctuating in the course of the year.
The US dollar, which was trading at 1.44 dollars to the euro at the beginning of the year, initially depreciated to 1.456 (13 January 2010) and then appreciated consistently to culminate in the high for the year of 1.194 on 8 June. After falling to 1.424 in early November, the dollar settled near its average for the year, closing at 1.336 euro to the dollar.
The British pound fluctuated throughout 2010. It fell from an initial exchange rate to the euro of 0.8881 to reach a low of 0.9114 on 10 March. Following sharp appreciation to 0.8104 (29 June), the pound then depreciated until 25 October (0.89255) to close the year, like the dollar, near the annual average (0.86075).
In 2010, the Japanese yen appreciated constantly against the euro. After reaching a high on 24 August (106.19), it depreciated slightly in September to then return to near the high at year-end, closing at 108.65.
The Polish zloty, which remained near 2009 year-end levels until mid-February, appreciated sharply against the euro to reach a high of 3.8349 on 6 April. In May, it depreciated rapidly to 4.195 (4 June). By contrast, in the second half of the year it then went on to appreciate above the average until mid-November, closing the year at 3.975.
The Brazilian real reached a low against the euro on 1 February (2.612) to then appreciate consistently (with the exception of a dip in September and October) to close at 2.2177.
Finally, the Mexican peso appreciated constantly until mid-June, reaching a high of 15.3922 on 11 June, then depreciating in the second half of the year and closing at 16.5475.

Group Activities and Reference Market

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It operates in 15 countries on 3 continents, with 39 production and business sites and employs about 5,900 people worldwide. The Group's operations are conducted from 12 industrial-commercial facilities in Italy and 27 in other countries. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa), the United Kingdom (Coventry), the Czech Republic (Mošnov), the Slovak Republic (Zilina), Germany (Meitingen), México (Puebla and Apodaca), Brazil (Betim and São Paulo), China (Nanjing), 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), China (Beijing and Qingdao) 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 aftermarket, Brembo offers in particular brake discs, in addition to pads, drums, brake shoes, drum-brake kits and hydraulic components: a vast and safe range of products 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 2010, Brembo's consolidated net sales totalled €1,075,252 thousand, up 30.2% 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 2010, the global light vehicle market reported an overall increase in registrations of 13.3%, driven in particular by the impetus provided by emerging markets and, in part, by the North American market. The sole exception was represented by the Western European market, which weakened further in the fourth quarter of the year, bringing the cumulative figure for 2010 to a decrease of 3.9% compared to the year-end figure for 2009. The main cause of that decrease may be sought in the negative impact on vehicle sales of the discontinuation of incentive campaigns in most countries of this region. The market most affected by the failure to extend the incentives was Germany, which reported an overall decrease in car registrations of 23.4%, followed by Italy (-9.2%) and France (-2.2%). By contrast, car sales increased slightly in the United Kingdom (+1.8%) and Spain (+3.1%).

Eastern European markets continued to perform well, closing 2010 with a pronounced recovery in light vehicle registrations, which increased 17.2% compared to the previous year, to approach four million light vehicles registered.
Highly positive sales trends were also reported in the United States, which showed overall growth of 11.1% compared to 2009, and in Japan, where the market grew by 7.5% compared to the previous year.
Light vehicle sales also continued to rise throughout 2010 in Brazil and Argentina, resulting in an increase of 15.2%. Turning to the two fastest-growing Asian markets, India closed the year with an increase of 31.5%, while China, although slowing in the second half of the year, remained the leading market, with an overall growth of 33.2% and volumes exceeding those of the United States.

Within this scenario, Brembo reported €716,217 thousand in net sales for car applications in 2010, representing 66.6% of the Group's turnover, up by 35% compared to 2009.

Motorbike Applications

In Europe, overall motorbike registrations amounted to 1,105,361 vehicles in 2010, declining by 13.4% compared to the previous year.
Within the European context, the Italian market declined sharply compared to 2009 (-24%). Registrations also fell in France (-11.2%), Germany (-10.5%) and the United Kingdom (-14.1%), showing a slight increase (+0.85%) only in Spain. The decrease reported in Europe affected all displacements, and especially motorbikes between 500 and 750 cc, which declined by 23%. Only registrations of motorbikes with greater displacements than 1000 cc rose, showing an increase of 3.7%.

In the United States, the downtrend in registrations of motorbikes, scooters and ATVs (All-Terrain Vehicles - four-wheelers for recreation and work) continued throughout 2010 and the total decrease compared to 2009 was 17.4% (696,428 registrations in 2010 compared to 843,057 in 2009).
Motorbike and scooters registrations alone fell 15.8%, while ATVs fared even worse, declining 20%.
Within this scenario of severe decline, the Japanese market remained stable overall compared to 2009 (380,242 registrations in 2010 compared to 380,777 in the previous year), while the market grew by 19% (148,995 versus 125,216) if only two-wheeled vehicles with displacements of greater than 50 cc are considered, driven by the more significant growth in the segments of 51 to 125 cc (+46.26%) and over 250 cc (+14.47%).
Highly positive signs were seen in emerging markets, and especially the Indian market, which showed a 33% increase in registrations of two-wheeled vehicles during the reporting period (12,102,000 compared to 9,130,000).

Against this extremely negative backdrop, Brembo's net sales of motorbike applications amounted to €114,910 thousand in 2010, down 14.1% compared to €100,718 in the previous year.

Commercial and Light Commercial Vehicle Applications

In 2010, the light vehicle market in Europe, Brembo's main market of operation, reported overall registration growth of 10.2% compared to 2009, showing a turnaround compared to the two-year critical period. Positive performances were reported across all segments, with the sole exception of the bus segment, whose sales account for approximately 2% of the total. However, the growth figure should be viewed in the proper context, considering that registrations had declined by 32.4% at the global level in 2009.
Total sales of light commercial vehicles (up to 3.5 tonnes) increased 11.9% in Europe. Amongst the major markets of operation in Western Europe, the UK market showed the greatest growth (+19.5%), followed by Germany (+16%) and France (+11.5%). Growth was more limited in Spain (+8.8%) and Italy (+6.2%).
There was no sign of a recovery in Eastern European markets, which showed a downtrend throughout 2010 and closed the year with an overall decrease in registrations of 24.3% compared to 2009.
The segment of light commercial vehicles over 3.5 tonnes, while showing significant signs of a recovery in the second half of the year, closed the period with an increase of a mere 3.3 percentage points, affected by the negative performance early in the year. Amongst the major markets of operation in Western Europe, the German and Spanish markets showed a significant increase of +19.7% and +12.1%, respectively. Registrations slightly declined in France (-0.9%) and the United Kingdom (-0.8%), while the Italian market reported a decrease of 5%.
In Eastern European markets, sales of medium and heavy vehicles (over 3.5 tonnes) increased by 32.2%, in contrast to the performance reported in the light vehicles segment (up to 3.5 tonnes).

As a result of the recovery in commercial and industrial vehicle registrations, Brembo's sales of applications Increased more for this segment than for any other in 2010, with net sales of €156,228 thousand, up by 38.3% compared to €112,960 thousand for 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; and 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. In 2010, the racing market underwent a global contraction, mainly related to regulations implemented by official entities, which aimed at cutting costs by limiting not only aspects of aerodynamics and engine power in the name of safety, but also the number of tests and replacement parts authorised during the season.

In 2010, Brembo's results in racing applications segment showed a 2% increase in sales and net revenues of €58,309 thousand.

Passive Safety

Brembo began operating in the passive safety segment with the acquisition of Sabelt S.p.A in 2008. The company operates in three different segments: the racing segment, the OEM seatbelt and racing seat market and the children's segment with retention systems for children's car seats. For the Child Safety System Business Line, 2010 was an important year of growth. Clients from BRIC countries (Brazil, Russia, India and China) drove the market and Europe exceeded sales expectations in the heavy childcare area, which was less affected by the crisis than others.

This sector posted net sales of €22,231 thousand in 2010, marking an increase of 5.5% compared to the previous year.

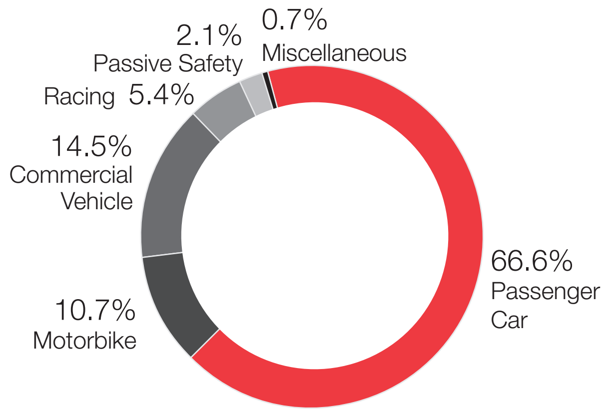
SALES BREAKDOWN BY APPLICATION AND GEOGRAPHICAL AREA

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)	31.12.2010	%	31.12.2009	%	2010/2009	% 2010/2009
Passenger Car	716,217	*66.6%*	530,446	*64.2%*	185,771	*35.0%*
Motorbike	114,910	*10.7%*	100,718	*12.2%*	14,192	*14.1%*
Commercial Vehicle	156,228	*14.5%*	112,960	*13.7%*	43,268	*38.3%*
Racing	58,309	*5.4%*	57,165	*6.9%*	1,144	*2.0%*
Passive Safety	22,231	*2.1%*	21,071	*2.6%*	1,160	*5.5%*
Miscellaneous	7,357	*0.7%*	3,537	*0.4%*	3,820	*108.0%*
Total	**1,075,252**	***100.0%***	**825,897**	***100.0%***	**249,355**	***30.2%***

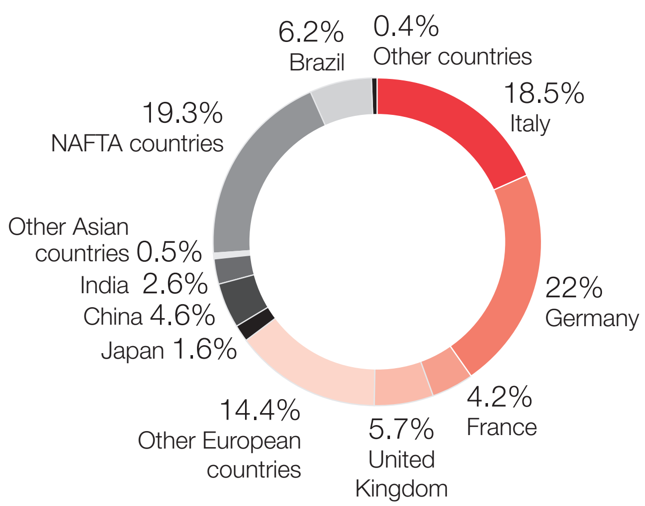
NET SALES BREAKDOWN BY APPLICATION
(percentage)



Net Sales Breakdown by Geographical Area

(euro thousand)	31.12.2010	%	31.12.2009	%	2010/2009	% 2010/2009
Italy	198,517	*18.5%*	170,578	*20.7%*	27,939	*16.4%*
Germany	236,524	*22.0%*	166,514	*20.2%*	70,010	*42.0%*
France	45,000	*4.2%*	35,049	*4.2%*	9,951	*28.4%*
United Kingdom	61,285	*5.7%*	46,598	*5.6%*	14,687	*31.5%*
Other European countries	154,347	*14.4%*	119,421	*14.5%*	34,926	*29.2%*
Japan	17,345	*1.6%*	17,572	*2.1%*	(227)	*-1.3%*
China	49,214	*4.6%*	22,445	*2.7%*	26,769	*119.3%*
India	28,494	*2.6%*	18,475	*2.2%*	10,019	*54.2%*
Other Asian countries	5,543	*0.5%*	9,542	*1.2%*	(3,999)	*-41.9%*
NAFTA countries (USA, Canada, México)	207,302	*19.3%*	163,043	*19.7%*	44,259	*27.1%*
Brazil	67,009	*6.2%*	53,341	*6.5%*	13,668	*25.6%*
Other countries	4,672	*0.4%*	3,319	*0.4%*	1,353	*40.8%*
Total	**1,075,252**	***100.0%***	**825,897**	***100.0%***	**249,355**	***30.2%***

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 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.

RESEARCH AND DEVELOPMENT

All of Brembo's research and development activities may be attributed to the concept of the "friction system" while maintaining the specific qualities of the various Divisions and Business Units.

According to this concept, each component (calliper, disc, pad, suspension) is complementary to the others in optimising the braking function (the "friction system" as an element that integrates all of the components).
Braking function is optimised in all respects, i.e., not merely in terms of pure performance, but also of comfort, duration, aesthetics, etc.

In the field of cast-iron discs, work has continued successfully on optimising the parameters that allow a disc's vibration characteristics to be manipulated so that a disc's properties may be managed as early as the planning stage in order to improve the system's comfort performance. The ability to manage these parameters during the design stage, along with subsequent control during production, represents an advantage over the competition.
Work on cast-iron discs for heavy commercial vehicles is aimed at optimising mass characteristics and cooling/ventilation capacity while continuing to deliver the required performance.
For car applications, new concepts of "light" discs are being developed through a significant evolution of the "co-cast" disc, with the aim of reducing production costs to allow for wider application.

In the field of carbon-ceramic discs, the establishment of BSCCB – the joint venture with the SGL Group – allowed the Group to continue to improve the technical offering of this product and thus to apply it to segments other than high-end racing.

In this context, Brembo has also developed a carbon-ceramic disc for racing applications designated CCM-R, which combines the technique used to make carbon-carbon discs for the most advanced racing applications (F1, MotoGP, etc.) with carbon-ceramic discs for road use. The result is a light disc with very high durability that is optimal for GT racing applications.

A CMC disc is also being developed for motorbike applications with the aim of meeting requirements in terms of wear and performance in both wet and dry conditions. The disc is planned for use in upcoming generations of Hyper Sport motorbikes.

Brembo has begun to develop and manufacture innovative friction material specific to its own applications, particularly racing and road applications with carbon-ceramic discs. The Ferrari 599 GTO is the first standard production vehicle to use a specific material developed and manufactured by Brembo. The next standard application, scheduled for early 2011, will be in a Ferrari with less pronounced racing characteristics than the GTO, and thus with a greater focus on comfort issues.

Development of materials in collaboration with Hitachi Chemical resulted in the creation of a NAO (non-asbestos organic) friction material, typical of the U.S. and Asia-Japan markets, scheduled for standard production as soon as early 2011 with Daimler-Mercedes.
Brembo is also considering the use of unconventional materials and brake types in order to meet the market's needs in the near future. For example, the company is evaluating the use of plastic materials or aluminium alloys obtained by bringing the alloy into a thixotropic state (i.e., temperatures below the melting point) for motorbike master cylinders and car callipers.
Special attention is also being devoted to identifying specific

surface treatments that further improve the aesthetics of Brembo's products, which are always highly appreciated by (and in demand amongst) our clients.

In parallel, work continues to improve products and processes in order to supply cutting-edge products to emerging markets as well (e.g., India for motorbike applications and China for light commercial vehicles). It was for this reason that Brembo opened specific Development Centres for those markets (China, India and the USA).

Advanced R&D activities are focused on mechatronic systems for the brake systems of tomorrow. The foundations are being laid for work over the next decade, which will see vehicles (initially cars, and then other types of vehicles) undergo extensive electrification. Within this scenario, brake systems will change radically to include a strong electronic control component.
Brembo is organising a project to develop a Brake-by-Wire system with the aim of deep integration into the vehicle system, conceived of as presenting a very high level of electrification.
In the interim, standard production applications are being identified for the first mechatronic systems developed by Brembo, such as electric parking brakes, which should enter standard production by 2013.

Brembo continues to conduct development activities 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.
These partnerships also extend to methodological activities relating to development, involving the creation and use of increasingly sophisticated simulation and calculation tools.

The table below offers an approximate summary of the expenditure for 2010 relating to research and development activities on the main projects currently in progress, which benefit from subsidies under current legislation:

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

Basic research	Industrial research	Experimental development	Total
0	290,000	388,000	678,000

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 preset objectives; they shall be applied in subsequent financial periods, in line with the development prospects of the company and the Group.

The parent company Brembo S.p.A. was able to benefit from lower IRAP taxation (Italy's regional tax on production activities), amounting to €713 thousand, as a result of the structural changes introduced with Italy's 2005 Finance Law and the high costs incurred in 2010 for R&D personnel (€18,292 thousand).

INVESTMENTS

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 a foundry plant for the total value of €9,433 thousand, at the exchange rate of 31 December 2010.

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.

To this end, in late 2009, Brembo S.p.A. incorporated a new fully-owned subsidiary under the name Brembo Nanjing Foundry Co. Ltd., with share capital of CNY 99,847 thousand (equivalent to approximately €10,000 thousand).

On 12 March 2010, Brembo announced that it will invest €82,000 thousand in Poland from 2010 to 2014, to expand the production capacity of the Dabrowa Gornicza integrated industrial hub (manufacture brake discs for cars and commercial vehicles).

The investment made in the second quarter of 2010 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, bank loans and partly with grants from the European Union (€13.5 million); it will also benefit from tax breaks, as part of the Katowice Economic Special Zone.

The creation of the new Brembo brand "BYBRE" (acronym for "By Brembo"), conceived for the manufacture and marketing in India of brake systems for motorbikes and scooters under 600 cc, was also announced in March in Pune, India.

As part of its strategy of international expansion and rapid growth in new segments of the market, Brembo has decided to invest approximately €35,000 thousand over the next three years in establishing a new production hub in the Czech Republic. The new facility, which will be housed in an existing industrial building, will become operational in 2011 and will include the casting, processing and assembly of brake callipers and other aluminium components with the aim of developing an integrated industrial hub capable of offering the European market quality, high-tech brake systems. To this end, Brembo S.p.A. has incorporated a wholly owned subsidiary under the name Brembo Czech S.r.o.

The constant pursuit of a reduced environmental impact for vehicles with the ensuing interest in lighter-weight components offering better performances, underlies the decision of some clients to apply luxury and high-premium segment technologies, in which Brembo is the world leader, to the segment known as mid-premium, larger than Brembo's typical clients by a factor of ten. The new products will use Brembo's special knowledge and technologies and will feature the primary traits of lightness, performance and design typical of aluminium rather than cast iron.

The indirect benefits relating to reduced weight and residual torque also include lower polluting emissions and fuel savings. The net sales of Brembo Czech S.r.o. are expected to amount to approximately €55,000 thousand in 2014 through new orders. At present, projects have been acquired from Land Rover, BMW, GM and Audi. Italian production facilities will continue to be entrusted with current production intended for the top and luxury segments of the market.

In 2010, Brembo kept its other investments at a moderate level, in keeping with efforts to reduce costs and investments. Total other investments sustained by the Group, excluding the investments relating to the Business Combination in China, amounted to €69,219 thousand for all business units and consists of €51,915 thousand in property, plant and equipment and €17,304 thousand in intangible assets.

Investments were concentrated primarily in Italy (37%), Poland (35% – the figure also includes the first investments towards the construction of the new foundry), and the United States (7%), in addition to China, as mentioned above.

Development costs in 2010 amounted to €10,231 thousand and were incurred primarily by the parent company Brembo S.p.A.

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 231/2001) and in the reference layout for preparing accounting documents (as per Article 154-*bis* of TUF). The guidelines established by the Board of Directors to ensure proper risk management, which are enforced by the Executive Director charged with supervising the Internal Control System, are based on the principles of prevention, cost effectiveness and continuous improvement. Brembo has developed a model for identifying and classifying risks that allows the company to identify and classify the risk categories on which it should focus. The model groups risk classes by type based on the managerial level or corporate function from which they originate or that is responsible for monitoring and managing them.
Internal Audit evaluates the effectiveness and efficiency of risk management and the overall internal control system on a regular basis and reports the results to the Statutory Auditors, the Audit Committee, the Chairman and the Supervisory Committee with reference to specific risks connected with compliance with Legislative Decree No. 231/2001.

Brembo has identified the following types of risks:

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

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

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

Strategic Risks

Brembo is exposed to risks associated with the evolution of technology, in other words, the risk that competing products will be developed that are technically superior because they are built based on innovative technologies. While this risk cannot be eliminated, Brembo minimises it by investing sizeable resources in Research and Development, with regard 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 long ago implemented a strategy aimed at diversifying into the geographical areas where the highest growth rates are reported and anticipated (China, India, and Brazil) and is broadening its product range.
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 volatility 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. The supplier selection process, including an assessment of suppliers' financial solidity – an aspect that is taking on growing importance in the current scenario – has been reinforced. By diversifying its sources, Brembo can also reduce its risk exposure to price increases (a risk that is however partially offset by reflecting price increases in sales prices).
The risk of purchasing components with quality levels not compliant with Brembo's quality standards has also been significantly mitigated by enhancing the Supplier Quality Assurance function.
The current economic situation – particularly in 2009, but in 2010 as well – 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.
Due to the current economic conditions, greater importance is now attached to management of industrial relations in both Italy and India (albeit for different reasons), as well as to the risk associated with retaining key human resources, especially in the technical area.
The primary risks relating to health, on-the-job safety and the environment include the following risks:

- 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 actions of public entities in charge of assessing the situation could interfere with Brembo's normal production activities, even causing production lines to halt or forcing the production facility to close.

Brembo manages this type of risk by carrying out ongoing and systematic evaluations of its exposure to specific risks and by reducing or eliminating those considered unacceptable. This procedure is organised within a Management System (which is compliant with international standards ISO 14001 and OHSAS 18001 and certified by an independent body) that covers health, job safety and environmental aspects.
Brembo implements the activities necessary to allow it to effectively monitor and manage these aspects while scrupulously complying with applicable laws.
Some examples of activities that are currently underway include the definition and yearly review of:

- "Management Plans" for Safety and the Environment that define the objectives to be achieved;
- "Supervisory Plans", which list the activities to be carried out under the laws governing the sector or regulations imposed by the Group (e.g., authorisation renewals, periodic controls, reports to public entities, etc.);
- "Audit Plans", which monitor the extent to which the System is being applied and encourage continuous improvement. In summary, although accidents and mistakes can happen, the Group has implemented systematic rules and management procedures that allow it to minimise the number of accidents as well as the impact they may have. A clear-cut assignment of responsibility at all levels, the presence of independent internal control bodies that report to the company's highest officer and the application of the highest international management standards are the best way to guarantee the company's commitment to health, job safety and the environment.

Brembo is also undertaking a brand-extension strategy that entails the risk of damaging its image on its main market of operation and of manufacturing products with quality levels not deemed satisfactory in sectors in which Brembo does not have expertise. However, this risk is mitigated by reliance on leading players in the target markets.

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 Finance 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 several medium-/long-term fixed-rate loan agreements accounting for approximately 24% of its gross/net financial position.
The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates.

Exchange Rate Risk Management

Since 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 advisable, 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.

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 concerning compliance risks, including those arising from participation in the Star Segment of Borsa Italiana, refer to the Corporate Governance and Ownership Structure Report (in accordance with Article 123-*bis* of TUF). Compliance risks include the reporting risk, which is the risk that the financial information reported by the Group is not sufficiently accurate

and reliable. To improve its internal control system (especially with regard to subsidiaries) as well as the quality, promptness and comparability of information provided by its consolidated companies, Brembo is completing the a project aimed at deploying the same ERP (Enterprise Resource Planning) application across all Group companies.

Risk Management: Insurance Coverage

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

Brembo's changing needs through the years have been specifically reflected in its insurance coverage, which has been optimised to significantly decrease the company's exposure, especially to possible damages arising from the manufacturing and sale of its products.

This has been achieved through risk mapping, risk analysis and risk management, which have allowed critical areas to be identified and analysed, such as the risks associated with countries whose laws are detrimental for manufacturers of consumer goods.

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

HUMAN RESOURCES AND ORGANISATION

The organisational changes made in 2010 primarily regarded the business units, without neglecting Central Staff and the Group's international companies, in order to ensure the necessary evolution required to meet the market's needs.
During the first half of the year, the Advanced R&D Department was placed within the Car and Commercial Vehicle Systems Division according to a major-user scheme, incorporating Design and Testing & Validation from the Car and Commercial Vehicle Business Units and coordinating the Technical Development of the two business units from a functional standpoint. The structure of Technical Development within the Motorbike business unit also evolved towards more direct integration with the Indian market, and a Commercial Director was identified in the Aftermarket business unit for the entire European area. The Commercial Department within the Brake Discs Marketing Division also underwent some changes. At the international level, the structure of Brembo North America was reorganised, and in China the top management of Brembo Nanjing Foundry Co. Ltd. was appointed. The Performance Group units located at the Curno facility (Brembo Racing, Marchesini, and Brembo Performance S.p.A.) were transferred to a new organisational unit designated "Brembo Performance", structured in such a way as to allow it to coordinate all the activities of Marketing, Technical Development and Operations at the global level. In addition, new top management was appointed for Sabelt. At the level of Central Staff, the Quality & Environment Department enhanced both its Supplier Quality Assurance and Central Optimisation functions, while the Administration, Finance and Control Department combined various functions within the Administration and Reporting area following changes in the Department's top positions. Lastly, in accordance with Legislative Decree No. 231/01, "231" contact personnel were identified at various Central Staff units.
In the second half of the year, the sales units within the Systems Division and Discs Division were reorganised with the aim of achieving greater synergy on common markets. At the Mapello facility, the logistics of the Discs Division's facilities were integrated into a single unit. The marketing structure in the Aftermarket Business Unit was redefined at the global level, while a new Head of Process Development was appointed for the Light Commercial Vehicles Business Unit in order to better integrate the Polish and Chinese facilities. Within the Central Staff, marketing activities were incorporated into the Business Development & Marketing Department, the Communications & Institutional Relations Department was reorganised to focus on new digital technologies, and the Quality System & Process Development structure was enhanced within the & and Environment Department. Finally, the position of Staff Cost Controller within the Administration, Finance and Control Department was separated from the role of Head of Industrial Accounting.
In pursuit of the goal of consolidating the recovery and boosting growth, 2011 will be a year rich in challenges and fraught with opportunity, including from an organisational perspective. In this light, the guidelines laid down in recent years will provide the model for organisational continuity, with the constant pursuit of excellence in all areas.

The reporting year was characterised by an integrated approach to training and development processes in pursuit of continuity and innovation.
The training initiatives funded included two large projects concluded and accounted for with positive results by Fondimpresa. The first training plan funded, launched in 2009, concluded in 2010 and involved a total of 834 people. The second plan funded Brembo's language school. The 14 English courses, in which students could also enrol of their own initiative, involved the

participation of 115 employees motivated to learn the language, deemed of fundamental importance to their personal and professional growth. Participation was high, in excess of Brembo's usual internal average.
Specific training courses for professional categories included the Kart Factory, a full, progressive course with a focus on lean production that built skills and spread methodologies, but also, and most importantly, disseminated the vision according to which standardisation (including, but not limited to, industrial processes) is a prerequisite for achieving reliability and excellence of performance, essential to constant improvement. This course involved the participation of the 15 optimisers of the Italian Group's facilities and launched the project of extending the skills in question to the optimisers of international facilities.

The Finance and Administration disciplinary area met with a great deal of interest in 2010: the related courses were attended by various groups within the Brembo's staff. The five editions of the basic course were all fully enrolled, owing in part to the self-enrolment process (more than 100 participants). Other new features in 2010 included the re-introduction of information technology training: basic and advanced courses in Power Point, Access and Excel, for which students could only qualify by passing a thorough assessment test of their initial skills, were enthusiastically received. There was also strong interest in the courses offered by the Brembo Academy, the training product featuring internal teachers and one-day courses: Internal Auditing and Quality were the subject matter for 2010 in this area of the company catalogue.
The ninth edition of the Brembo Executive Training Course for recently promoted or hired managers was launched in late 2010. The course's goal is to offer skills and generate uniform behaviour inspired by a single managerial model in order to train Brembo's managers of tomorrow, who have an increasingly decisive impact on the business and organisation. The course was divided into ten and a half days and consisted of a balanced mix of technical and managerial skills. The skills built by the course include recognising market trends, measuring up to Brembo's business development strategies, and testing the skills acquired in competitive challenges for Brembo's business (through a real business project: the Brembo Competitive Challenge), steering people towards results within a multicultural team. The course will end in March 2011.
Training approval and efficacy indices were highly positive and have been borne out by quality certifications. The various auditors, both internal and external to the company, agreed in expressing an extremely positive assessment of the entire training system founded on a participatory model based on both individual employees' personal initiative and invitations from the organisation.
Training courses range from basic to the most advanced managerial skills (specific to the various functions, businesses or geographical areas) that have a real, measurable strategic impact on business. In 2010, 428 training initiatives were implemented for a total of 304 courses, 26,100 training hours and 3,900 participants.
In the development area, coaching processes continued for professionals and managers, as did the activity of the counselling desk, which is open to all Brembo's staff. These basic offerings were complemented by the Development Centers for groups and individuals within managerial staff, while performance management through the Brembo Yearly Interview (BYR) and preparation of the Takeover Timetables through Development Committees represented the cornerstones of the Talent Management System.

ENVIRONMENT, SAFETY AND HEALTH

The presence of Brembo's production facilities in various countries and continents results in differences, sometimes to a significant degree, between local laws governing employee health and safety with the consequence that, for example, the same substance may be classified with very different levels of hazardousness, or the use of a substance may be allowed in one country and prohibited in others.

Brembo's policy in this matter is clearly expressed in the company's Code of Ethics, which states that " In all the countries in which Brembo operates, the company shall promote the safeguard of human and workers' rights and safety both at and outside the workplace".

In order to implement this directive, Brembo has determined that all facilities, regardless of the applicable legislation, are to adopt the most conservative provisions governing the protection of individuals' health. In detail, the Quality & Environment Department has drafted a list of hazardous substances and/or articles correlated with the Group's production facilities, the use of which is to be considered disallowed in Brembo's products, processes and production facilities generally. If the presence of such substances is detected within the company, the facility must prepare appropriate plans for replacement with alternative substances.

In parallel, a list has been drafted of substances the use of which is highly discouraged within the company. This list includes substances the hazardousness of which has yet to be definitively assessed at an international level. Company entities have been asked to arrange for such substances to be replaced with other, less hazardous alternatives.

The Group's manufacturing facilities are constantly committed to activities relating to the dissemination of the Workplace Safety and Environment Management System, as well as to certification of those facilities according to the international standards OHSAS 18001 and ISO 14001. In this regard, it should be noted that certification of the facilities in Betim (Brazil) and Nanjing (China) is also expected to be obtained in 2011.

BREMBO STRUCTURE

Compared to 31 December 2009, the Group's structure changed as follows:

- on 3 August 2010, the merger between the two Mexican companies Brembo México S.A. de C.V. (formerly Brembo México Puebla S.A. de C.V.) and Brembo México Apodaca S.A. de C.V. became effective. Brembo México S.A. de C.V. is 51% held by Brembo North America Inc., 48.9999% by Brembo International S.A. and 0.0001% by Brembo S.p.A.;

- on 3 August 2010, a new agreement was signed (consensually terminating that dated 19 February 2008) by Brembo S.p.A. and the minority-interest shareholders of Brembo Performance S.p.A.; under this new agreement, on 27 September 2010 Brembo acquired 30% of Brembo Performance S.p.A., which operates in the field of passive safety components and special accessories for cars and motorbikes, acquiring full control of the investee. Brembo Performance S.p.A. concurrently transferred 35% of its interest in Sabelt S.p.A. to the former minority-interest shareholders of Brembo Performance. The deal is part of the previously announced corporate restructuring and streamlining programme aimed at achieving greater organisational flexibility and rationalising structural costs. In further detail, that programme called for the following steps in the latest months of 2010:
  - the merger of Brembo S.p.A. and Marchesini S.p.A. on 27 December 2010;
  - approval of the merger of Brembo S.p.A. and Brembo Performance S.p.A. on 12 November 2010 (the merger took place on 20 January 2011);
  - sale of a 100% interest in Brembo Performance Japan Co. Ltd. by Brembo Performance S.p.A. to Brembo Japan Co. Ltd. on 20 October 2010 and approval of the merger of the two Japanese companies on 22 October 2010;
  - sale of a 100% interest in Brembo Performance North America Inc. by Brembo Performance S.p.A. to Brembo North America Inc., on 31 December 2010, and subsequent merger of the two companies.

  The above-mentioned mergers will become effective as of January 2011;

- on 4 October 2010, the company La.Cam (Lavorazioni Camune) S.r.l. – fully owned by Brembo S.p.A. – was founded.

BREMBO S.P.A.

- 100% BREMBO DEUTSCHLAND GMBH, Leinfelden-Echterdingen, Germany
- 100% BREMBO CZECH S.R.O., Mošnov, Czech Republic
- 100% BREMBO NANJING FOUNDRY CO. LTD., Nanjing, China
- 99.99% BREMBO BRAKE INDIA PVT. LTD., Pune, India
- 67.74% BREMBO CHINA BRAKE SYSTEMS CO. LTD., Beijing, China
  - 42.25% BREMBO NANJING BRAKE SYSTEMS CO. LTD.
- 27.75% BREMBO NANJING BRAKE SYSTEMS CO. LTD., Nanjing, China
- 100% MARCHESINI S.P.A.*, Curno, Italy
- 100% AP RACING LTD., Coventry, UK
- 100% BREMBO PERFORMANCE S.P.A.*, Curno, Italy
  - 65% SABELT S.P.A., Turin, Italy
    - 100% BELT & BUCKLE S.R.O., Zilina, Slovak Republic
- 100% LA.CAM (LAVORAZIONI CAMUNE) S.R.L., Stezzano, Italy
- 50% BREMBO SGL CARBON CERAMIC BRAKES S.P.A., Stezzano, Italy
  - 100% BREMBO SGL CARBON CERAMIC BRAKES GMBH, Meitingen, Germany
- 40% SOFTIA S.R.L., Erbusco, Italy
- 30% INNOVA TECNOLOGIE S.R.L., Almenno San Bartolomeo, Italy
- 20% PETROCERAMICS S.R.L., Milan, Italy
- 100% BREMBO INTERNATIONAL S.A., Luxembourg, Luxembourg
  - 100% BREMBO SPOLKA ZO.O., Czestochowa, Poland
  - 100% BREMBO POLAND SPOLKA ZO.O., Dabrowa Gornicza, Poland
  - 100% BREMBO SCANDINAVIA A.B., Göteborg, Sweden
  - 100% BREMBO UK LTD., London, UK
  - 100% QINGDAO BREMBO TRADING CO. LTD., Qingdao, China
  - 99.99% BREMBO DO BRASIL LTDA., Betim, Brazil
  - 68% CORPORACION UPWARDS 98 S.A., Zaragoza, Spain
  - 10% INTERNATIONAL SPORT AUTOMOBILE S.A.R.L., Levallois Perret, France
  - 1.20% FUJI CO., Tokyo, Japan
  - 100% BREMBO JAPAN CO. LTD., Tokyo, Japan
    - 100% BREMBO PERFORMANCE JAPAN CO. LTD.**, Tokyo, Japan
  - 5.32% BREMBO NORTH AMERICA INC., Wilmington, Delaware, USA
    - 100% BREMBO PERFORMANCE NORTH AMERICA INC.***, Wilmington, Delaware, USA
    - 51% BREMBO MÉXICO S.A. DE C.V.
  - 48.9999% BREMBO MÉXICO S.A. DE C.V., Apodaca - México
- 94.68% BREMBO NORTH AMERICA INC.
- 0.0001% BREMBO MÉXICO S.A. DE C.V.

* with effect as of 1st January 2011 the Companies will be merged into Brembo S.p.A.

** with effect as of 1st January 2011 the Company will be merged into Brembo Japan Co. Ltd.

*** with effect as of 1st January 2011 the Company will be merged into Brembo North America Inc.

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

BREMBO'S CONSOLIDATED PERFORMANCE

Income Statement

(euro thousand)	31.12.2010	31.12.2009	Change	% 2010/2009
Sales of goods and services	**1,075,252**	**825,897**	**249,355**	**30.2%**
Cost of sales, operating costs and other net charges/income (1)	(731,683)	(539,594)	(192,089)	35.6%
Personnel expenses	(213,027)	(185,121)	(27,906)	15.1%
GROSS OPERATING INCOME	**130,542**	**101,182**	**29,360**	**29.0%**
% on sales	*12.1%*	*12.3%*		
Depreciation, amortisation and other write-downs	(74,146)	(78,537)	4,391	-5.6%
NET OPERATING INCOME	**56,396**	**22,645**	**33,751**	**149.0%**
% on sales	*5.2%*	*2.7%*		
Interest income (expense) from investments	(10,963)	(11,968)	1,005	-8.4%
RESULT BEFORE TAXES	**45,433**	**10,677**	**34,756**	**325.5%**
% on sales	*4.2%*	*1.3%*		
Taxes	(13,620)	(1,155)	(12,465)	1079.2%
RESULT BEFORE MINORITY INTERESTS	**31,813**	**9,522**	**22,291**	**234.1%**
% on sales	*3.0%*	*1.2%*		
Minority interests	458	1,006	(548)	-54.5%
NET RESULT	**32,271**	**10,528**	**21,743**	**206.5%**
% on sales	*3.0%*	*1.3%*		
Basic and diluted earnings per share (in euro)	**0.49**	**0.16**		

(1) The item is the sum of the following items of 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".

The market uptrend in the final months of 2009 continued into the first half of 2010, which witnessed further signs of a recovery. Nonetheless, the global scenario remains highly uneven, with severe disparities of economic performance between the world's various geographical areas, where emerging markets, and especially China, have shown decisive growth. It should be recalled that in 2009 the automotive market, in which the Group operates, was one of those most severely affected by the global financial crisis.

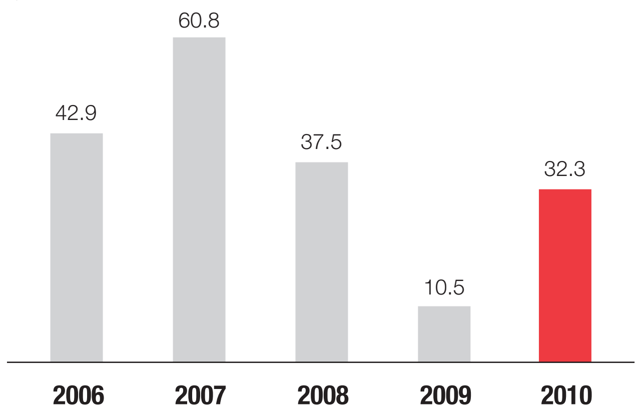
In 2010, Brembo posted a significant recovery in orders and sales; net revenues amounted to €1,075,252 thousand, marking an increase of 30.2% compared to 2009 and a slight increase

(+1.4%) compared to 2008. However the financial periods 2009 and 2010 do not offer a consistent basis of comparison, due to the change in the scope of consolidation, as a result of the launching of operations in Brembo Nanjing Foundry Co Ltd.; car applications for the Chinese market particularly benefited from this change. Without that change, the increase would have been 28.4%.
The recovery in sales extended to all applications generally, yet was most significant for applications for light commercial vehicles (+38.3%) and cars (+35%), which were the areas most severely penalised by the crisis in 2009, confirming Brembo's undisputed leadership of its target markets.
Motorbike applications yielded an increase of 14.1% whereas the performance of the racing segment was substantially unchanged (+2%) and that of the passive safety rose slightly (+5.5%).
At the geographical level, growth was reported in all countries. Sales in China, which undoubtedly benefited, as mentioned above, from the Group's internationalisation policies, increased considerably, rising 119.3% (+53.1% on a like-for-like basis). Significant increases were reported in two other markets on which the Group is focusing in its growth process, namely India (+54.2%) and Brazil (+25.6%).

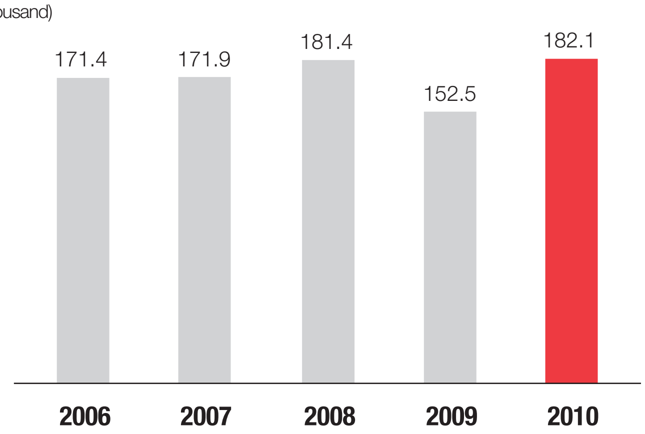
The increase in sales was also considerable in more mature markets such as Europe: in Germany, which remains Brembo's main target market with 22% of total sales, the increase was 42%, in United Kingdom +31.5% and France +28.4%. Italy, which accounts for 18.5% of Brembo's total sales, also reported strong growth (16.4%).
The NAFTA area, the Group's second-most important market – accounting for 19.3% of total sales – yielded growth of 27.1% with excellent results, especially in the fourth quarter.
Only Japan and other Asian countries generally passed through a phase of difficulty with falling sales.
In 2010, the cost of sales and other net operating costs amounted to €731,683 thousand, with a ratio of 68% to sales, as against 65.3% for the previous year.

A significant decrease was recognised in "Other revenues and income", which, in 2009, included €4,000 thousand in compensation 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.).
The Group was also unable to benefit from the research grant under Law No. 296, provided in the form of a tax credit, because

NET INCOME FOR THE YEAR
(euro million)



TURNOVER PER EMPLOYEE
(euro thousand)



it is no longer contemplated in the Finance Law (in the previous year it amounted to €2,475 thousand).
Development costs capitalised as intangible assets amounted to €10,035 thousand compared to €9,233 thousand in 2009, with a ratio on sales under 1%.

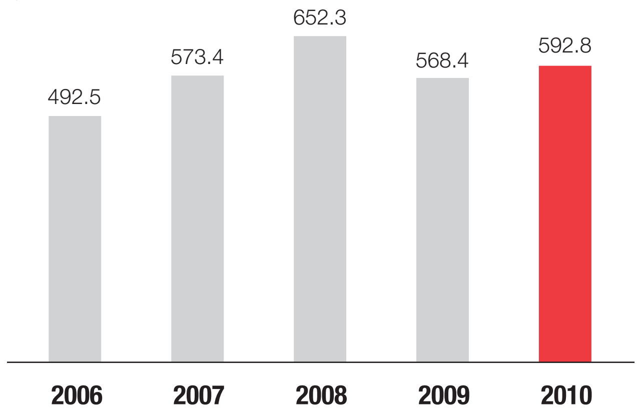
Personnel costs in 2010 amounted to €213,027 thousand, representing a lower proportion of revenues (19.8%) than in the same period of the previous year (22.4%). This decrease related to the costs of reorganisation initiatives and actions to reduce the workforce in various plants in Italy and in the Group's foreign companies.

At 31 December 2010, Brembo employed 5,904 staff, marking a 9% increase compared to the previous year, but only a 1.9% increase when excluding the effects of the change in the consolidation area.

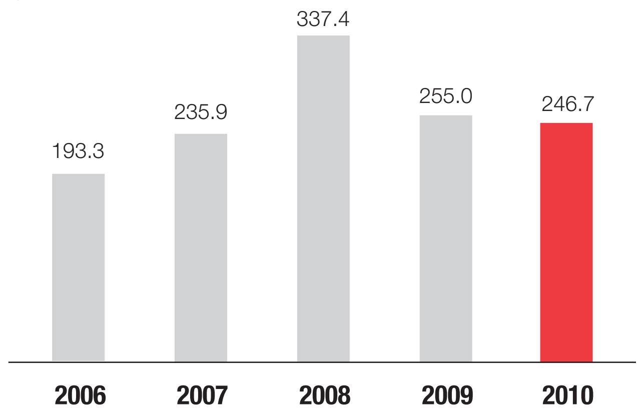
Gross operating income for 2010 was €130,542 thousand (12.1% of sales) compared to €101,182 thousand in 2009 (12.3% of sales).

Net operating income amounted to €56,396 thousand, compared to €22,645 thousand reported for 2009, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €74,146 thousand, compared to depreciation and amortisation amounting to €78,537 thousand in 2009. In the previous year, the item also included impairment losses recognised as part of the reorganisation of production at Mexican facilities and more significant impairment losses on development costs, due to the discontinuation of projects by clients, and on goodwill.
Interest expenses were €8,950 (€10,550 in 2009) and included an exchange rate gain of €395 thousand (compared to an exchange rate loss of €1,434 thousand in 2009) and net interest expenses of €9,345 thousand (€9,116 in 2009). The decrease in interest expenses was attributable to a sharp management of the financial leverage.
When comparing the previous year, account should also be taken of the fact that 2009 benefited from €2,980 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. During the year, the revision of the new put option on 35% of Sabelt S.p.A., defined according to

NET INVESTED CAPITAL
(euro million)



NET FINANCIAL DEBT
(euro million)



the agreements reached on 3 August 2010, as mentioned above, translated into a charge of €821 thousand.
Interest expenses from investments of €2,013 thousand are primarily the result of measurements of affiliates according to the equity method.
Income before taxes was €45,433 thousand, compared to €10,677 thousand for the previous year.
Calculated based on tax rates applicable for the year under current regulations, estimated taxation amounted to €13,620 thousand (€1,155 thousand in 2009), with a tax rate of 30% compared to 10.8% of 2009.

Net income for 2010 was €32,271 thousand (3% of sales), after minority interests of €458 thousand, up by €21,743 thousand compared to the previous year.

Balance Sheet

(euro thousand)	**31.12.2010**	**31.12.2009**	**Change**
Property, plant and equipment	322,951	311,838	11,113
Intangible assets	104,192	103,294	898
Net financial assets	42,030	42,905	(875)
(a) Fixed capital	*469,173*	*458,037*	*11,136* *2.4%*
Inventories	181,650	142,867	38,783
Trade receivables	201,297	161,663	39,634
Other receivables and current assets	36,513	26,707	9,806
Current liabilities	(279,685)	(203,812)	(75,873)
Provisions / deferred taxes	(16,144)	(17,101)	957
(b) Net working capital	*123,631*	*110,324*	*13,307*
(c) NET INVESTED CAPITAL (a)+(b)	**592,804**	**568,361**	**24,443**
			4.3%
(d) Equity	*325,859*	*291,465*	*34,394*
(e) Employees' leaving entitlement and other funds for personnel	*20,210*	*21,906*	*(1,696)*
Medium/long-term net financial debt	225,461	122,593	102,868
Short-term net financial debt	21,274	132,397	(111,123)
(f) Net financial debt	*246,735*	*254,990*	*(8,255)*
(g) COVERAGE (d)+(e)+(f)	**592,804**	**568,361**	**24,443**
			4.3%

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

- property, plant and equipment also include "Non-current assets held for sale and discontinued operations";
- net financial assets include the following items: "Shareholdings valued using the equity method", "Other financial assets" (less derivatives, which were reclassified in medium- and 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";
- liabilities are comprised 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 the end of 2010 amounted to €592,804 thousand. At 31 December 2009, it amounted to €568,361 thousand, with an increase of €24,443 thousand. At 31 December 2010, net debt was €246,735 thousand, compared to €254,990 thousand at 31 December 2009.

Cash flow generated by operating activities was positive, with gross operating income of €130,542 thousand. Investing activities totalled €72,526 thousand, of which €9,433 thousand was related to the acquisition of the Chinese foundry from DAI Co. Ltd., as mentioned before. The change in working capital used €13,247 thousand. A total of €14,703 thousand in dividends was paid.

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

Cash Flow Statement

(euro thousand)	31.12.2010	31.12.2009
Net financial position at beginning of year (*)	**(254,990)**	**(337,443)**
Net operating income	**56,396**	**22,645**
Depreciation, amortisation and impairment losses	74,146	78,537
Gross operating income	**130,542**	**101,182**
Investments in property, plant and equipment	(51,915)	(30,342)
Investments in intangible assets	(17,304)	(13,842)
Investments in financial assets	(60)	(30)
Brembo Rassini transaction	0	(2,784)
Acquisition of assets from Sawem Industrial Ltda. (**)	0	(3,281)
Business combination China (***)	(9,433)	0
50% disposal of BSCCB S.p.A.	0	(3,874)
Effects of the changes in ownership structure of Brembo Performance S.p.A./Sabelt S.p.A.	5,000	0
Disposals	1,186	3,826
Net investments	**(72,526)**	**(50,327)**
Change in inventories	(37,736)	39,872
Change in trade receivables and receivables from companies valued using the equity method	(38,214)	25,366
Change in trade payables and payables to companies valued using the equity method	64,785	(15,787)
Change in other liabilities	11,240	(10,631)
Change in receivables from others and other assets	(13,322)	19,391
Change in working capital	**(13,247)**	**58,211**
Change in provisions for employee benefits and other provisions	(5,482)	3,231
Operating free cash flow	**39,287**	**112,297**
Interest income and expense	3,191	(9,596)
Translation reserve not allocated to specific items	(7,966)	5,817
Dividends received	0	6
Current taxes paid	(11,554)	(12,498)
Release of write-down of Fundimak S.A. de C.V.	0	1,373
Cash flows before dividends	**22,958**	**97,399**
Dividends paid	(14,703)	(14,703)
Net cash flows	**8,255**	**82,696**
Net financial position of BSCCB S.p.A. at deconsolidation date	0	(243)
Net financial position at end of year (*)	**(246,735)**	**(254,990)**

(*) See Note 13 of the Explanatory Notes of the Consolidated Financial Statements for a reconciliation with financial statement data.
(**) Translated using the exchange rate at 31 December 2009.
(***) Translated using the exchange rate at 31 December 2010.

PERFORMANCE OF BREMBO COMPANIES

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

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.

The year 2010 ended with sales of goods and services of €554,074 thousand, increasing by 20.5% compared to €459,732 thousand in 2009. The increase in sales was mainly attributable to the good performance of sales of car applications. International sales accounted for a large percentage of the total (about 74.6%), more than the previous year, although sales are still concentrated primarily in the mature European market, particularly in Germany.
When comparing the item "Other revenues and income", which amounted to €18,526 thousand in 2010 compared to €24,366 thousand in 2009, it should be noted that in 2010 the law did not provide for the research grant that in 2009 amounted to €2,281 thousand and that the item included €4,000 thousand in compensation from a supplier in the previous year.
Capitalised development costs during the year amounted to €9,922 thousand, marking a slight increase compared to the previous year.
Gross operating income went from €40,001 thousand (8.7% of sales) in 2009 to €49,995 thousand (9.0% of sales) in 2010, whereas net operating income, after depreciation and amortisation amounting to €41,878 thousand, closed at €8,116 thousand compared to €-2,698 thousand for the previous year. Financing activities yielded net interest expenses of €6,963 thousand, compared to €9,298 thousand for 2009. Income from shareholdings amounted to €24,568 thousand and was attributable to the distribution of dividends by some subsidiaries (AP Racing Ltd. and Brembo International S.A.) in the total amount of €25,476 thousand, set off against impairment losses on subsidiaries and affiliates in the net total amount of €908 thousand. Finally, the Income Statement includes a provision for current taxes and deferred tax assets and liabilities of €4,515 thousand. In 2010, net income amounted to €21,207 thousand, compared to €21,144 thousand in 2009.
At 31 December 2010, the workforce numbered 2,704, increasing by 28 compared to 31 December 2009.

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.

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.
In 2010, net sales amounted to GBP 27,639 thousand (€32,204 thousand), marking a 19.1% increase compared to GBP 23,208 thousand (€26,046 thousand) at 31 December 2009. During the reporting period, the Company earned a net income of GBP 2,937 thousand (€3,422 thousand), increasing by 26.4% compared to 2009, when net income was GBP 2,323 thousand (€2,607 thousand).

At 31 December 2010, the workforce numbered 118, three more than at the end of 2009.

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

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

Fully owned by Sabelt S.p.A., this company engages in the sewing of seatbelts for children and jumpsuits for the racing industry manufactured on behalf of its direct parent company. At 31 December 2010, net sales (primarily intra-Group) amounted to €5,572 thousand (compared to €3,688 thousand in 2009) and net income for the year was €61 thousand (€5 thousand in 2009).
At 31 December 2010, the workforce numbered 84, compared to 74 at 31 December 2009.

BREMBO BRAKE INDIA PVT. LTD.
PUNE (INDIA)

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

The joint venture is based in Pune, India, and was originally 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 2010, net sales amounted to INR 1,784,087 thousand (€29,425 thousand) compared to INR 1,042,517 thousand (€15,489 thousand) in 2009, and net income was INR 150,078 (€2,475 thousand) compared to INR 100,990 thousand (€1,500 thousand) in 2009.

At 31 December 2010, the workforce numbered 330, increasing compared to 259 at the end of the previous year.

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

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

The company operates in the industrial area of Beijing. It was formed in 2005 and is owned 67.74% by Brembo S.p.A. and 32.26% by Simest, a public-private merchant bank that promotes the internationalisation of Italian companies. At the end of April 2008, Brembo China acquired a 42.25% stake in Nanjing Yuejing Automotive Brake System Co. Ltd. (now Brembo Nanjing Brake System Co. Ltd.), in which Brembo S.p.A. already held 27.75%. From 2010 the company has started to run promotion and development initiatives in the Chinese market, following reorganisation of the Group's operations in China, and transferred the sale of brake discs to the subsidiary Qingdao Brembo Trading Co. Ltd.
At 31 December 2010, the company totalled net sales of CNY 14,767 thousand (€1,644 thousand), almost entirely on sales to other Group companies, reporting a loss of CNY 7,898 thousand (€879 thousand).
At 31 December 2010, the workforce numbered 7, ten less than at the end of December 2009.

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

Activities: production and sale of braking systems for cars.

The company was formed on 15 July 2009 and is still in its start-up phase. It did not report any sales in 2010, and closed the year with a net loss of CZK 1,766 thousand (€70 thousand).
The company currently has no employees, but uses outside consultants.
As already mentioned, within its strategy of international expansion and rapid growth in new segments of the market, Brembo has decided to invest approximately €35,000 thousand over the next three years in establishing a new production hub in the Czech Republic. The new facility will include the casting, processing and assembly of brake callipers and other aluminium components with the aim of developing an integrated industrial hub capable of offering the European market quality, high-tech brake systems.

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 had halted the technical-organisational and quality assurance activities with customers in the German area providing support to Brembo S.p.A.; these operations resumed in 2010.
At 31 December 2010, net sales amounted to €183 thousand and net income was €10 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, the company 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 2010 amounted to BRL 156,122 thousand (€66,877 thousand) with an increase of 6% and net income to BRL 10,674 thousand (€4,572 thousand). In 2009, sales amounted to BRL 147,272 thousand (€53,156 thousand) and net income was BRL 9,630 thousand (€3,475 thousand).
At 31 December 2010, the workforce numbered 383, increasing compared to 366 at the end of the previous year.

BREMBO INTERNATIONAL S.A.
LUXEMBOURG (LUXEMBOURG)

Activities: holding company.

The company operates as a development holding aimed at strengthening financial activity. It holds a majority stake in Brembo Group’s foreign companies. Fully owned by Brembo S.p.A., the company closed 2010 with net income of €27,219 thousand, mainly as a result of dividends received from Brembo Spolka Zo.o. and Brembo Scandinavia A.B.

It then proceeded with the distribution of €25 million in dividends to Brembo S.p.A. on 10 December 2010.

BREMBO JAPAN CO. LTD.
TOKYO (JAPAN)

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

Brembo Japan Co. Ltd. is Brembo's commercial company that handles the Japanese racing market. Through the Tokyo office, it also provides primary technical support to the OEM customers in the area. It also renders services to the other companies in the Brembo Group operating in Japan. Net sales for 2010 amounted to JPY 402,387 thousand (€3,455 thousand), up 13.9% compared to JPY 353,389 thousand in 2009 (€2,713 thousand). Net income increased by 157.5% from JPY 7,254 thousand (€56 thousand) in 2009 to JPY 18,679 thousand (€160 thousand) in 2010.
At 31 December 2010, the workforce totalled 13 employees, unchanged from 2009.

BREMBO MÉXICO S.A. DE C.V. (EX BREMBO MÉXICO PUEBLA S.A. DE C.V.)
APODACA (MÉXICO)

Activities: production and sale of brake discs for cars.

The company has been fully owned by Brembo from July 2009 and based in Apodaca since 2010. In 2009, the company gradually discontinued its manufacturing operations in order to focus on the marketing of brake discs for the original equipment market and the aftermarket in the car sector.
It was resolved to change the company's name to Brembo México S.A. de C.V. on 2 June 2010, whereas the merger with Brembo México Apodaca S.A. de C.V. took place on 21 June 2010. As a result of the merger, Brembo México S.A. de C.V. is 51% held by Brembo North America Inc., 48.9999% by Brembo International S.A. and 0.0001% by Brembo S.p.A.
In 2010, net sales amounted to USD 63,743 thousand (€48,043 thousand), marking a decrease of USD 373 thousand (€281 thousand).
At 31 December 2010, the workforce numbered 160.

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

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

The company, a joint venture between Brembo S.p.A. and the Chinese group Nanjing Automobile Corp., was formed in 2001. The Brembo Group acquired control over the company in 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. At 31 December 2010, net sales amounted to CNY 292,772 thousand (€32,601 thousand) and net income was CNY 11,151 thousand (€1,242 thousand); in 2009, net sales amounted to CNY 224,975 thousand (€23,638 thousand) and net income was CNY 10,025 thousand (€1,053 thousand).
At 31 December 2010, the workforce numbered 244 (345 in 2009).

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., acquired the foundry activities on 15 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. Net sales at 31 December 2010 amounted to CNY 144,752 thousand (€16,118 thousand), with a net loss of CNY 79,931 thousand (€8,901 thousand).
At 31 December 2010, the workforce numbered 146.

BREMBO NORTH AMERICA INC.

WILMINGTON (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 (Plymouth, Michigan) producing and selling brake discs for the original equipment market and the aftermarket and, in its Mooresville operational base (Mooresville, North Carolina), 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.
The products are manufactured for the main carmakers and several component manufacturers operating in the United States.

In 2010, net sales amounted to USD 126,817 thousand (€95,581 thousand), with a significant increase (+52.1%) compared to 2009, in which net sales totalled USD 83,379 thousand (€59,844 thousand). Net income at 31 December 2010 was USD 9,486 thousand (€7,150 thousand), compared to a net loss of USD 6,724 thousand (€4,826 thousand) for 2009.
The workforce numbered 221 at year-end, increasing by 28.5% compared to 31 December 2009.

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, in which Brembo S.p.A. had held a 70% interest since 2008, has been 100% owned since September 2010 as a result of the execution of the aforementioned agreements of 3 August 2010 between Brembo and Sabelt's current minority shareholders. In early 2011, it was merged into Brembo S.p.A. by deed dated 20 January 2011.
The company operates, also through the subsidiary Sabelt S.p.A., in the production and sale of passive safety components (seat belts, seats, protective racing wear, child safety systems) and special car and motorbike accessories. In 2010, net sales of Brembo Performance amounted to €11,508 thousand, increasing by 4.3% compared to 2009. The market trend was substantially unchanged.
The company closed financial year 2010 with a net operating income of €599 thousand and a net loss of €2,679 thousand. The result was primarily affected by the impairment losses on the investment in Sabelt S.p.A. (65% held since September 2010), yet also benefited from the capital gain on the disposal of the investment in Brembo Performance Japan Co. Ltd. of €941 thousand.

At 31 December 2010, the workforce numbered 24, three more than at the end of 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.

Incorporated in 2007 and 100% owned by Brembo Performance S.p.A., the company was sold to Brembo Japan Co. Ltd. in October 2010 as part of a corporate streamlining plan.
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 2010, net sales amounted to JPY 281,375 thousand (€2,417 thousand), down 27.8% compared to JPY 389,918 thousand for 2009 (€2,994 thousand).
Net income for the year amounted to JPY 39,447 thousand (€339 thousand), compared to JPY 38,314 thousand (€294 thousand) for 2009.
At 31 December 2010, workforce numbered 4, compared to 7 in 2009.

BREMBO PERFORMANCE NORTH AMERICA INC.

WILMINGTON (USA)

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

The company, which had been 100% owned by Brembo Performance S.p.A. since 2008 and was sold to Brembo North America Inc. at the end of the year, as part of the corporate streamlining plan described above, was founded in 2007. In April 2008, the High Performance Kit division of Brembo North America Inc. was transferred into this company.
Net sales amounted to USD 582 thousand (€439 thousand), down 30.2% compared to 2009, in which net sales were USD 834 thousand (€599 thousand). At the end of 2010, net loss amounted to USD 88 thousand (€67 thousand), compared to a net loss of USD 286 thousand (€205 thousand) in 2009.
At 31 December 2010, the workforce numbered 3, one less than in 2009.

BREMBO POLAND SPOLKA ZO.O.

DABROWA GÓRNIZCA (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. As mentioned above in the chapter devoted to Investments, an investment of €82 million is planned for this company between 2010 and 2014 in order to increase the production capacity of the integrated industrial hub located in Dabrowa Górnicza. The investment made in 2010 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.
In 2010, net sales amounted to PLN 514,805 thousand (€128,864 thousand), compared to PLN 381,589 thousand (€88,130 thousand) in 2009.
Net income at 31 December 2010 was PLN 104,283 thousand (€26,104 thousand), with a sharp increase compared to PLN 81,989 thousand (€18,936 thousand) for 2009. At 31 December 2010, the workforce numbered 676, increasing compared to 656 at 31 December 2009.

BREMBO SCANDINAVIA A.B.

GÖTEBORG (SWEDEN)

Activities: promotion of the sale of car brake discs.

The company promotes the sale of brake discs for the car sector, destined exclusively for the aftermarket.
Net sales for the year amounted to SEK 7,953 thousand (€833 thousand), increasing by 15.2% compared to SEK 6,902 thousand (€650 thousand) in 2009. Net income was SEK 2,747 thousand (€288 thousand), increasing compared to SEK 2,061 thousand in 2009 (€194 thousand).
There was 1 employee on the payroll at 31 December 2010, unchanged from 2009.

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.
The company's net sales amounted to PLN 362,533 thousand (€90,747 thousand) in 2010 compared to PLN 272,580 thousand (€62,954 thousand) in 2009, marking an increase of 33.0% owing to the recovery in sales of applications that had been most severely affected by the crisis in 2009.
Net income for 2010 was PLN 37,320 thousand (€9,342 thousand), with a 23.9% increase compared to PLN 30,121 thousand (€6,957 thousand) in 2009.
At 31 December 2010, the workforce numbered 385, compared to 372 at the end of 2009.

BREMBO UK LTD.

LONDON (UNITED KINGDOM)

Activities: sale of brake discs for the aftermarket.

The company sells aftermarket discs in the UK.
Net sales went from GBP 1,029 thousand (€1,155 thousand) at 31 December 2009 to GBP 1,143 thousand (€1,332 thousand) at 31 December 2010, increasing by 11.1%. Net loss for the year was GBP 89 thousand (€103 thousand), compared to a net loss of GBP 19 thousand (€21 thousand) for 2009.
At 31 December 2010, the workforce numbered 2, unchanged compared to 2009.

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

STEZZANO (ITALY)

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

The company was founded by Brembo S.p.A. on 4 October 2010 and on 22 October leased two companies from a major Brembo Group's supplier currently experiencing financial difficulties. The goal was to safeguard the continuity of supply and the expertise and technological assets achieved by these companies in the course of their many years of collaboration with the Group.
The lease transaction involved IMMC S.n.c. and IRAL S.r.l., companies owned by an entrepreneurial family and both based in the upper Val Camonica, province of Brescia, in the municipalities of Berzo Demo and Sellero. The lease agreements are set to expire on 31 December 2011.
With an overall workforce of approximately 240, the two companies specialise in mechanical component processing, largely on behalf of the Brembo Group. IRAL specialises in processing

aluminium, steel and cast-iron pistons for brake callipers intended for use in the car, motorbike and industrial vehicle sectors. IMMC manufactures other types of components, including small high-precision metallic parts and bridges for car brake callipers, in addition to aluminium calliper supports for the motorbike sector.
In 2010, La.Cam reported sales of €4,672 thousand, 97% of which was to the Brembo Group. The year ended with a net operating loss of €1,163 thousand (-24.9% of sales of goods and services) and closed with a net loss of €848 thousand.
The workforce numbered 238 at 31 December 2010.

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.
In 2010, net sales amounted to €21,338 thousand, compared to €19,840 thousand in 2009. Net loss amounted to €483 thousand, decreasing compared to the net loss of €3,216 thousand in 2009.
At 31 December 2010, the workforce numbered 91, compared to 104 at 31 December 2009.

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 of the last two years 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. By deed dated 27 December 2010, the company was merged into Brembo S.p.A., effective 1 January 2011.
Net sales for 2010 were €3,011 thousand, compared to €2,501 thousand in 2009.
Net loss for the year amounted to €492 thousand, compared to the loss of €1,121 thousand in 2009.
At 31 December 2010, the workforce numbered 5, nine 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 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 technological hub.
In 2010, net sales amounted to CNY 179,262 thousand (€19,961

thousand) and net income amounted to CNY 9,444 thousand (€1,052 thousand).
At 31 December 2010, the workforce numbered 10.

SABELT S.P.A.
TURIN (ITALY)

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

The company joined the Brembo Group in 2008 and at 31 December 2010 was 65% owned through Brembo Performance S.p.A. following the agreements reached on 3 August 2010 between Brembo S.p.A. and the current minority shareholders, as described above.
The company designs, develops, manufactures and sales products for sport racing (seat belts, seats, apparel), retention systems for children's car seats and top-range road seats for prestige car manufacturers.
Design and development work is done in Moncalieri (Turin), whereas manufacturing is carried out not only at the Moncalieri facility, but also by the Slovakian subsidiary Belt & Buckle S.r.o. and other Italian outsourcers.
In 2010, the results for the year continued to be affected by the impact of an unfavourable economic scenario and margins remained negative, despite the increase in sales.
At 31 December 2010, net sales amounted to €27,004 thousand and net loss was €3,997 thousand, compared to net sales of €23,839 thousand and a net loss of €3,782 thousand in 2009.
At 31 December 2010, the workforce numbered 72, compared to 73 in 2009.

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.
In 2010, net sales amounted to €47,273 thousand, with a net loss of €2,313 thousand. The crisis that had a severe impact on 2009 is gradually relenting, translating into a sharp rise in sales and a considerable reduction in losses compared to the previous year.
At 31 December 2010, the workforce numbered 217.

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, ceramic carbon brake discs for the original equipment of top-performance cars. The company also carries out research and development of new materials and applications.
In May 2009, the company, which has been fully owned by Brembo S.p.A. since September 2008, undertook a capital increase that was fully subscribed for by SGL Technologies GmbH

and acquired the entirety of the shares of SGL Brakes GmbH, based in Meitingen. These transactions formed the basis for the joint venture between SGL and Brembo in the carbon-ceramic brake disc field, after having received approval from the European Commission's antitrust authorities in Brussels.
The joint venture operates two carbon-ceramic brake disc production facilities, one in Stezzano (Bergamo) and the other in Meitingen (in Germany, near Augsburg), and is the global leader in this field.
Following the transaction, the company also changed its name from Brembo Ceramic Brake Systems S.p.A. to Brembo SGL Carbon Ceramic Brakes S.p.A.
In 2010, net sales amounted to €28,668 thousand compared to €27,479 thousand in 2009.
Manufacturing and shipping proceeded with production capacity being put to good use, although not yet fully exploited, thanks to orders from traditional clients in the upper segment of the market, represented by very high-performance applications.

Net income amounted to €63 thousand compared to a net loss of €699 thousand in 2009. It should be recalled that the previous year benefited from the capital gain on the sale of several patents to Brembo S.p.A. in the amount of €2,696 thousand.
The workforce numbered 107 at 31 December 2010.

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

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

The company was formed in 2008, has its registered office in the Province of Bergamo, and is 30% owned by Brembo S.p.A.
The company's net loss for the year was €194 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 2006.
Net sales for 2010 amounted to €1,367 thousand, with a net income of €113 thousand. In 2009, sales amounted to €1,105 thousand and net income was €37 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 2010, net income amounted to €102 thousand, compared to €10 thousand in 2009.

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 racing cars and motorbikes on the French market.

TRANSACTIONS WITH RELATED PARTIES

Detailed information on the company's related party transactions is provided in a special section of the Explanatory Notes to the Consolidated Financial Statements (Note 31). During the 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. The financing transactions undertaken during the year with related parties are also discussed in Note 31 to the Consolidated Financial Statements.

After obtaining the favourable opinion of the Internal Control Committee (identified as the body charged with expressing an opinion of the matter inasmuch as it currently consists solely of independent directors), in the meeting of 12 November 2010, the Board of Directors of Brembo S.p.A. resolved to adopt the procedure that governs transactions with related parties, in accordance with the requirements of the CONSOB Regulation adopted by Resolution No. 17221 of 12 March 2010, as amended. The procedure, which aims to ensure the full transparency and propriety of transactions with related parties, has been published in the Corporate Governance section of the Company's website.

FURTHER INFORMATION

Significant Events During the Year

- 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) executed agreements for the purchase of a foundry. The project envisages the gradual creation of an integrated production hub 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 1 February 2010, Brembo signed a strategic agreement with TMD Friction for the distribution of friction products on the Spanish market under the Textar, Mintex and Don brands for applications in vehicles for tourism and industrial vehicles.
- On 12 March 2010, Brembo announced that it will invest €82,000 thousand in Poland from 2010 to 2014, to expand the production capacity of the Dabrowa Gornicza integrated industrial hub (manufacture 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, bank loans and partly with grants from the European Union (€16,500 thousand); it will also benefit from tax breaks, as part of the Katowice Economic Special Zone.
- In March 2010 in Pune, India Brembo announced the creation of the new Brembo brand "BYBRE" (acronym for "By Brembo"), conceived for the manufacture and marketing in India of brake systems for motorbikes and scooters under 600 cc.
- On 27 April 2010, the Shareholders' Meeting of Brembo S.p.A. approved the Financial Statements for the year ended 31 December 2009 and the distribution of a gross dividend of €0.225 per share outstanding at the ex-dividend date, excluding treasury shares. The remainder was allocated to reserves. The Shareholders' Meeting also appointed a new Director – who had already been co-opted by the Board of Directors at the meeting held on 15 March 2010 – Bruno Saita, who accepted the position of non-executive director following years of collaboration with the Group.
  The Shareholders' Meeting also approved a new plan to purchase and sell treasury shares and authorised the three-year incentive plan for Executive Directors and Top managers for the period 2010-2012.
- On 3 August 2010, a new agreement was signed (consensually terminating that dated 19 February 2008) by Brembo S.p.A. and the minority shareholders of Brembo Performance S.p.A.; under this new agreement, on 27 September 2010 Brembo acquired 30% of Brembo Performance S.p.A., which operates in the field of passive safety components and special accessories for cars and motorbikes, acquiring full control of the investee. Brembo Performance S.p.A. concurrently sold 35% of its interest in Sabelt S.p.A. to the former minority shareholders of Brembo Performance.
  The agreement also provides for a put option to sell the minority interests to Brembo to be exercised beginning on 1 January 2015 and within the next five years. The deal is part of the previously announced corporate restructuring and streamlining plan aimed at achieving greater organisational flexibility and rationalising structural costs. In further detail, that programme called for the following steps in the latest months:
  - the merger of Brembo S.p.A. and Marchesini S.p.A. on 27 December 2010;

- approval of the merger of Brembo S.p.A. and Brembo Performance S.p.A. on 12 November 2010 (the merger took place on 20 January 2011);
- sale of a 100% interest in Brembo Performance Japan Co. Ltd. by Brembo Performance S.p.A. to Brembo Japan Co. Ltd. on 20 October 2010 and approval of the merger of the two Japanese companies on 22 October 2010;
- sale of a 100% interest in Brembo Performance North America Inc. by Brembo Performance S.p.A. to Brembo North America Inc., on 31 December 2010, and subsequent merger of the two companies.

  The above-mentioned mergers will become effective starting from January 2011.

- The merger into Brembo México S.A. de C.V. approved on 21 June 2010 by the Shareholders' Meetings of the two Mexican firms Brembo México S.A. de C.V. (formerly Brembo México Puebla S.A. de C.V.) and Brembo México Apodaca S.A. de C.V., also entered into force on 3 August 2010.
- In September, the Ford Motor Company included Brembo in its global network ABF, Aligned Business Framework, a list of suppliers selected by the U.S. car manufacturer aimed at the long-term joint development of partnership and increasingly close cooperation through the promotion of technological development and mutually advantageous profitability.
- As part of its strategy of international expansion and rapid growth in new segments of the market, Brembo has decided to invest approximately €35,000 thousand over the next three years to establish a new manufacturing hub in the Czech Republic. The new facility, which will be housed in an existing industrial building, will become operational in 2011 and will include the casting, processing and assembly of brake callipers and other aluminium components with the aim of developing an integrated industrial hub capable of offering the European market quality, high-tech brake systems, and applying luxury and high-premium segment technologies, in which Brembo is the world leader, to the segment known as mid-premium, larger than Brembo's typical clients by a factor of ten.
- On 22 October 2010, Brembo entered into a lease agreement, set to expire on 31 December 2011, for two companies owned by an important supplier of mechanical parts requiring a high-tech production process. The deal was a necessary response to the financial difficulties in which IMMC and IRAL found themselves, given the need to safeguard the know-how and important technological expertise transferred by Brembo to the above-mentioned companies over their many years of collaboration, as well as to ensure the continuity of supply to the Brembo Group.
  The transaction was structured through a recently incorporated vehicle, La.Cam. (Lavorazioni Camune) S.r.l., 100% controlled by Brembo S.p.A. The production facilities of the leased companies are located in Berzo Demo (BS) and Sellero (BS), employ a staff of approximately 240 and manufacture high-precision metal parts and nuts and bolts that the Brembo Group normally uses to construct brake systems for OEM and racing cars and motorbikes.
  Within the end of the lease period and based on the results of the financial restructuring of the two leased companies, Brembo might be involved in any subsequent process of acquisition of the business unit.
- In October 2010, Brembo became a supplier to Suzuki for street motorbikes as well, following years of collaboration in

the MotoGP, with a new brake calliper specifically designed for the new version of the Japanese manufacturer's top-of-the-line super racing model.
Thanks to this new supply arrangement, which will last for approximately three years, Brembo has remained the top preference for the leading motorbike manufacturers and strengthened its presence on the Japanese motorbike market, where it has been present for some time with Yamaha.

- On 26 October 2010, the €50,000 thousand bond was redeemed by Brembo International S.A., drawing on a new loan of the same amount set to mature in five years.
- On 12 November 2010, the Board of Directors of Brembo S.p.A. resolved to bring the By-laws into compliance with the compulsory provisions introduced by Legislative Decrees No. 27/2010 (implementing the Directive on the exercise of shareholders' rights in listed companies) and No. 39/2010 (implementing the Directive on the statutory audit of annual accounts and consolidated accounts). In accordance with the Decrees, the primary amendments adopted pertain to:
  - calling of Shareholders' Meetings and information prior to meetings;
  - representation at Shareholders' Meetings and voting proxies;
  - entitlement to participate in Shareholders' Meetings and the exercise of voting rights;
  - the deadlines for the filing of lists for the appointment of corporate bodies;
  - the introduction of the notion of the "statutory audit of accounts."

The new text of the By-laws is available to the public and published in the Corporate Governance section of the Company's website.

Privacy

In accordance with the "Personal Data Protection Code", as per Legislative Decree No. 196 of 30 June 2003 and by 31 March 2011, Brembo S.p.A. is updating the prescribed "Security Planning Document" and implemented all the measures prescribed therein. These measures were extended also to its investees with registered offices in Italy. More in detail, the company planned and carried out the necessary initiatives at the organisational, technical, and training levels.

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

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

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

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

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

The reconciliation of equity and net income for the year, as listed in the Parent Company's Financial Statements, and the equity and net income for the year recognised in the Consolidated Financial Statements reveals that the Group equity at 31 December 2010 was €120,807 thousand higher than the figure reported in the Brembo S.p.A. Financial Statements. Consolidated income for the year, amounting to €32,271 thousand, was €11,064 thousand higher than that of Brembo S.p.A.

(euro thousand)	Net income Equity 2010	Equity at 31.12.2010	Net income Equity 2009	Equity at 31.12.2009
Brembo S.p.A.	**21,207**	**197,212**	**21,144**	**190,237**
Consolidation adjustments:				
Elimination of equity of consolidated companies and allocation of their net income or loss	67,717	368,281	36,448	327,724
Goodwill and other allocated surplus	(997)	14,370	(1,706)	14,683
Elimination of intra-Group dividends	(52,419)	0	(52,040)	0
Book value of consolidated shareholdings	(1,258)	(238,124)	4,143	(230,910)
Valuation of shareholdings in affiliate companies and joint ventures using the equity method	(2,013)	(1,602)	(2,799)	422
Gain from the disposal of 50% of BSCCB S.p.A.	0	0	3,874	0
Elimination of intra-Group income	(352)	(5,296)	(1,383)	(4,329)
Other consolidation adjustments	(72)	(8,982)	1,841	(6,361)
Equity and net income attributable to minority interests	458	(7,840)	1,006	(7,459)
Total consolidation adjustments	**11,064**	**120,807**	**(10,615)**	**93,770**
GROUP CONSOLIDATED	**32,271**	**318,019**	**10,528**	**284,007**

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2010

As part of the corporate reorganisation activities described above, the mergers between Brembo S.p.A. and Marchesini S.p.A., Brembo S.p.A. and Brembo Performance S.p.A., Brembo Japan Co. Ltd. and Brembo Perfomance Japan Co. Ltd., Brembo North America Inc. and Brembo Performance North America Inc. became effective as of January 2011.

No other significant events occurred after the end of 2010 and up to 2 March 2011.

FORESEEABLE EVOLUTION

Sales have continued to trend upwards in 2011, which will lead to the saturation of newly constructed plants sooner than initially expected.

In further detail, the announced investments envisage:

- the doubling of the capacity of the current foundry and processing facility in **Dabrowa Górnicza, Poland**: the production will start in June 2011;
- a new aluminium brake calliper manufacturing facility in **Ostrava, Czech Republic**: production will start in June 2011;
- the restructuring of the foundry in **Nanjing, China** acquired in January 2010: work will be completed by the end of 2011;
- the doubling of the capacity of the current motorbike braking systems manufacturing facility located in **Pune, India**: work will be completed by May 2011.

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

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

Approved by the Board of Directors on 2 March 2011

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 refers to, specifically the financial year ended 31 December 2010

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

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

SC: Supervisory Committee

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

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 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 2 March 2011)

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%
Dynamic Global Value Fund	2.083%
Morgan Stanley Asset Management UK Ltd.	2.00%

Figures at 25 February 2011

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

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

Power to repurchase own shares

The General Shareholders' Meeting of Brembo held on 27 April 2010 approved a plan for the repurchase of own shares under which Brembo can buy up to 2,680,000 of its own shares (4.01% of share capital), in one or more tranches. Authorisation is valid for a maximum of 18 months starting from 27 April 2010. The purchase price per share has been set from €0.52 to €10.00. The only condition that applies to the disposal of own shares purchased is a minimum price requirement of the official price of Brembo stock during the exchange session prior to each disposal transaction. The Board of Directors has been granted the power to determine all other terms and conditions of disposal transactions on each occasion.
In accordance with the plan, own shares can be disposed of in one or more tranches regardless of whether the maximum number of shares has been purchased, as follows:

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

At its meeting on 27 April 2010, 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 2010. At 2 March 2011, 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.

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 process of merging the latter company into Brembo S.p.A. began in 2010 (the merger will enter into force for accounting and tax purposes on 1 January 2011).
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, promoted by Borsa Italiana S.p.A and approved in March 2006 by the Corporate Governance Committee.
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 ([1]):

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

(1) By-laws amended by the Board of Directors to comply with the compulsory provisions of Legislative Decree No. 27 of 27 January 2010 (published in the Italy's Official Journal No. 53 of 5 March 2010) on 12 November 2010 by virtue of the powers vested in the Board by Article 16 e) of the By-laws.

shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list;

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

3.2 Composition

Brembo S.p.A.'s organisation is based on the traditional model, as outlined in the current By-laws.
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. The Board of Directors is made up of eleven Directors, as reported in the following table:

Board of Directors										Audit Committee		Remuneration Committeee	
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 **		*		*
Chairman and Managing Dir.	Alberto Bombassei	29.04.08	(1)	X				100%	4				
Director	Cristina Bombassei	29.04.08	(1)	X				100%	–				
Director	Giovanni Cavallini	29.04.08	(1)		X	X	X	90%	4			X(2)	100%
Director	Giancarlo Dallera	29.04.08	(1)		X	X	X	90%	1	X(2)	66%		
Director	Giovanna Dossena	29.04.08	(1)		X	X(3)	X	80%	–	X(3)	83%		
Director	Umberto Nicodano	29.04.08	(1)		X			80%	1			X(2)	100%
Director	Pasquale Pistorio	29.04.08	(1)		X	X	X	80%	2				
Director	Giuseppe Roma	29.04.08	(1)		X	X(3)	X	100%	–	X(2)	100%		
Director	Bruno Saita	27.04.10	(1)		X			100%	–				
Director	Pierfrancesco Saviotti	29.04.08	(1)		X	X	X	20%	3			X(4)	100%
Director	Matteo Tiraboschi	29.04.08	(1)	X				100%	–				

No. of meetings held during 2010: Board of Directors: 10, Audit Committee: 6, Remuneration Committee: 2

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 by Directors at other companies, thus excluding those held at Brembo, as required by Article 1.4 of Brembo S.p.A.'s Corporate Governance Manual.

(1) Appointed for a term expiring on the date of approval of the Financial Statements for the year ended 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 2010, Brembo confirmed the independent status of the Director 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 as well as the 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 Corporate Governance Manual of Brembo S.p.A. 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.
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 2010.

3.3 Maximum number of positions held at other companies

At the time of appointment and thereafter on an annual basis, the Board of Directors evaluates the compatibility of positions held by Directors at other companies. The evaluation is not based on specific criteria or quantitative limits, but instead on the evaluation of statements made by the Directors, their professionalism and independence, and by verifying their effective and consistent attendance at Board meetings and other management activities.

3.4 Role of the Board of Directors

The Board of Directors met ten times in 2010 (of which, five in the extraordinary session) 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.
Some Board meetings were attended by the following non-members, in addition to the Secretary:

- the Head of Human Resources & Organisation participated in the meetings held on 15 and 30 March 2010 to illustrate matters relating to the end of the Brembo Group's "2009 Ponte Plan" (final results and individual pay-out) and the new Three-year (2010-2012) Incentive Plan for Executive Directors and Top Managers;
- some central business and corporate functions participated in the meeting held on 17 December 2010 to analyse the 2010 Forecast, 2011 Budget and 2010-2014 Plan, which were then approved by the Board of Directors.

Six Board meetings have been scheduled for 2011, and the schedule was approved by the Board on 12 November 2010 and then released to the public.

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 reviewed and approved the implementation of specific plans pertaining to transactions with a material impact on Brembo S.p.A. in terms of strategic importance, operating and financial position during the meetings held on 15 March 2010, 13 May 2010, 4 August 2010 and 12 November 2010 (particularly with regard to industrial projects in the Czech Republic, Poland and China), and the meeting held on 17 December 2010.
In detail, the Board of Directors met in extraordinary session on 15 September 2010, 1 October 2010 and 25 October 2010 and in ordinary session on 12 November 2010 in order to implement the "Brembo Performance Corporate Streamlining" process with the

aim of increasing the flexibility of internal processes and containing structural costs. The first step in that process was acquiring 30% of Brembo Performance S.p.A., which manufactures passive safety components and special accessories for cars and motorbikes, thereby bringing the interest held by Brembo S.p.A. to 100%.
By virtue of the powers vested in the Board of Directors by letter a) of Article 16 of the By-laws, the following transactions were then undertaken after the proposed merger was approved:

- the merger of Marchesini S.p.A. into Brembo S.p.A. pursuant to Article 2505 of the Civil Code was approved on 25 October 2010;
- the merger of Brembo Performance S.p.A. into Brembo S.p.A. pursuant to Article 2505 of the Civil Code was approved on 12 November 2010.

Also in extraordinary session, on 1 and 22 October 2010 the Board of Directors approved the lease of two companies owned by an important supplier of mechanical components requiring a high-tech manufacturing process through the incorporation of the company La.Cam (Lavorazioni Camune) S.r.l., a fully-owned subsidiary of Brembo S.p.A.
The Board also evaluated the adequacy of the company's organisational, administrative and accounting structure at its meetings held on 15 March 2010, 13 May 2010, 4 August 2010, 12 November 2010.
At the meeting held on 15 March 2010, the Board of Directors allocated the Directors' total annual compensation pursuant to the By-laws, after having heard the opinion expressed by the Remuneration Committee, which during the same meeting submitted its assessments regarding the following matters to the Directors:

- end of the Brembo Group's "2009 Ponte Incentive Plan", final results and individual pay-out;
- proposal of a "2010 Retention Bonus" for Executive Directors and Top Managers in light of the results the beneficiaries had achieved despite the serious crisis situation;
- the Three-year (2010-2012) Incentive Plan for Executive Directors and Top Managers;
- proposal to allocate compensation to the Board of Directors and Committee members of Brembo S.p.A.

During the meeting held on 30 March 2010, the Board of Directors also approved the Three-year (2010-2012) Incentive Plan for Executive Directors and Top Managers.

At the meeting held on 25 October 2010, the Board of Directors ratified the payment of the "2010 Retention Bonus" to the 34 Executives designated beneficiaries of the "2009 Ponte Plan" and resolved to pay the Chairman and Managing Director a "2010 Retention Bonus" by drawing on part of the residual provision for the Board of Directors' remuneration.

At its meetings on 15 March 2010, 13 May 2010, 4 August 2010, 12 November 2010, 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.

In accordance with the Corporate Governance Manual:

- at the meeting on 2 March 2011, on the basis of the information received from the Directors, the Board surveyed the positions of Director or Statutory Auditor filled by Directors at other companies pursuant to Article 1.4 of the Corporate Governance Manual and conducted a periodic review of the requirements of integrity and independence, also pursuant to the Corporate Governance Manual; the results of that self-assessment process are presented in this Report;

- during the meetings of the Board of Directors held on 15 March 2010, 13 May 2010, 4 August 2010, 12 November 2010 and 2 March 2011, the Board received periodic information regarding the exercise of the powers granted and material transactions and transactions in potential conflict of interest (there were no such transactions to report);
- 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);
- the Board charged the Lead Independent Director, Pasquale Pistorio, with proceeding with a Board Performance Evaluation regarding the size, composition and functioning of the Board and its committees in 2010, the results of which were presented during the meeting of independent Directors on 12 November 2010 and then at the full meeting of the Board of Directors on the same day.

On the subject of the implementation of Brembo's Internal Control System, the Report by the Director charged with supervising the Internal Control System's functionality and the periodic reports by supervisory and control bodies were submitted for the Board of Directors' review at the meetings held on 4 August 2010, 17 December 2010 and 2 March 2011.

In the interest of constantly improving the Organisational, Management and Control Model of Brembo S.p.A. pursuant to Legislative Decree No. 231/2001, at the meeting held on 15 March 2010 the Board of Directors approved the new text of the section "Elements of the Brembo Model", which further emphasises that the analysis of potential risks presented in the special section is also conducted by specific personnel identified for each function who act in concert with the Risk Analysis and Prevention Committee, according to a specific Action Plan.

At its meeting on 13 May 2010, the Board of Directors:

- approved the classification scheme for the degree of abstract applicability of the offences set out in Legislative Decree No. 231/2001 previously validated by the Supervisory Committee;
- requested that the Chairman issue the Company's Notice pursuant to Article IA.2.10.2 of the Market Regulation Instructions (full adoption of the Model pursuant to Article 6 of Legislative Decree No. 231/01) on the basis of the opinion of the full adoption of the 231 Model expressed by the Supervisory Committee.

In accordance with the new CONSOB Regulation (Resolution No. 17221 of 12 March 2010 and Resolution No. 17389 of 23 June 2010), on 12 November 2010 the Board of Directors unanimously approved the New Procedure for Related Party Transactions, based on the prior unanimous favourable opinion expressed by the Audit Committee (charged with expressing that opinion on 4 August 2010, inasmuch as it consists of three independent Directors). The text of the procedure was made available to the public and reproduced in the Corporate Governance section of the Brembo S.p.A.'s website.

By virtue of the powers set forth in Article 16 e) of the By-laws, on 12 November 2010 the Board of Directors amended the By-laws of Brembo S.p.A. to comply with compulsory provisions of law introduced by Legislative Decree No. 27 of 27 January 2010 in implementation of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies and by Legislative Decree No. 39/2010 regarding statutory auditing in order to invoke all of the supervisory duties assigned to the Board of Statutory Auditors. The amended By-laws were then made available to the public and reproduced in the Corporate Governance section of Brembo S.p.A.'s website, after being filed with the Company Register.

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.

In addition, from 1 September 2009, the Chairman Alberto Bombassei has held the role of Managing Director and has therefore been granted all relevant powers. Delegated bodies report to the Board of Directors on their activities, on a quarterly basis.

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.

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.

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.

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.

Directors Umberto Nicodano and Bruno Saita were designated as non-executive directors.

The Independent Directors meet at least once a year without the other Directors at a meeting coordinated by the Lead Independent Director. During the reporting year, they met on 12 November 2010 to review the results of the Board Performance Evaluation and discuss matters pertaining to the Board's operation and further inquiry into 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 2010 Board Performance Evaluation and presented its results during a meeting of the Independent Directors on 12 November 2010 and, later that day, at the Board's plenary meeting.

The 2010 Board Performance Evaluation was conducted by first sending all Directors a specific, detailed questionnaire aimed at surveying the Directors' judgments of a series of indicators regarding, among other subjects, the composition of the Board of Directors and Committees, their operation, the subject matters dealt with, and any areas for improvement. The results were then processed and summarised into specific slides presented at the above meetings.

In the course of that activity, the actions taken by the Company were also evaluated with the aim of constantly improving the material operation of the Board of Directors and its Committees.

Various matters pertaining to the operation of the Board and the Company's business were also further explored during that meeting.

The independent Directors and the Board of Directors expressed broad general approval of Brembo's Board of Directors and its overall operation and expressed the wish that central business and corporate functions might be more involved in Board meetings. That wish was put into action by the Company as early as the Board meeting held on 17 December 2010.

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 the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market.

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

4.1 Internal Dealing

Brembo adopted Internal Dealing Regulations to govern transactions involving the Company's shares or instruments connected to them carried out either directly or indirectly by Insiders or persons closely associated with them (so-called Internal Dealing).

- Insiders must report to the market all transactions involving the Company's shares that have a cumulative value of €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.

A single notice was given under the Internal Dealing Regulations in 2010.

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.
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).
In 2010, the Remuneration Committee held a meeting on 15 March 2010 at which the Head of Human Resources & Organisation was invited to participate, in addition to the Secretary. In this meeting, the following matters were addressed:

- the end of the Brembo Group's "2009 Ponte Incentive Plan", final results and individual pay-out, with the acknowledgement that the targets set out in the 2009 Ponte Plan had not been met (inasmuch as only one of the goals was achieved according to the year-end result) and the resulting proposal to the Board of Directors not to pay any of the compensation set out in the Plan; concurrently, acknowledging the excellent results achieved by the Executive Directors and management during the serious crisis situation that occurred in 2009, the Committee saw fit to propose that the Board of Directors pay a 2010 Retention Bonus along with salaries for September 2010 to Brembo's Top Executives, to be identified in the same way as the beneficiaries of the 2009 Bridge Plan were identified and in the context of Brembo's ordinary compensation trends;
- a review of the Three-year (2010-2012) Incentive Plan for Executive Directors and Top Managers, with the acknowledgement of the new Three-year Plan's principles for the purposes of proposal for the approval – given by the Board of Directors on 30 March 2010 – of the final text of the new Three-year Plan Regulations and the associated documentation in accordance with the law;
- the proposal to allocate the remuneration of the Board of Directors and Committee Members of Brembo S.p.A., appointed by the Shareholders' Meeting of 24 April 2009.

On 25 October 2010, the Committee then reviewed and ratified the payment of the "2010 Retention Bonus" to the 34 Executives named beneficiaries of the "2009 Ponte Plan" and approved the proposal to pay the Chairman and Managing Director a "2010 Retention Bonus" by drawing on part of the residual provision for the Board of Directors' remuneration.

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.

The Shareholders' Meeting held on 27 April 2010 authorised the Three-year Incentive Plan for Executive Directors and Top Managers for the period 2010-2012 partially and indirectly based on equity instruments (stock performance).
The potential beneficiaries of the plan have been identified as 31 persons (including the Chairman) who serve in executive positions at Brembo and have the power to make management decisions that may have an impact on the Company's development and prospects for the future.

In accordance with CONSOB Communication No. DEM/11012984 of 24 February 2011, it should be noted that:

– there are no agreements between Brembo and its Directors (pursuant to Article 123-*bis*, paragraph 1, letter I, of TUF) that envisage indemnities in the event of early termination;
– details of the amounts received by Directors in 2010 are provided in Note 31 of the Explanatory Notes to the 2010 Consolidated Financial Statements.

On the subject of the implementation of the new Article 7 of the Code ("Directors' Remuneration") published in March 2010, on 2 March 2011 the Board of Directors resolved, on the Remuneration Committee's proposal:

(i) to prepare the Remuneration Report during 2011, pursuant to Article 123-*ter* of TUF (added by Legislative Decree No. 259/2010), so as to submit it to the Shareholders' Meeting to be convened in 2012:
  a) in accordance with:
   - Article 2 of Legislative Decree No. 259/2010 (which requires that the report be submitted to the Shareholders' Meeting convened to approve the Financial Statements during the year after that in which the regulation set out in paragraphs 7 and 8 of Article 123-*ter* of TUF enters into force);
   - Borsa Italiana's Notice No. 18916 of 21 December 2010 (which requires that Borsa Italiana survey the data set out in Article 7 of the Code as published in 2006 in order to evaluate directors' remuneration requirements applicable to STAR issuers, pending the forthcoming exchange regulatory revision);
   - on a temporary basis, until the implementation of Legislative Decree No. 259/2010, CONSOB Notice No. DEM/11012984 of 24 February 2011 governing indemnities for early termination of relationships between directors and issuers and disclosure of directors' remuneration; and
  b) pending the enactment of the CONSOB regulation implementing Legislative Decree No. 259/2010 (set forth in paragraphs 7 and 8 of Article 123-*ter* of TUF);

(ii) not to proceed with the approval of any amendments to Brembo's Three-year (2010-2012) Incentive Plan for Executive Directors and Top Managers in light of the provisions of Article 7 of the Code in order to include any share-retention mechanisms set forth therein, pending the availability of a clearer and more complete regulatory and legislative framework and access to industry best practices for comparative purposes.

As required by CONSOB's Rules for Issuers, information on changes in shares held by members of Brembo's administration and control bodies in 2010 is provided below:

Name and surname	Shares at 31.12.2009	Shares purchased in 2010	Shares sold in 2010	Shares at 31.12.2010	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	–	n/a	n/a
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
Pasquale Pistorio	–	–	–	–	n/a	n/a
Giuseppe Roma	–	–	–	–	n/a	n/a
Pierfrancesco Saviotti	–	–	–	–	n/a	n/a
Bruno Saita (1)	–	–	–	100,000	F	I
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) The Board member in question was co-opted on 15 March 2010 and appointed by the Shareholders' Meeting on 27 April 2010.

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 2010, the Audit Committee held six fully minuted meeting, as follows: 3 February 2010, 10 March 2010, 5 May 2010, 1 October 2010, 3 November 2010, 12 November 2010.

The Executive Director 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 Legal & Corporate Manager, the Quality & Environment Manager, and the Purchasing Manager also attended the meetings for the discussion of specific items on the agenda.

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

- it assisted the Board in carrying out the internal control duties assigned to it;
- 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;
- 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 2010 Financial Statements;

- it examined the working plan prepared by the Internal Auditor as well as the periodic reports drawn up;
- 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;
- it evaluated the 2009 Management Letter submitted by the independent auditors, which contained suggestions on financial reporting processes; it analysed the suggestions in light of Italian Law No. 231 and explored aspects relating to the company's Organisation, Management and Control Model;
- it oversaw the effectiveness of the audit process;
- through reports presented by the Committee Chairman on 17 December 2010 and 23 February 2011, it informed the Board of Directors of the activities carried out and the adequacy of the Internal Control System in 2010;
- it evaluated the organisational structure of the Brembo Group;
- 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:

- activities completed by Internal Audit in 2010;
- the progress of the work concerning Law No. 262/05 in Brembo S.p.A. and its extension to Group companies;
- the CFO's report on significant transactions and transactions that might create a conflict of interest under Brembo's current rules.

In addition, on 4 August 2010 the Board of Directors charged the Audit Committee (inasmuch as it currently consists of three independent Directors) with coordinating and supervising the preparation of the new Procedure for Related Party Transactions (in accordance with the relevant provisions of the New CONSOB Regulation) and expressing an opinion thereof prior to final approval by the Board of Directors.

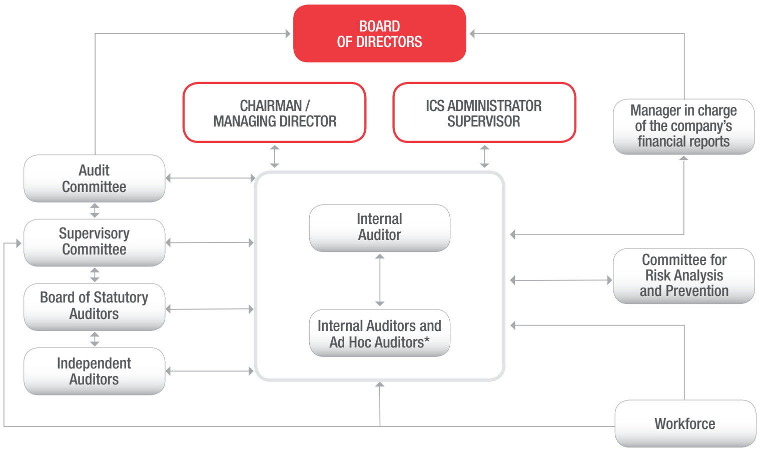
On the basis of the work plan prepared by the Company, the Audit Committee supervised the process of drafting the procedure through the Committee Chairman specifically appointed by the Committee; on 5 November 2010, having heard the opinions of the Internal Auditor and the Board of Statutory Auditors, in the belief that the final version of the procedure adhered to the principles laid down in the New CONSOB Regulation for Related Party Transactions, the Committee unanimously expressed a favourable opinion pursuant to Article 4, paragraph 3, of the New CONSOB Regulation.

In further compliance with the provisions of the New CONSOB Regulation for Related Party Transactions and in the context of the new procedure for related party transactions, the Board of Directors also identified the Audit Committee as the body responsible for the following, inasmuch as it currently consists of three independent non-executive Directors:

- expressing a reasoned, non-binding preliminary opinion, supported by a statement of grounds on the advisability of effecting Moderately Significant Related Party Transactions, taking due account of the Company's interests, as well as assessing the fairness and substantive propriety of the related terms and conditions, pursuant to Article 7 of New CONSOB Regulations on Related Party Transactions;
- participating in negotiations and fact-finding investigations undertaken prior to effecting Highly Significant Related Party Transactions and expressing a reasoned, binding preliminary opinion, supported by a statement of grounds on the advisability

of the said Transactions, taking due account of the Company's interests, as well as assessing the substantive and procedural propriety of the proposed Transactions, pursuant to Article 8 of the New CONSOB Regulations on Related Party Transactions.

10. INTERNAL CONTROL SYSTEM



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

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:

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 2010, the Board of Directors expressed its assessment and respective guidelines in the meetings of 4 August 2010, 17 December 2010, and 2 March 2011 based on the reports received from the Executive Director in charge of overseeing the functioning of the Internal Control System, the Chairman of the Audit Committee, the Chairman of the Supervisory Committee and the Internal Auditor.

10.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 17 December 2010 and 23 February 2011, 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 its subsidiaries. It therefore found the Internal Control and Risk Management System to be adequate.
In light of the foregoing, the Board of Directors also acknowledged that:

- the process of identifying the main risks and monitoring the associated plans for improvement are continuing in a structured, constant manner in accordance with the audit plan submitted by the Internal Auditor;

- the departments of the Parent Company and its subsidiaries are in constant contact in order to rationalise procedures and ensure processes are reliable;
- the internal auditing process has also acted as a stimulus within each of the Group's business segments to share risk control objectives and comply with applicable regulations, with a view towards constantly recouping efficiency and achieving transparent behaviour;
- work to design Brembo's Internal Control System continues with participation in institutional meetings, calling attention to the guidelines ratified during meetings of the Board of Directors.

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

In accordance with the principles outlined by CoSO, 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 preparing 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.

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

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

When this process is complete, 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 such communication, he or she must request it.

The Compliance Officer and Internal Audit periodically report to the Manager in charge of the Company's financial reports as to

the activities carried out and test results. The main companies in the Brembo Group are subject to analysis 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

Director Cristina Bombassei has been identified as the Executive Director charged with overseeing the Internal Control System.
The above-mentioned Director submitted her annual report for the review of the Audit Committee and Board of Directors at the meetings held on 23 February 2011 and 2 March 2011.
In accordance with the instructions provided by the Chairman of the Board of Directors, the Executive Director also determined that the monitoring activity required by the action plans for the audits conducted during the 2007-2010 period had been properly implemented.
The main risks to which the Company is exposed continued to be identified in 2010, in a process that involved the Company's entire management in the self-assessment of risks, with the aid of the Internal Auditor and the Internal Audit Department.
The Executive Director also verified that the new procedures issued in 2010 by both the Internal Audit Department and the main control bodies were in compliance with the contents of the document "Policies for Implementing the Internal Control System".

10.4 Internal Auditor

Since 2008, Alessandra Ramorino has been Internal Auditor.
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 meeting of the Audit Committee and Supervisory Committee and attended some meetings of the Board of Statutory Auditors.
At its meeting on 23 February 2011, the Audit Committee was provided with appropriate information on the results of Internal Auditor's activities for 2010, through the annual report on the adequacy of the Internal Control System.
The Manager in charge of the Company's financial reports was also given due notice of the Internal Auditor's activities relating to Law No. 262/05 for 2010, in the form of half-yearly reports on the adequacy of the control model implemented for the purposes of Law No. 262 and the results of the tests in this area conducted by the Internal Audit Department.
On 5 November 2010, the Internal Auditor issued a favourable opinion for the Audit Committee concerning the adequacy of the procedure for related party transactions.
At its meeting on 14 March 2011, 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 2010, Internal Audit operated based on the approved three-year audit plan, in line with the actions agreed during the year with the Chairman and Audit Committee. The audit plan provides for: risk assessments, using the Control Risk Self Assessment method, organisational audits of Group companies, audits of 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.

In 2010, Internal Audit continued to collaborate towards implementing the new IT system, providing advice regarding the compliance of the control processes implemented with an adequate Internal Control System.

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

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

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

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.

Within the process of constantly improving and updating the Organisational, Management and Control Model of Brembo S.p.A. and in accordance with Legislative Decree No. 231/2001, on 15 March 2010 the Board of Directors approved the new version of the section "Elements of the Brembo Model" as proposed by the Chairman of the Supervisory Committee. The new version better emphasises that the analysis of the potential risks set forth in the special section is also conducted through specific personnel identified for each function, who act in concert with the Risk Analysis and Prevention Committee (consisting of ten of the Company's top managers) according to a specific Action Plan.

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 2010, all specific activities falling under the responsibility of the Supervisory Committee were regularly conducted; the Committee met on 3 February 2010, 10 March 2010, 5 May 2010, 14 July 2010, and 3 November 2010.

The Chairman of the Supervisory Committee also met separately with the Internal Audit Department for further discussion of several risk-assessment analyses conducted by Law No. 231 personnel.

The Supervisory Committee met five times during the year 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:

- in the context of its activity of analysis of the Model's solidity and functionality requirements, the Supervisory Committee suggested some improvements to enhance the solidity and functionality of the Organisational, Management and Control Model and reported the need for an update to the Model to reflect the risk-assessment analyses conducted;
- audit activities have been carried out in order to check that the Model is being implemented effectively, with the support of the Internal Audit Department, based on the Supervisory Committee's action plan;
- oversight of the Model entailed an analysis of:
  - the reports received by the Supervisory Committee;
  - the analysis of the flow of information contained in the Supervisory Committee's half-yearly report by the internal functions of Brembo S.p.A. and the relevant personnel for Group companies;
  - findings reached through meetings with the managers of sensitive areas and/or functions within the meaning of Legislative Decree No. 231/01.

On 13 May 2010, on the basis of the opinion expressed by the Supervisory Committee concerning the full adoption of the 231 Model, the Chairman of the Board of Directors issued the Company's notice pursuant to Article IA.2.10.2 of the Market Regulation Instructions (full adoption of the Model pursuant to Article 6 of Legislative Decree No. 231/01).

At the meeting held on 13 May 2010, the Board of Directors also approved the classification scheme for the degree of abstract applicability of the offences set forth in Legislative Decree No. 231/01 prepared by the Risk Analysis and Prevention Committee (consisting of the Company's top managers) previously validated by the Supervisory Committee.
In addition, work continued during 2010 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, no violations of laws subject to the penalties provided for in Legislative Decree 231/2001 were reported.

10.7 Independent Auditors

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

10.8 Manager in charge of the Company's financial reports

In 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

During the meetings of the Board of Directors held on 15 March 2010, 13 May 2010, 4 August 2010, 12 November 2010 and 2 March 2011, information was provided concerning transactions undertaken with related parties after material transactions and/or transactions in conflict of interest had been reported to the Audit Committee in accordance with Brembo's instructions.
Due to their purpose and nature, such transactions were not considered outside of the company's normal course of business; furthermore, they did not present any critical issues, were within the range of market values for similar transactions and were not material in amount.

On the subject of Related Party Transactions, in accordance with the provisions of the New CONSOB Regulation on Related Party Transactions, on 12 November 2010 the Board of Directors unanimously approved the New Procedure for Related Party Transactions, having heard the favourable opinion from the Audit Committee (charged with providing such opinion, since it consists of three independent Directors, within the meanings of both Article 148, paragraph 3, of TUF and the independence requirements set forth in the Corporate Governance Code of Borsa Italiana S.p.A.).

The New Procedure for Related Party Transactions governs the following aspects, among others:

- it identifies the Audit Committee (inasmuch as it currently consists of three independent, non-executive Directors) as the body charged with:
  - expressing a reasoned, non-binding preliminary opinion, supported by a statement of grounds on the advisability of effecting Moderately Significant Transactions, taking due account of the Company's interests, as well as assessing the fairness and substantive propriety of the related terms and conditions, pursuant to Article 7 of the New CONSOB Regulations;
  - participating in negotiations and fact-finding investigations undertaken prior to effecting Highly Significant Transactions and expressing a reasoned, binding preliminary opinion, supported by a statement of grounds on the advisability of the said Transactions, taking due account of the Company's interests, as well as assessing the substantive and procedural propriety of the proposed Transactions, pursuant to Article 8 of the Regulations for Related Party Transactions of the New CONSOB Regulations;
- it does not extend the scope of the procedure to parties other

than those set forth in Annex 1 to the CONSOB Regulation (which referred to IAS 24 at the date of publication of the Regulation);

- it sets the threshold for small transactions outside the scope of the new procedure at €250 thousand, to be revised annually, inasmuch as it was decided that transactions below said threshold cannot constitute a risk for the company;
- it sets the amounts of the thresholds for the significance indices for Highly Relevant Transactions on the basis of the previous year's Financial Statement figures and states that they are to be revised annually according to each year's results;
- it excludes resolutions (other than resolutions passed pursuant to Article 2389, paragraph 3, of the Civil Code) concerning the remuneration of Directors with special tasks and Key Management Personnel from the scope of the new procedure, inasmuch as such resolutions also involve the Remuneration Committee, which consists solely of non-executive Directors and a majority of independent Directors;
- it exercises the option to exempt ordinary transactions and intra-Group transactions, as defined in annex 2 to the procedure;
- it lays down the rules for the assessment of Moderately and Highly Significant Transactions, carried out either directly by Brembo or through subsidiaries;
- it identifies the organisational structure and information flows deemed appropriate to ensure that the competent bodies are provided all useful information to evaluate such transactions in a timely manner.

The New Procedure for Related Party Transactions is available on Brembo's website: www.brembo.com, in the section InvestorRelations/CorporateGovernance/Codes and Manuals.

12. APPOINTMENT OF STATUTORY AUDITORS

Brembo S.p.A.'s By-laws (2) establish that:

- the Board of Statutory Auditors is made up of three acting auditors and two alternate auditors, all appointed by the Shareholders' Meeting based on list voting procedures;
- appointment to, and ongoing membership of, the Board of Auditors are strictly subject to full satisfaction of all applicable eligibility requirements, in terms of personal integrity and professional qualifications. Acting auditors are chosen among people who can also meet the applicable independence requirements, meaning that, beside meeting all statutory requirements, they may not have served as a director of acting auditor of Brembo S.p.A. for more than nine of the previous twelve years;
- auditors are appointed for a term of three years and are eligible for re-appointment. The emoluments of Statutory Auditors shall be determined by the Shareholders' Meeting;
- voting lists may be submitted only by those shareholders who, at the date the lists were submitted, represent, either on their own or together with others, at least the minimum shareholding required for the submission of lists of candidates seeking appointment to the Board of Directors, pursuant to article 15-*ter* of these By-laws, or such other percentage of the share capital, as may be established under applicable statutory and regulatory provisions;
- each shareholder, as well as: (i) shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control

(2) By-laws amended by the Board of Directors to comply with the compulsory provisions of Legislative Decree No. 27 of 27 January 2010 (published in Italy's Official Journal No. 53 of 5 March 2010) on 12 November 2010, by virtue of the powers vested in the Board by Article 16 e) of the By-laws.

within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party, or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework may submit, either on their own or jointly with other shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list;

- the lists of candidates, duly signed by the shareholders submitting the same, or the shareholder delegated to make the submission, together with all the other related documents as required under these By-laws, must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General Meeting at first calling and public disclosure must be made both at Company's registered offices and on its website and in the manner and form specified under applicable statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Meeting;
- the Board of Statutory Auditors discharges the supervisory duties entrusted to it under applicable laws and regulations and supervises compliance with the law and By-laws, observance of the principles of sound management and in particular of the adequacy of the organisational, administrative and accounting structures adopted by the Company and the material operation of those structures, as well as the concrete approach to implementing the corporate governance rules set forth in applicable legislation.

The Board of Statutory Auditors is also in charge of monitoring the independence of the Independent Auditors.

13. STATUTORY AUDITORS

- 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	80%	3.8
Acting Auditor	Enrico Colombo	29.04.08	(1)	x	60%	5.36
Acting Auditor	Daniela Salvioni	29.04.08	(1)	x	100%	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: 5.

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 Brembo's 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 thousand per annum. In 2010, the Board of Statutory Auditors held five 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 2010.

14. RELATIONS WITH SHAREHOLDERS

Brembo takes special care in monitoring relations with shareholders, institutional and private investors, financial analysts, and the financial community in general, scrupulously respecting mutual roles.
The financial community is provided numerous opportunities to obtain information from and engage in dialogue with the Company as part of a consistent, effective and ongoing communication process. The Company also holds events for financial analysts, conference calls and meetings with shareholders and investors at major capital markets or the Company's registered office.

In order to provide the market with exhaustive and constantly updated financial information, the company 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 economic results and updates on the Group's performance.
The Investor Relations function also devotes particular attention to Ethical Investors, i.e., those who in their investment decisions privilege companies that are particularly attentive to environmental, social and ethical parameters, in addition to traditional financial indicators.
The Investor Relations function is headed by Matteo Tiraboschi, CFO of Brembo S.p.A.
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

By virtue of the powers vested in it by Article 16 e) of the By-laws, on 12 November 2010 the Board of Directors amended the By-laws to comply with the compulsory provisions of Legislative Decree No. 27 of 27 January 2010 (published in the Italian Official Journal No. 53 of 5 March 2010), incorporating the provisions of European Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies.

The By-laws state:

- under the new Article 10-*bis* (ADDITION OF ITEMS TO THE AGENDA), that shareholders individually or collectively representing at least one fortieth of share capital may submit a written application, according to the terms and conditions set forth in applicable laws and regulations, to add items to the agenda for the Shareholders' Meeting, indicating the proposed additional items of business in the application;

- under Article 11 (PARTICIPATION IN AND REPRESENTATION AT GENERAL SHAREHOLDERS' MEETINGS), that shareholders entitled to vote may participate in the meeting and cast votes provided that the Company has received an appropriate notice certifying their standing, issued by the intermediary participating in the centralised financial instrument management system, by the third trading day prior to the date for which the Shareholders' Meeting is scheduled (or within other term as provided for under applicable law).
  Any party entitled to participate in a Shareholders' Meeting may be represented by written proxy granted to another person, not required to be a shareholder, in accordance with the provisions of laws and regulations in force at the time.
  Proxies may also be granted electronically, according to the conditions set out in the Ministry of Justice regulation. In accordance with the notice of the meeting, proxies may be notified electronically using the specific section of the Company's website or, where allowed in the notice of the meeting, by sending the document to the Company's certified e-mail address. Proxies may be issued only for a specific General Shareholders' Meeting and shall be valid even for subsequent callings of such General Meeting, pursuant to applicable statutory provisions. The Chairman of the General Shareholders' Meeting shall declare the validity of proxies, and in general, the right to participate in the Meeting.

The information that the Board of Directors is required to provide to the Shareholders' Meeting must be of such nature as to provide the latter with an in-depth understanding of all matters relevant to making informed decisions in respect of the items submitted for shareholder approval. Briefly put, during the Shareholders' Meeting, entitled attendees are provided not only the information included in the filings made with Stock Market and Securities Services institutions, but also, 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 new By-laws amended to comply with the compulsory provisions of law are available from the website: www.brembo.com - Investor Relations section, Corporate Governance, Codes and Manuals.
The Rules governing the Shareholders' Meetings are available on the website: www.brembo.com - Investor Relations section, Corporate Governance, in the Brembo's Corporate Governance Manual.

16. CHANGES SINCE THE END OF 2010

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

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

To conclude the separate Financial Statements of Brembo S.p.A. for the year ended 31 December 2010, based also on the examination of our Report and the Explanatory Notes to the Separate Financial Statements, in which we outlined the guidelines and operations, we submit for your approval our proposal for distributing the entire net income amounting to €21,207,287.79, as follows:

- to the Shareholders a gross dividend of €0.30 per ordinary share outstanding at ex-coupon date, consequently excluding own shares;
- to the reserve established under Article 6, paragraph 2 of Italian Legislative Decree No. 38/2005 €247,061.90;
- the balance to the extraordinary reserve.

It is also proposed that dividends should be paid as of 12 May 2011, ex-coupon 9 May 2011.

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

Stezzano, 2 March 2011

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

BREMBO S.P.A. STOCK PERFORMANCE

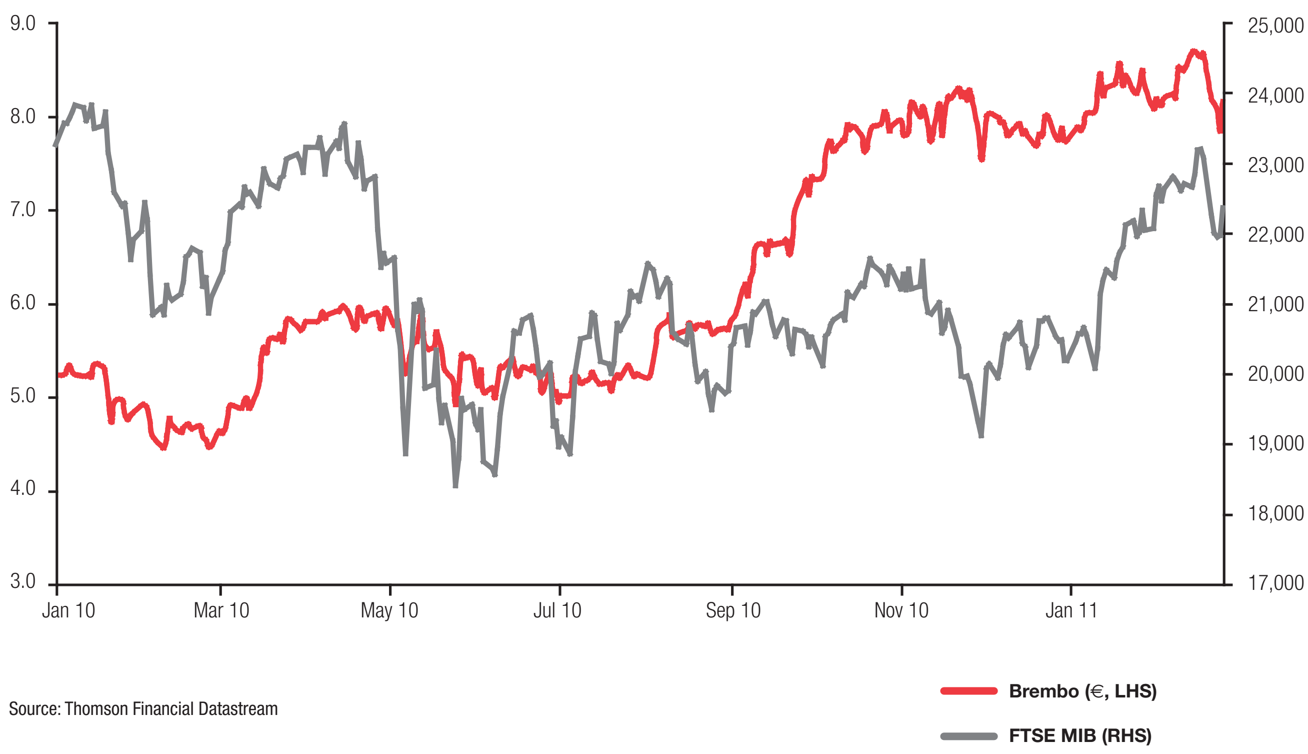
Brembo stock closed 2010 at €7.725, marking an increase of +47.7% compared to the beginning of the year. Growth was constant, accelerating sharply in the period from August to October, driven in part by the presentation of results for the first half of 2010 (on 4 August 2010).

Brembo decisively outperformed the Italian FTSE MIB index, which closed the year at -14.3%, among the worst indices in Europe.

On the whole, 2010 was a positive year for stock markets, with numerous indices showing growth and strong performances by some industries.

In particular, the European automotive components index (BBG EMEA Automobiles Parts) performed extremely well, beating both the index for the automotive industry and the European benchmark index (Eurostoxx50), closing 2010 with an increase

Brembo performance relative to Mib General Index



Source: Thomson Financial Datastream

of an impressive 56.6 percentage points above the Eurostoxx50. In late April, European markets began to undergo a correction, leading in the second half of the year to greater volatility and lower volumes than expected. Within this scenario, the automotive industry, while characterised by a greater perceived risk level, entered a sustained recovery in late summer, climbing to a high at year-end.

Brembo stock reached its high for the year on 22 November 2010 at €8.28 and generally tracked the performance of the European parts industry, while outperforming the BBG EMEA Auto Parts index by 8.4 percentage points.

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

	31.12.2010	31.12.2009
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)	176,004,507	169,092,465
Net income for the year (euro)	21,207,288	21,144,284
Trading price (euro)		
Minimum	*4.45*	*2.22*
Maximum	*8.28*	*6.00*
Year end	*7.725*	*5.22*
Stock Exchange capitalisation (euro million)		
Minimum	*297*	*147*
Maximum	*553*	*401*
Year end	*516*	*347*
Gross dividend per share	0.30 (*)	0.225

(*) To be approved by the Shareholders' Meeting convened on 29 April 2011.

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
2010

BREMBO Braking Systems

CARS

Open Wheel Single-Seaters Championships	
F1	
Drivers	Sebastian Vettel - Red Bull Racing
Manufacturers	Red Bull Racing
GP2	
Drivers	Pastor Maldonado - Rapax Team
Teams	Rapax Team
GP3	
Drivers	Esteban Gutiérrez - ART Grand Prix
Teams	ART Grand Prix
World Series by Renault	
Drivers	Mikhail Aleshin - Carlin Motorsport
Teams	Tech 1 Racing
F3 Euroseries	
Drivers	Edoardo Mortara - Signature
Teams	Signature
Superleague Formula	
Drivers	Davide Rigon - RSC Anderlecht
Teams	RSC Anderlecht

Closed Wheel Championships	
24 Hours of Le Mans	
LM P1 Class	Rockenfeller, Bernhard, Dumas - Audi Sport
LM GT1 Class	Berville, Canal, Gardel - Larbre Compétition
LM GT2 Class	Lieb, Lietz, Henzler - Felbermayr-Proton
Le Mans Series	
LM P1 Class	Stephane Sarrazin - Oreca Matmut
LM P2 Class	Erdos, Newton - RML
FLM Class	Barlesi, Chalandon - Dams
LM GT1 Class	Gardel, Goueslard - Larbre Compétition
LM GT2 Class	Lieb, Lietz - Felbermayr-Proton
American Le Mans Series	
LMPC Class	Scott Tucker - Level 5 Motorsports
GTC Class	Bleekemolen, Pappas - Black Swan Racing
FIA GT	
GT1 World Champioship	Bartels, Bertolini - Vitaphone Racing
GT3 European Championship	Keilwitz, Hohenadel - Callaway Competition
GT4 European Cup	Paul Meijer - Rhesus Racing
Speed World Challenge	
GT	Randy Pobst - K-Pax Racing
GTC	Peter Cunningham - Realtime Racing

BREMBO Braking Systems

CARS

Closed Wheel Championships	
Ferrari 430 Challenge Italy	
Pirelli Cup	Stefano Gai - Rossocorsa
Pirelli Cup - Shell Cup	Andrea Rizzoli - Motor / Piacenza
Pirelli Cup (Teams)	Motor / Piacenza
Ferrari 430 Challenge Europe	
Pirelli Cup	Philipp Baron - Baron Service
Pirelli Cup - Shell Cup	Wido Roessler - Baron Service
Pirelli Cup (Teams)	Motor / Malucelli
Ferrari 430 Challenge North America	
Pirelli Cup	Enzo Potolicchio - The Collection
Pirelli Cup (Teams)	The Collection
Trofeo Maserati GranTurismo MC	Pietro Zumerle
Lamborghini Super Trofeo	Mirko Venturi - Black Bull Swiss Racing
International GT Open	Barba, Kaffer - AF Corse

Rally Championships	
P-WRC	Armindo Araujo - Mitsubishi EVO X - Ralliart Italy
2010 Paris-Dakar	Carlos Sainz - Volkswagen Tuareg / Vw Motorsport
IRC International Rally Challenge	
Drivers	Juho Hänninen - Skoda Fabia S2000
Manufacturers	Skoda Fabia S2000
ERC European Rally Championship	Luca Rossetti - Abarth Grande Punto S2000

AP RACING Braking Systems and Clutches

CARS

	Open Wheel Single-Seaters Championships		
		Brakes	Clutch
Formula 1			
Drivers	Sebastian Vettel - Red Bull Racing		•
Manufacturers	Red Bull Racing		•
GP2			
Drivers	Pastor Maldonado - Rapax Team		•
Teams	Rapax Team		•
Superleague Formula			
Drivers	Davide Rigon - RSC Anderlecht		•
Teams	RSC Anderlecht		•
IRL	Dario Franchitti - Chip Ganassi Racing		•
Indy 500	Hélio Castroneves - Team Penske		•
F2	Andy Soucek - Motorsport Vison	•	•
F Nippon	Loic Duval - Nakajima Racing		•
F 3 British	Daniel Ricciardo - Carlin Motorsport	•	•

	Closed Wheel Championships		
24 Hours of Le Mans			
LM P2 Class	Leventis, Watts, Kane - Strakka Racing, Acura	•	•
Le Mans Series			
LM P2 Class	Erdos, Newton - RML		•
American Le Mans Series			
LMP Class	Brabham, Pagenaud - Patrón Highcroft Racing	•	•
GT Class	Long, Bergmeister - Flying Lizard Motorsports	•	•
Nascar			
Sprint Cup	Jimmie Johnson - Hendrick Motorsport	•	
Nationwide Series	Brad Keselowski - Penske Racing	•	
Craftsman Truck Series	Todd Bodine - 30 Germain Racing	•	
Late Model			
CRA Southern Six Pack	Ryan Blaney	•	
PASS Super Series	Prestion Peltier	•	
Nascar K&N pro East Series	Ryan Truex	•	
FIA GT1 World Champioship	Bartels, Bertolini - Vitaphone Racing		•

AP RACING Braking Systems and Clutches

CARS

	Closed Wheel Championships		
Touring Car			
WTC	Yvan Muller - RML Chevrolet Cruze	•	•
DTM	Paul Di Resta - AMG Mercedes	•	•
British (Drivers)	Jason Plato - Silverstone Chevrolet Cruze	•	•
British (Teams)	Honda Racing	•	•
Japanese Super GT - GT 500 Class	Kongure, Duval - Wieder Honda Racing		•
	Rally Championships		
WRC	Sébastien Loeb - Citroen C4 WRC, Citroen Total World Rally Team		•
IRC International Rally Challenge			
Drivers	Juho Hänninen - Skoda Fabia S2000		•
Manufacturers	Skoda Fabia S2000		•

BREMBO Braking Systems
MOTORBIKES

MotoGP World Championships	
MotoGP	
Riders	Jorge Lorenzo - Yamaha
Manufacturers	Yamaha
125	
Riders	Marc Márquez - Derbi
Manufacturers	Derbi

Superbike World Championships	
World Superbike	
Riders	Max Biaggi - Aprilia
Manufacturers	Aprilia
Superstock 1000	
Riders	Ayrton Badovini - BMW
Manufacturers	BMW
AMA Superbike Championship	Josh Hayes - Yamaha
British Superbike BSB	
Riders	Ryuichi Kiyonary - Honda
Manufacturers	Honda
British Supersport BSB	Sam Lowes - Honda

Motocross	
MX1	
Riders	Antonio Cairoli - KTM
Manufacturers	KTM
MX2	
Riders	Marvin Musquin - KTM
Manufacturers	KTM

Enduro	
E1	
Riders	Antoine Meo - Husqvarna
Manufacturers	Husqvarna
E3	
Riders	David Knight - KTM
Manufacturers	KTM

Supermoto	
S1	
Riders	Thomas Chareyre - TM
Manufacturers	TM

BREMBO Braking Systems

MOTORBIKES

European Speed Championships	
125	Maverick Viñales - Aprilia
600 SS	Carmelo Morales - Yamaha
1000 STK	Santiago Barragan - Honda
Italian Speed Championships	
125	Francesco Mauriello - Aprilia
600 SS	Roberto Tamburini - Yamaha
1000 STK	Ivan Goi - Aprilia
SBK	Alessandro Polita - Ducati
Spanish Speed Championships	
125	Maverick Viñales - Aprilia
Moto2	Carmelo Morales - Yamaha
Extreme	Xavi Fores - BMW
Japanese Speed Championships	
125	Hikari Ohkubo - Honda

MARCHESINI Wheels

MOTORBIKES

MotoGP World Championships	
MotoGP	
Riders	Jorge Lorenzo - Yamaha
Manufacturers	Yamaha
Moto2	
Riders	Toni Elias - Moriwaki
Manufacturers	Moriwaki
125	
Riders	Marc Márquez - Derbi
Manufacturers	Derbi
Superbike World Championships	
World Superbike	
Riders	Max Biaggi - Aprilia
Manufacturers	Aprilia
British Superbike BSB	
Riders	Ryuichi Kiyonari - Honda
Manufacturers	Honda
British Supersport BSB	Sam Lowes - Honda
Japan Superbike JSB	
Riders	Kousuke Akiyoshi - TSR - Honda
Manufacturers	TSR - Honda
Japan Supersport	Tatsuya Yamaguchi - Moriwaki
Supermoto	
Italian Supermoto Championship	Ivan Lazzarini - Honda
Internazionali d'Italia Supermoto	Ivan Lazzarini - Honda
Superbiker	Ivan Lazzarini - Honda
Endurance	
Japan Suzuka 8 Hours	R. Kiyonari, Y. Takahashi, N. Nakagami - Harco, Pro, Honda
Italian Speed Championships	
125	Francesco Mauriello - Aprilia
SBK	Alessandro Polita - Ducati
Japanese Speed Championships	

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

BREMBO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

Consolidated Balance Sheet at 31 December 2010

Assets

(euro thousand)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	322,951		311,838		11,113
Development costs	2	39,194		39,786		(592)
Goodwill and other indefinite useful life assets	2	44,751		40,947		3,804
Other intangible assets	2	20,248		22,561		(2,313)
Shareholdings valued using the equity method	3	22,515		24,479		(1,964)
Other financial assets (including investments in other companies and derivatives)	4	150		154		(4)
Receivables and other non-current assets	5	548		983		(435)
Deferred tax assets	6	20,834		17,695		3,139
TOTAL NON-CURRENT ASSETS		**471,191**		**458,443**		**12,748**
CURRENT ASSETS						
Inventories	7	181,650		142,867		38,783
Trade receivables	8	201,297	*3,870*	161,663	*3,639*	39,634
Other receivables and current assets	9	36,513		26,707		9,806
Current financial assets and derivatives	10	449		71		378
Cash and cash equivalents	11	76,292		64,653		11,639
TOTAL CURRENT ASSETS		**496,201**		**395,961**		**100,240**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS		**0**		**0**		**0**
TOTAL ASSETS		**967,392**		**854,404**		**112,988**

Equity and Liabilities

(euro thousand)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	120,892		106,834		14,058
Retained earnings/(losses)	12	130,128		131,917		(1,789)
Profit/(loss) for the year	12	32,271		10,528		21,743
TOTAL GROUP EQUITY		**318,019**		**284,007**		**34,012**
MINORITY INTERESTS	12	**7,840**		**7,458**		**382**
TOTAL EQUITY		**325,859**		**291,465**		**34,394**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	199,732	*35,000*	95,970		103,762
Other non-current financial payables and derivatives	13	25,729		26,623		(894)
Other non-current liabilities	14	2,435	*410*	477		1,958
Provisions	15	4,977		6,086		(1,109)
Provisions for employee benefits	16	20,210	*879*	21,906	*40*	(1,696)
Deferred tax liabilities	6	11,167		11,015		152
TOTAL NON-CURRENT LIABILITIES		**264,250**		**162,077**		**102,173**
CURRENT LIABILITIES						
Current payables to banks	13	89,487	*9,861*	136,063		(46,576)
Other current financial payables and derivatives	13	8,110	*102*	60,987	*1,000*	(52,877)
Trade payables	17	224,010	*6,314*	159,361	*5,657*	64,649
Tax payables	18	2,538		1,263		1,275
Other current payables	19	53,138	*656*	43,188	*2,546*	9,950
TOTAL CURRENT LIABILITIES		**377,283**		**400,862**		**(23,579)**
NON-CURRENT LIABILITIES HELD FOR SALE AND/OR INCLUDED IN DISCONTINUED OPERATIONS		**0**		**0**		**0**
TOTAL EQUITY AND LIABILITIES		**967,392**		**854,404**		**112,988**

Consolidated Income Statement at 31 December 2010

(euro thousand)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
Sales of goods and services	20	**1,075,252**	*4,115*	**825,897**	*2,777*	**249,355**
Other revenues and income	21	9,443	*3,614*	20,128	*2,321*	(10,685)
of which non-recurring transactions	*21*			*3,874*		*(3,874)*
Costs for capitalised internal works	22	10,035		9,233		802
Cost of raw materials, consumables and goods	23	(541,361)	*(46,506)*	(411,039)	*(18,048)*	(130,322)
Other operating costs	24	(209,800)	*(3,581)*	(157,916)	*(2,813)*	(51,884)
Personnel expenses	25	(213,027)	*(824)*	(185,121)	*(5,480)*	(27,906)
GROSS OPERATING INCOME		**130,542**		**101,182**		**29,360**
Depreciation, amortisation and impairment losses	26	(74,146)		(78,537)		4,391
NET OPERATING INCOME		**56,396**		**22,645**		**33,751**
Interest income	*27*	*16,060*		*28,121*		*(12,061)*
Interest expense	*27*	*(25,010)*		*(38,671)*		*13,661*
Net interest income (expense)	27	(8,950)	*(1,411)*	(10,550)	*(22)*	1,600
Interest Income (expense) from investments	28	(2,013)		(1,418)		(595)
RESULT BEFORE TAXES		**45,433**		**10,677**		**34,756**
Taxes	29	(13,620)		(1,155)		(12,465)
RESULT BEFORE MINORITY INTERESTS		**31,813**		**9,522**		**22,291**
Minority interests		458		1,006		(548)
GROUP NET RESULT		**32,271**		**10,528**		**21,743**
BASIC/DILUTED EARNINGS PER SHARE	30	**0.49**		**0.16**		

Comprehensive Consolidated Income Statement at 31 December 2010

(euro thousand)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
RESULT BEFORE MINORITY INTERESTS		**31,813**		**9,522**		**22,291**
Effect of hedge accounting (cash flow hedge) of derivatives		677		(362)		1,039
Effect of valuation of shareholdings using the equity method	12	(10)		(84)		74
Change in tax rate for deferred tax assets recognised on subsidised income		0		2		(2)
Change in translation adjustment reserve		14,337		7,724		6,613
Tax effects on other components of comprehensive income		(177)		116		(293)
COMPREHENSIVE RESULT FOR THE YEAR		**46,640**		**16,918**		**29,722**
Of which attributable to:						
– the Group		*46,773*		*17,980*		*28,793*
– Minority Interests		*(133)*		*(1,062)*		*929*

Consolidated Cash-Flow Statement at 31 December 2010

(euro thousand)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*
Cash and cash equivalents at beginning of year	11	**(34,376)**		**(101,272)**	
Consolidated result for the year before taxes		**45,433**		**10,677**	
Depreciation, amortisation/Impairment losses		74,146		78,537	
Capital gains/losses		598		(605)	
Write-ups/Write-downs of shareholdings		2,013		1,424	
Gain from the disposal of 50% of BSCCB S.p.A.		0		(3,874)	
Income from shareholdings		0		(6)	
Financial portion of provisions for defined benefits and payables for personnel		1,004		1,201	
Long-term provisions for employee benefits		(121)		910	
Other provisions net of utilisations		(2,391)	*(839)*	5,401	
Cash flows generated by operations		**120,682**		**93,665**	
Paid current taxes		(11,554)		(12,498)	
Uses of long-term provisions for employee benefits		(2,971)		(3,088)	*(1)*
(Increase) reduction in current assets:					
inventories		(37,736)		39,872	
financial assets		(343)		136	
trade receivables and receivables from companies valued using the equity method		(38,214)	*(231)*	25,366	*2,701*
receivables from others and other assets		(12,980)		19,371	*(10)*
Increase (reduction) in current liabilities:					
trade payables and payables to companies valued using the equity method		64,785	*657*	(15,777)	*(5,064)*
payables to others and other liabilities		11,240	*1,378*	(14,860)	*(1,000)*
Translation differences on current assets		5,998		5,288	
Net cash flows from/(for) operating activities		**98,907**		**137,475**	

(euro thousand)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*
Investments in:					
intangible assets		(17,304)		(13,842)	
property, plant and equipment		(51,915)		(30,342)	
financial assets – shareholdings		(60)		(30)	
Acquisition of assets from Sawem Industrial Ltda. (*)		0		(3,281)	
Business combination Cina (**)	34	(9,433)		0	
Brembo Rassini transaction		0		(1,411)	
Effects of the changes in ownership structure Brembo Performance S.p.A./Sabelt S.p.A.		5,000		0	
Price for disposal, or reimbursement value of fixed assets		588		4,432	
Net cash flows from/(for) investing activities		**(73,124)**		**(44,474)**	
Dividends paid in the year		(14,703)	*(8,502)*	(14,703)	*(8,502)*
Dividends received in the year		0		6	
Change in fair value of derivatives		(811)		0	
Loans and financing granted by banks and other financial institutions in the year		162,473	*50,000*	29,939	*1,000*
Repayment of long-term loans		(97,782)	*(6,139)*	(41,104)	
Net cash flows from/(for) financing activities		**49,177**		**(25,862)**	
Total cash flows		**74,960**		**67,139**	
Cash and cash equivalents of BSCCB S.p.A. at deconsolidation date		**0**		**(243)**	
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	**40,584**		**(34,376)**	

(*) Translated using the exchange rate at 31 December 2009.
(**) Translated using the exchange rate at 31 December 2010.

Statement of Changes in Consolidated Equity at 31 December 2010

(euro thousand)	Share capital	Other reserves	Retained earnings	Hedging reserve (*)
Balance at 1 January 2009	**34,728**	**97,187**	**110,784**	**(244)**
Allocation of result 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)		
Effect of hedge accounting (cash flow hedge) of derivatives				(246)
Change in translation adjustment reserve		7,780		
Net result for the year				
Balance at 31 December 2009	**34,728**	**106,834**	**132,407**	**(490)**
Balance at 1 January 2010	**34,728**	**106,834**	**132,407**	**(490)**
Allocation of result for the previous year		6,442	(10,617)	
Payment of dividends				
Payable to minority shareholders of Sabelt S.p.A.			(2,136)	
Effects of the changes in ownership structure of Brembo Performance S.p.A./Sabelt S.p.A.			4,078	
Reclassification of reserves		(6,396)	6,396	
Components of comprehensive income:				
Valuation of shareholding using the equity method			(10)	
Effect of hedge accounting (cash flow hedge) of derivatives			10	490
Change in translation adjustment reserve		14,012		
Net result for the year				
Balance at 31 December 2010	**34,728**	**120,892**	**130,128**	**0**

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

Result for the year	Group Equity	Result of Minority Interests	Share capital and reserves of Minority Interests	Equity of Minority Interests	Equity
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**
10,528	**284,007**	**(1,006)**	**8,464**	**7,458**	**291,465**
4,175	**0**	1,006	(1,006)	**0**	**0**
(14,703)	**(14,703)**			**0**	**(14,703)**
	(2,136)			**0**	**(2,136)**
	4,078		515	**515**	**4,593**
	0			**0**	**0**
	(10)			**0**	**(10)**
	500			**0**	**500**
	14,012		325	**325**	**14,337**
32,271	**32,271**	(458)		**(458)**	**31,813**
32,271	**318,019**	**(458)**	**8,298**	**7,840**	**325,859**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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 Czech Republic (Mošnov), the Slovak Republic (Zilina), Germany (Meitingen), México (Puebla and Apodaca), Brazil (Betim and São Paulo), China (Nanjing), 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), China (Beijing and Qingdao) and Japan (Tokyo) carry out distribution and sales activities.

Form and Content of the Consolidated Financial Statements at 31 December 2010

Introduction

The Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2010 have been prepared in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2010, issued by the International Accounting Standard Board (IASB) and adopted by EC Regulations. IFRS means all international accounting standards and all interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).
The Consolidated Financial Statements include the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity, these Notes, which provide a list of the accounting standards adopted and other explanatory notes, in accordance with IFRS requirements. The Consolidated Financial Statements include the Financial Statements of the Parent Company, Brembo S.p.A., at 31 December 2010, and the Financial Statements of the companies controlled by Brembo S.p.A. pursuant to IFRS (IAS 27).

Basis of Preparation and Presentation

The Consolidated Financial Statements were prepared on the basis of Financial Statements for the year ended 31 December 2010, prepared by the Boards of Directors or, when available, of Financial Statements approved at the Shareholders' Meetings of the relevant consolidated companies, appropriately adjusted to align them with Group classification criteria and accounting principles.

The Consolidated Financial Statements have been prepared in accordance with the general principle of providing a true and fair presentation of the Group's assets and liabilities, financial position, results and cash flow, based on the following general assumptions: going concern, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting and comparative information.

The administrative period and the closing date for preparing the Consolidated Financial Statements correspond to the ones for the Financial Statements of the Parent Company and all the consolidated subsidiaries.

The Consolidated Financial Statements are presented in euro, which is the functional currency of the Parent Company, Brembo S.p.A., and all amounts are rounded to the nearest thousand unless otherwise indicated.

Preparing Financial Statements in compliance with the applicable accounting standards requires management to make estimates that may have a significant effect on the items reported in the accounts. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the current circumstances and given the information available at the reporting date. Actual results may differ from these estimates. Estimates and associated assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which such estimates are revised. Decisions made by company management that have a significant impact on the Financial Statements and estimates, with a significant risk of material adjustments to the book value of assets and liabilities in the next accounting period, are discussed in the notes to the individual financial statement entries. Estimates are mainly used in reporting provisions contingencies, inventory obsolescence, depreciation and amortisation, useful lives of certain assets, write-downs of assets, employee benefits, taxes and other provisions and in determining the fair value of financial instruments, including derivatives.

The fair value of financial instruments traded in active markets is based on price quotations at the reporting date. The fair value of financial instruments that are not traded in active markets (such as derivative contracts) is determined using specific valuation techniques. In detail, as indicated below, the fair value of Interest Rate Swaps (IRS) is determined using the discounted cash flow technique, and the fair value of forward foreign exchange contracts is determined by reference to projected forward exchange rate curves applicable to such financial instruments. The fair value of other derivatives is determined using the forward curves of the indexes specified in the related contracts. The Group made the following choices in relation to the presentation of the Financial Statements:

- for the Balance Sheet, there is separate disclosure of 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 settled within the Group's normal operating cycle or within twelve months of the end 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 2010 and endorsed by the European Union.

Accounting Standards, Amendments and Interpretations Effective 1 January 2010
The following Standards, Amendments and Interpretations were applied for the first time effective 1 January 2010:
- IAS 27 (2008) – *Consolidated and Separate Financial Statements:* the amendments to IAS 27 mainly address the treatment of transactions or events that change a parent's interest in subsidiaries and the attribution of a subsidiary's losses to non-controlling interests. IAS 27 (2008) establishes that once control of a company is obtained, the transactions in which the controlling entity acquires or sells additional minority interests without changing the control over the subsidiary are transactions with shareholders and the effects are therefore to be recognised in equity. The application of the new standard had no impact on the Group's Consolidated Financial Statements.
- IFRS 3 (revised in 2008) – *Business Combinations.* In accordance with the transition rules specified in the standard, the Company has adopted IFRS3 prospectively for business combinations occurring on or after 1 January 2010. In detail, the updated version of IFRS 3 introduced important amendments that mainly involve: the rules applicable to step acquisitions of subsidiaries; the option to measure any minority interests acquired in a partial acquisition at fair value; the recognition of all costs associated with a business combination in profit or loss; and the recognition as liabilities of payment vesting conditions at the acquisition date.
- Improvements to IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations:* the improvement establishes that an entity that is committed to a disposal plan involving a loss of control in a subsidiary shall reclassify all of the assets and liabilities of such subsidiary as held for sale, even if the entity retains a non-controlling interest in the subsidiary after the disposal. The application of the new amendment had no impact on the Group's Consolidated Financial Statements.
- Amendments to IAS 28 – *Investments in Associates,* and to IAS 31 – *Interest in Joint Ventures*, subsequent to amendments to IAS 27. The application of the new standard had no impact on the Group's Consolidated Financial Statements.
- Improvements to IAS/IFRS (2009).

- Amendments to IFRS 2 – *Share-based Payments: Group Cash-settled Share-based Payment Transactions.* The application of the new standard had no significant impact on the Group's Consolidated Financial Statements.
- IFRIC 17 – *Distribution of Non-cash Assets to Owners*. The application of the new interpretation had no impact on the Group's Consolidated Financial Statements.
- IFRIC 18 – *Transfers of Assets from Customers*. The application of the new interpretation had no impact on the Group's Consolidated Financial Statements.
- Amendment to IAS 39 – *Financial Instruments: Recognition and Measurements: Eligible Hedged Items.* The application of the new standard had no impact on the Group's Consolidated Financial Statements.
- IFRIC 12 – *Service Concession Arrangements*: this interpretation does not currently apply to the Group.

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

On 8 October 2009, the IASB issued an Amendment to IAS 32 - *Financial Instruments: Presentation: Classification of Rights Issues* in order to regulate the accounting treatment of the issue of rights (rights, options or warrants) denominated in currencies other than the issuer's functional currency. Previously, such rights were accounted for as derivative liabilities. Conversely, the amendment establishes that such rights be classified as equity under certain conditions, regardless of the currency in which the exercise price is denominated. The amendment can be applied retroactively from 1 January 2011.

On 4 November 2009, the IASB issued a revised version of IAS 24 – *Related Party Disclosures*, which simplifies the disclosures required for transactions with government-controlled related entities and clarifies the definition of a related party. The Standard is applicable effective 1 January 2011 and the endorsement process for its application has been concluded.

On 12 November 2009, the IASB published IFRS 9 – Financial Instruments concerning the classification and measurement of financial assets, applicable from 1 January 2013. The publication is the first part of a step-based process that aims to replace IAS 39 in its entirety. The new Standard uses a single approach based on the ways an entity manages its financial instruments and the contractual cash flows characteristics of the financial assets in order to determine the applicable measurement method, thereby replacing the various rules provided for in IAS 39. In addition, the new Standard requires a single method to be used for determining impairment losses of financial assets. At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for the Standard to be applied.

On 26 November 2009, the IASB issued a minor amendment to IFRIC 14 - *Prepayments of a Minimum Funding Requirement*, allowing companies to recognise as an asset some voluntary prepayments for minimum funding contributions. The amendment can be applied from 1 January 2011; the endorsement process necessary for its application has been completed.

On 26 November 2009, the IFRIC issued IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments,* which provides guidelines regarding the recognition of the extinguishment of a financial liability through the issue of equity instruments. The Interpretation states that if an entity renegotiates the terms of extinguishment of a financial liability and the creditor agrees to extinguish the financial liability as a result of the issue of the entity's equity instruments, the equity instruments issued by the entity become part of the consideration paid to extinguish the financial liability and must be measured at their fair value. Any difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is to be included in the entity's profit or loss for the period. The interpretation can be applied from 1 January 2011; the endorsement process necessary for its application has been completed.

On 6 May 2010, the IASB issued a series of amendments to IFRSs ("Improvements") that will become applicable from 1 January 2011. The improvements that will entail a change in the presentation, recognition and measurement of financial statement items are mentioned below:

– IFRS 3 (2008) – *Business Combinations:* the amendment clarifies that non-controlling interests which do not entitle their holders to receive a proportionate share of the subsidiary's net assets are to be measured at their fair value or as required by specifically applicable accounting standards. Thus, for example, in the event of a business combination, a stock-option plan granted to employees is to be measured in accordance with IFRS 2 and the equity interest of a convertible bond must be measured in accordance with IAS 32. In addition, the Board further addressed the issue of share-based payment plans that are replaced in business combinations, by adding a specific guide clarifying the accounting treatment of such situations.
– IFRS 7 – *Financial Instruments: Disclosures:* the amendment emphasises the interaction between the qualitative and quantitative disclosures required by the Standard regarding the nature and extent of the risks arising from financial instruments. This should aid users of the Financial Statements in linking the disclosures presented and forming a general description of the nature and extent of the risks arising from financial instruments. In addition, the disclosure requirement for financial assets that have expired but have been renegotiated or impaired and the disclosure requirement for the fair value of collateral have been eliminated.
– IAS 1 – *Presentation of Financial Statements:* the Amendment requires an entity to present a statement of changes in equity components in the notes or the Financial Statements.
– IAS 34 – *Interim Financial Reporting:* some examples have been provided to clarify the additional disclosures that must be presented in interim Financial Statements.

On 7 October 2010, the IASB published the amendment to IFRS 7 entitled *Disclosures: Transfers of Financial Assets (Amendments to IFRS 7 Financial Instruments: Disclosures)*, which requires additional disclosures concerning transfers of financial assets.
The Amendments to IFRS 7 will allow users of financial assets to improve their understanding of transfer transaction of financial assets, including understanding the possible effects of any risks that may remain with the entity that transfer the assets to a certain extent (a situation generally identified by the term "continuing

involvement"). The Amendments also require additional information in the case of transfers not evenly distributed in a reporting period (eg., concentrated around the end of reporting periods) in order to ensure greater transparency on the subject of transactions that may be intended as window-dressing of the balance sheet.
The Amendments are applicable to accounting periods that begin on or after 1 July 2011 and the competent entities had yet to complete the endorsement process at the reporting date.

On 20 December 2010, the IASB issued the document *Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)*. These limited amendments to IAS 12 were among the proposals included in ED/2010/11, *Deferred Tax: Recovery of Underlying Assets* issued in September 2010. The current version of IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This assessment may be difficult and subjective, for example when an investment property is recognised according to the fair value model allowed under IAS 40 - *Investment Property.* The amendment provides a practical solution to the problem by introducing a presumption that a deferred-tax asset may be recovered in its entirety through sale unless there is clear proof that recovery may occur through use. The presumption applies not only to investment property, but also to assets recognised as plant and equipment or intangible assets recognised or remeasured at fair value. Following these amendments, the Interpretation SIC 21 – *Income Taxes – Recovery of Revalued Non-Depreciable Assets* will be repealed.
These Amendments are to be applied retroactively during accounting periods that begin on or after 1 January 2012. Early adoption is permitted. At the reporting date, the competent authorities had yet to complete the endorsement process.

On 20 December 2010, the IASB issued *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)*. The Amendments are applicable to accounting periods that begin on or after 1 July 2011 and the competent entities had yet to complete endorsement process at the reporting date. It is deemed that the adoption of the Amendment will not have effects on the Group's Financial Statements.

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 recognised at cost and then adjusted to reflect changes in the Group's share of Equity in the associate company. The Group's share of the income or loss of associate companies is recognised separately in the Income Statement from the date significant influence commences until the date significant influence ceases.

Joint ventures

Joint ventures are entities in which the Group has joint control over the economic activities based on a contractual agreement. Joint control exists when the strategic, financial and operating decisions of an entity require the unanimous consent of the parties exercising control.
Investments in joint ventures are accounted for using the equity method and are included in the consolidated accounts from the date joint control begins until the date joint control ceases.

Business Combinations

Business combinations (established after the date of transition to IFRS) are accounted for using the purchase accounting method described in IFRS 3.
The value of the entity included in the aggregation is the sum of the fair value of the assets acquired and liabilities assumed, including potential liabilities.
The cost of a business combination is identified as the fair value at the date control is assumed of the assets acquired, liabilities assumed and equity instruments issued for the business combination purposes. Therefore, the cost is recognised as the fair value of the assets, liabilities and contingent liabilities that can be identified at acquisition. Any excess of cost of the acquisition over the Group's share of the fair value of the identifiable assets, liabilities and potential liabilities at acquisition are recognised as goodwill. Any negative differences are charged directly to the Income Statement. If the initial cost of a business combination can only be determined provisionally, adjustments to the initial provisional values must be made within twelve months of the acquisition date. Minority interests are recognised on the basis of the fair value of the net assets acquired. If a business combination involves more than one transaction, with successive share purchases, each transaction is treated separately using the cost of the transaction and fair value information on the assets, liabilities and potential liabilities at the date of each transaction to determine the amount of any differences. When the Group obtains control of a company through a subsequent share purchase, the previously held interests are accounted for based on the fair value of identifiable assets, liabilities and contingent liabilities, at the date control is acquired.

Intragroup Transactions

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

Conversion of the Financial Statements of Foreign Companies

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

Euro against other currencies	31.12.2010	Average 2010	31.12.2009	Average 2009
US Dollar	0.748391	0.753694	0.694155	0.717737
Japanese Yen	0.009204	0.008587	0.007510	0.007678
Swedish Krona	0.111539	0.104746	0.097542	0.094162
Czech Koruna	0.039903	0.039535	0.037774	0.037800
Polish Zloty	0.251572	0.250315	0.243635	0.230955
Mexican Peso	0.060432	0.059690	0.052848	0.053236
Pound Sterling	1.161778	1.165178	1.125999	1.122271
Brazil Real	0.450918	0.428368	0.398200	0.360937
Indian Rupee	0.016734	0.016493	0.014916	0.014857
Chinese Renminbi	0.113353	0.111352	0.101678	0.105071

Consolidation Area

The list of consolidated subsidiaries, associate companies and joint ventures that are accounted for using the equity method, along with information regarding their registered offices and the percentage of capital held, is included in Attachments 3 and 4 to these Explanatory Notes. Corporate transactions carried out in 2010 are as follows:

- merger between Brembo México S.A. de C.V. (formerly México Puebla S.A. de C.V.) and Brembo México Apodaca S.A. de C.V. Brembo México S.A. de C.V. is 51% held by Brembo North America Inc., 48.9999% by Brembo International S.A. and 0.0001% by Brembo S.p.A.; this merger had no effect on the Consolidated Financial Statements;
- on 3 August 2010, a new agreement was signed (consensually terminating that dated 19 February 2008) by Brembo S.p.A. and the minority-interest shareholders of Brembo Performance S.p.A.; under this new agreement, on 27 September 2010 Brembo acquired 30% of Brembo Performance S.p.A., acquiring full control of the investee. Brembo Performance S.p.A. concurrently sold 35% of its interest in Sabelt S.p.A. to the former minority shareholders of Brembo Performance (Marsiaj and D'Ormea families). Following this transaction, a corporate streamlining process was implemented:
  - sale of a 100% interest in Brembo Performance Japan Co. Ltd. by Brembo Performance S.p.A. to Brembo Japan Co. Ltd. on 20 October 2010;
  - sale of a 100% interest of Brembo Performance North America Inc. by Brembo Performance S.p.A. to Brembo North America Inc., on 31 December 2010.

  These two transactions had no effect on the consolidation area;
- on 4 October 2010, the company La.Cam (Lavorazioni Camune) S.r.l., fully owned by Brembo S.p.A., was formed.

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

It should also be noted that on 15 January 2010 Brembo Nanjing Foundry Co. Ltd. acquired a foundry from the SAIC Group.

Accounting Principles and Valuation Criteria

Transactions in Currencies Other than the Functional Currency

Transactions in currencies other than the functional currency are initially converted into the functional currency using the exchange rate prevailing at the date of the transaction. At the closing date of the accounting period, monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at that date. Exchange differences arising from such translation are recognised in the Income Statement.

Non-monetary assets and liabilities denominated in currencies other than the functional currency that are carried at cost are translated using the exchange rate prevailing at the transaction date, while those carried at fair value are converted using the exchange rate prevailing on the date the fair value is determined.

Property, Plant, Equipment and Other Equipment

Recognition and Measurement

Property, plant, equipment and other equipment are carried at cost, net of the related accumulated depreciation and any impairment losses. The cost includes the purchase or production price and direct costs incurred for bringing the asset to the location and condition necessary for it to be capable of being operated; interest expense is also included, if applicable under IAS 23.

Subsequent to initial recognition, the asset continues to be carried at cost and depreciated based on its remaining useful life net of any impairment in value, taking into account any residual value.

Land, including land linked to buildings, is recognised separately and is not depreciated since it is regarded as having an indefinite useful life.

Subsequent Costs

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

Depreciation and Amortisation

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

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

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

The useful lives of individual assets are reviewed periodically, so as to ascertain that they are consistent with the 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 (except for goodwill and other intangible assets with indefinite useful lives), which is calculated using the straight-line method (beginning on the date the assets are available for use) over their useful lives, and net of any impairment losses, taking into account any residual value. The useful life of assets is reviewed periodically.

Development costs – An intangible asset generated in the development phase of an internal project is recognised as an asset if it is probable that the company will enjoy expected future rewards attributable to the asset developed and if the cost of the asset can be accurately measured. Development costs are charged to the Income Statement. Similarly, in the case of externally acquired intangibles that qualify as research and development costs, only the costs attributable to the development phase are recognised as assets, given that the above requirements are met.

Such costs are capitalised under "Development costs underway" and amortised when the development phase is concluded and the asset developed generates economic rewards. In the period in which internal development costs that can be capitalised are incurred, these costs are excluded from the Income Statement item "Increase on internal works capitalised" and shown in the item "Costs for capitalised internal works". Amortisation of development costs lasts 5 years, representing the mean useful life of the rewards linked to the developed product.

Goodwill and trademarks – Goodwill 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.

Trademarks with indefinite useful lives are not amortised but tested for impairment.

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

Inventories

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

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 recorded under “Net interest income (expense)”. Any provisions for restructuring costs are recognised when the company involved has approved a formal detailed plan and communicated it to affected parties.

Employee Benefits

The difference between defined-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.

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 anicllary costs.
The company classifies its financial assets as follows: financial assets at fair value in the Income Statement, loans, trade receivables, other receivables and financial assets available for sale. Financial assets that the company does not hold for trading, including trade receivables, are initially measured at fair value and subsequently at amortised cost. Trade receivables are subject to analysis and assumptions on their collectability. When a trade receivable is deemed no longer collectable, it is completely written off.
Financial assets available for sale are measured at fair value and changes are recognised in the Statement of Changes in Equity.
Financial assets are removed from the balance sheet when the right to receive cash ceases or is transferred and the company has transferred basically all risks and rewards associated with the financial asset.
Long-term receivables for which an interest rate is not specified are accounted for by discounting future cash flows at market rate, with subsequent recognition of interest in the Income Statement, in the item “Interest income (expense)“.
Loans, payables and other financial and/or trade liabilities with a fixed or determinable maturity are initially recognised at fair value, net of the transaction costs. After initial recognition, these payables are evaluated using the criterion of amortised cost at the effective interest rate.
Long-term debts for which an interest rate is not specified are recognised by discounting future cash flows at market rate, if the increase in payables arises from the passage of time, with subsequent recognition of interest in the Income Statement, in item “Net interest income (expense)“.
Further information on risks arising from financial instruments and their management is included in the Disclosure required by IFRS 7.
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 (subsidiary) for a predetermined amount and in favour of a specifically identified third party, the contract is initially recognised at fair value. If the agreement does not provide for a consideration to be paid by the guarantee, any difference compared to the fair value is recognised as an increase in the item Shareholdings in the relevant subsidiary, with a financial liability as counter-entry.

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

Revenues, Other Revenues and Income

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

Revenue is recognised net of sales returns, discounts, allowances and taxes that are directly associated with the sale of the product or provision of the service.

Sales of goods and services are recognised at the fair value of the consideration received when the following conditions are met:

- the risks and rewards associated with ownership of the good are substantially transferred;
- the revenue amount can be measured reliably;
- it is probable that the economic rewards arising from the sale will flow to the company;
- the costs incurred or that will be incurred can be measured reliably.

Interest Income (Expense)

Interest income/expense is recognised as interest income/expense after being measured on an accrual basis.

Income Taxes

A provision is made for current taxes in compliance with the laws in force in the various countries in which the Group operates. Current taxes payable are recognised in the Balance Sheet net of any advance payments. Deferred tax assets and liabilities are recognised in order to reflect the temporary differences at the reporting

date, between the value attributed to an asset/liability for tax purposes and that attributed based on the accounting standards applied. They are measured using the tax rates that are expected to apply in the year when the assets will be realised or the liabilities will be settled, based on prevailing tax rates or those already enacted or substantially enacted at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences or unused tax losses or tax credits to the extent that it is probable that future income will be available against which such differences, losses or credits can be utilised.
Only in the cases listed below, deferred tax assets or liabilities do not have to be recognised for taxable or deductible temporary differences:

- taxable temporary differences arising from the initial recognition of goodwill;
- taxable or deductible temporary differences arising from the initial recognition of an asset or liability, in a transaction other than a business combination that, at the time of the transaction, does not influence accounting or taxable income.

The carrying 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

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

- Discs – Systems and Motorbikes;
- After Market 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 the Brembo's financial debt is subject to variable interest rates, Brembo is exposed to the risk of interest-rate fluctuations.
The Group enters into interest rate hedging agreements (mainly interest rate swaps) to ensure guaranteed interest rates on a portion of its debt that are sustainable in relation to the hedges.
A sensitivity analysis is provided below to illustrate the effects of a change in interest rates of +/- 50 base points compared to the rates at 31 December 2010 and 31 December 2009, with other variables held constant. The potential impacts were calculated on the variable-rate financial assets and liabilities at 31 December 2010. The above change in interest rates would result in a higher (or lower) annual pre-tax net expense of approximately €949 thousand (€1,142 thousand at 31 December 2009), gross of the tax effect.
The average quarterly net financial debt was used to provide the most reliable information possible.

Exchange Rate Risk

Transactional exchange rate risk

Brembo deals in international markets with currencies other than the local one and is therefore exposed to exchange rate risk.
To mitigate this risk, Brembo uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged, in order to offset any unbalances; currency forward contracts are also used to hedge this risk category.
A sensitivity analysis is provided below to illustrate the effects on net income (loss) and equity resulting from a positive or negative change in exchange rates.
Starting with the exposures at 31 December 2009 and 2010, a change calculated as the standard deviation

of the exchange rate with respect to the average exchange rate was applied to the average exchange rates for 2009 and 2010 to measure exchange rate volatility.

	31.12.2010			31.12.2009		
(euro thousand)	Change %	Increases of exchange rates	Decreases of exchange rates	Change %	Increases of exchange rates	Decreases of exchange rates
Eur/Gbp	2.90%	(40.4)	42.8	2.73%	(17.8)	18.8
Eur//Jpy	6.09%	203.0	(229.1)	4.52%	34.2	(37.4)
Eur/Sek	3.28%	(64.6)	69.0	3.26%	(57.2)	61.1
Eur/Usd	4.53%	(20.2)	22.1	5.24%	(72.6)	80.6
Eur/Pln	1.98%	48.7	(50.7)	7.68%	(613.5)	715.5
Eur/Brl	4.51%	326.3	(357.1)	6.63%	201.8	(230.5)
Usd/Pln	5.61%	(52.8)	59.1	8.92%	(77.5)	92.7
Usd/Mxn	2.08%	208.5	(217.4)	4.30%	(1.1)	1.2
Eur/Cny	4.43%	(36.3)	39.7	5.29%	(532.2)	591.6
Usd/Cny	1.10%	(3.6)	3.7	0.10%	1.1	(1.1)
Brl/Usd	3.00%	7.4	(7.8)	11.36%	35.0	(44.0)
Mxn/Eur	N/A	N/A	N/A	3.41%	14.8	(15.9)
Jpy/Usd	4.69%	(37.8)	41.6	N/A	N/A	N/A
Inr/Eur	3.79%	7.9	(8.6)	N/A	N/A	N/A
Inr/Usd	1.96%	3.3	(3.5)	N/A	N/A	N/A
Czk/Eur	2.13%	(82.9)	86.5	N/A	N/A	N/A
Total		**466.5**	**(509.7)**		**(1,085.0)**	**1,232.6**

Commodity Risk

The Group is exposed to changes in prices of main raw materials and commodities. In 2010, no specific hedging transactions were undertaken.

Liquidity Risk

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

To mitigate liquidity risk, the 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- to long-term debt (as well as with equity), and working capital requirements are financed using short-term credit lines;
- includes the Group companies in cash pooling structures to optimise any excess liquidity of participating companies.

The following table provides information on payables, other payables and derivatives broken down by maturity.
The maturities are determined based on the period from the balance sheet date to the expiry of the contractual obligations. The amounts shown in the table reflect undiscounted cash flows.
For fixed and variable-rate financial liabilities, both principal and interest were considered for the different maturity periods; for variable-rate liabilities, the rate at 31 December 2010 plus the relevant spread.

(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	35,708	35,708	35,708	0	0
Payables to banks (loans and bonds)	253,511	270,239	59,807	210,432	0
Payables to other financial institutions	12,934	14,192	1,826	9,129	3,237
Finance leases	20,781	23,329	6,894	15,014	1,421
Trade and other payables	229,454	229,454	229,454	0	0
Derivative financial liabilities					
Derivatives	124	124	124	0	0
Total	**552,512**	**573,046**	**333,813**	**234,575**	**4,658**

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

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

1. Net financial Debt/Equity <2
2. Net financial Debt/Equity ≤1.7

3. Net financial Debt/Gross Operating Income <4.5

4. Net financial Debt/Gross Operating Income ≤3.75

5. Net financial Debt/Gross Operating Income <3.5

If the covenants are not met, the financial institution can request early repayment. Considering that all ratios were in excess of the thresholds set out above at 31 December 2010, the loans have been presented in the table according to their contractual maturities.
Management believes that currently available lines of credit, apart from the cash flow generated by current operations, will allow Brembo to meet its financial requirements arising from investing activities, working capital management, and the payment of payables at their natural maturities.
In further detail, at 31 December 2010, unused bank credit facilities were 86.9% (a total of €272.5 million in lines of credit facilities were available).

Credit Risk

Credit risk is the risk that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk for the Group arises mainly in relation to trade receivables.
Most parties with which the Group does business are leading car and motorbike manufacturers with high credit standings.
The Group evaluates the creditworthiness of all new customers using assessments from external sources and then assigns a credit limit.
To complete the information provided on financial risks, a reconciliation is provided below between the classes of financial assets and liabilities identified in the Group's balance sheet and the types of financial assets and liabilities identified based on the requirements of IFRS 7:

(euro thousand)	Notes	Book value		Fair value	
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
Financial assets available for sale		**0**	**0**	**0**	**0**
Financial assets held for trading		**0**	**0**	**0**	**0**
Investments held to maturity		**0**	**0**	**0**	**0**
Loans, receivables and financial liabilities valued at amortised costs:					
Current and non-current financial assets		568	71	568	71
Trade receivables		201,297	161,663	201,297	161,663
Loans and other current and non-current assets		32,613	18,035	32,613	18,035
Cash and cash equivalents		76,292	64,653	76,292	64,653
Current and non-current payables to banks		(289,220)	(232,033)	(294,548)	(233,078)
Other current and non-current financial liabilities		(33,715)	(86,064)	(33,972)	(86,315)
Trade payables		(224,010)	(159,361)	(224,010)	(159,361)
Other current liabilities		(14,829)	(37,772)	(14,829)	(37,772)
Other non-current liabilities		(345)	(64)	(345)	(64)
Financial liabilities available for sale		**0**	**0**	**0**	**0**
Derivatives		**(93)**	**(1,547)**	**(93)**	**(1,547)**
Total		**(251,442)**	**(272,419)**	**(257,027)**	**(273,715)**

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 the fair value. The same approach was used for held-to-maturity financial assets and amounts due 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

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	Plants and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction and payments on account	Total
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**
Changes:							
Translation differences	198	1,409	5,211	325	151	382	**7,676**
Reclassification	0	268	5,518	931	(155)	(6,464)	**98**
Acquisitions	0	2,180	23,299	6,930	818	26,564	**59,791**
Disposals	0	(7)	(719)	(342)	(53)	0	**(1,121)**
Depreciation	0	(4,300)	(38,943)	(9,865)	(1,946)	0	**(55,054)**
Impairment losses	0	0	(208)	(13)	0	(56)	**(277)**
Total changes	**198**	**(450)**	**(5,842)**	**(2,034)**	**(1,185)**	**20,426**	**11,113**
Historical cost	23,538	120,729	473,457	132,098	25,413	28,942	**804,177**
Accumulated depreciation and impairment losses	0	(35,026)	(313,367)	(113,179)	(19,559)	(95)	**(481,226)**
Balance at 31 December 2010	**23,538**	**85,703**	**160,090**	**18,919**	**5,854**	**28,847**	**322,951**

Investments in property, plant and equipment amounted to €59,791 thousand in 2010, including the amount of €8,104 thousand associated with the business combination in China (exchange rate at 31 December 2010), as described in further detail in Note 34.

Investments were concentrated primarily in Italy (37%), Poland (35% – the percentage also includes the first investments towards the construction of the new foundry) and the United States (7%), in addition to China, as mentioned above.

Net disposals amounted to €1,121 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.
Total depreciation charges for 2010 amounted to €55,054 thousand (€55,125 thousand in 2009).
It should be noted that some of the buildings are subject to liens as collateral for loans, for a nominal value of €3,694 thousand (€3,694 thousand at 31 December 2009).

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

	31.12.2010		31.12.2009	
(euro thousand)	Leased	Not leased	Leased	Not leased
Land	2,371	21,167	2,371	20,969
Buildings	23,329	62,374	24,273	61,880
Plant and machinery	7,736	152,354	8,542	157,391
Industrial and commercial equipment	0	18,919	0	20,953
Other assets	131	5,723	173	6,866
Assets in course of construction and payments on account	0	28,847	0	8,421
Total	**33,567**	**289,384**	**35,359**	**276,479**

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

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

(euro thousand)	Development costs	Goodwill A	Intangible assets with an indefinite useful life B	Sub-total A+B	Industrial patent, trademarks and similar rights C	Other intangible assets D	Total other intangible assets C+D	Total
Historical cost	**58,711**	46,017	0	**46,017**	30,578	48,245	**78,823**	**183,551**
Accumulated amortisation	**(18,049)**	(1,865)	0	**(1,865)**	(22,596)	(31,573)	**(54,169)**	**(74,083)**
Balance at 1 January 2009	**40,662**	**44,152**	**0**	**44,152**	**7,982**	**16,672**	**24,654**	**109,468**
Changes:								
Translation differences	**(3)**	396	0	**396**	(3)	(109)	**(112)**	**281**
Change in consolidation area	**0**	(2,067)	0	**(2,067)**	0	0	**0**	**(2,067)**
Reclassification	**(153)**	0	0	**0**	270	472	**742**	**589**
Acquisitions	**9,587**	0	0	**0**	1,196	3,059	**4,255**	**13,842**
Disposals	**0**	0	0	**0**	(1)	(44)	**(45)**	**(45)**
Amortisation	**(6,841)**	0	0	**0**	(1,658)	(5,248)	**(6,906)**	**(13,747)**
Impairment losses	**(3,466)**	(1,534)	0	**(1,534)**	(27)	0	**(27)**	**(5,027)**
Total changes	**(876)**	**(3,205)**	**0**	**(3,205)**	**(223)**	**(1,870)**	**(2,093)**	**(6,174)**
Historical cost	**65,004**	56,418	0	**56,418**	31,775	51,201	**82,976**	**204,398**
Accumulated amortisation	**(25,218)**	(15,471)	0	**(15,471)**	(24,016)	(36,399)	**(60,415)**	**(101,104)**
Balance at 31 December 2009	**39,786**	**40,947**	**0**	**40,947**	**7,759**	**14,802**	**22,561**	**103,294**
Changes:								
Translation differences	**1**	2,444	0	**2,444**	23	569	**592**	**3,037**
Change in consolidation area	**0**	(407)	0	**(407)**	0	0	**0**	**(407)**
Reclassification	**(386)**	1,734	1,030	**2,764**	(1,024)	(1,572)	**(2,596)**	**(220)**
Acquisitions	**10,231**	0	0	**0**	2,026	5,116	**7,142**	**17,373**
Disposals	**0**	0	0	**0**	(1)	(70)	**(71)**	**(71)**
Amortisation	**(8,277)**	0	0	**0**	(1,886)	(5,485)	**(7,371)**	**(15,648)**
Impairment losses	**(2,161)**	(997)	0	**(997)**	(9)	0	**(9)**	**(3,167)**
Total changes	**(592)**	**2,774**	**1,030**	**3,804**	**(871)**	**(1,442)**	**(2,313)**	**899**
Historical cost	**72,762**	60,559	1,030	**61,589**	26,404	55,325	**81,729**	**216,080**
Accumulated amortisation	**(33,568)**	(16,838)	0	**(16,838)**	(19,516)	(41,965)	**(61,481)**	**(111,887)**
Balance at 31 December 2010	**39,194**	**43,721**	**1,030**	**44,751**	**6,888**	**13,360**	**20,248**	**104,193**

Development costs

The item "Development costs" includes costs for development, internal and external, for an historical cost of €72,762 thousand. During the year, this item changed due to higher costs incurred for jobs begun in 2010, 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 €13,932 thousand.

The total amount of costs for capitalised internal works charged to the Income Statement in the item "Costs for capitalised internal works" during the year amounted to €10,035 thousand (€ 9,233 thousand in 2009).

Impairment losses totalled €2,161 thousand and were included in the Income Statement under "Amortisation, depreciation and impairment losses". Impairment losses refer to development costs incurred mainly by the Parent Company, Brembo S.p.A., in relation to projects that, consistent with the desire of the customer or Brembo, were not completed or underwent changes in terms of their end destination.

Goodwill

The item "Goodwill" included:

(euro thousand)

AP Racing Ltd.	12,059
Brembo Brake India Pvt. Ltd.	11,019
Brembo North America Inc. (Hayes Lemmerz)	12,774
Sabelt Group	4,291
Brembo Nanjing Brake Systems Co. Ltd.	793
Brembo México S.A. de C.V. (Hayes Lemmerz)	778
Corporacion Upwards '98 S.A. (Frenco S.A.)	2,006
Total	**43,721**

Goodwill decreased by €407 thousand following the disposal of 5% of Sabelt, as part of the previously described reorganisation of the Group's corporate structure.

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 2011-2013 period covered by the corporate business plans. Cash flows for subsequent years were extrapolated using a prudential steady 1-1.5% medium- to long-term growth rate, on a case by case basis. The discount rate used was 8%, which reflected the current market assessments of the time value of money and the risks specific to the asset in question.

CGUs are typically identified as the business being acquired and therefore tested for impairment. If the asset being tested for impairment refers to businesses operating in multiple business lines, it is attributed to all business lines in existence at the date of acquisition; this approach is consistent with valuations carried out at the acquisition date, which are typically based on the estimated recoverable amount of the entire investment. The impairment tests indicated the need to write-down the Sabelt Group's goodwill by €997 thousand (After Market - Performance Group segment).

In the event of a change in the WACC from 8% to 8.5% and the growth rate from 1% to 0.5% (or from 1.5% to 1%), no previously unimpaired goodwill would have become impaired. The changes in the WACC and growth rate described above are deemed reasonable. In this respect, only changes in the WACC beyond reasonable levels and the use of growth rates near zero would have resulted in further impairment.

Intangible assets with indefinite useful lives

The change in intangible assets derives from the reclassification of the Villar brand to this category.
For information concerning impairment-testing methods, the reader is referred to the above discussion relating to goodwill. The impairment tests did not detect any impairment losses.

Other intangible assets

Acquisitions of "Other intangible assets" totalled €7,142 thousand, consisting mainly of €1,000 thousand for the purchase of specific patents by the Parent Company and the share of the investment for the year associated with the gradual implementation of the new ERP (Enterprise Resource Planning) system within the Group.
The item also includes €69 thousand associated with the business combination in China, as described in further detail in Note 34.

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

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

(euro thousand)	31.12.2009	Acquisitions and subscriptions	Effect of valuation using the equity method	Other changes	31.12.2010
Brembo SGL Carbon Ceramic Brakes S.p.A.	23,982	0	(1,924)	0	22,058
Innova Tecnologie S.r.l.	0	60	(60)	0	0
Petroceramics S.r.l.	248	0	(70)	(11)	167
Softia S.r.l.	249	0	41	0	290
Total	**24,479**	**60**	**(2,013)**	**(11)**	**22,515**

The shareholding in Innova Tecnologie S.r.l. was reduced to zero and further written down by an additional €242 thousand, recognised in "Provisions", primarily due to the reversal of Brembo's portion of intra-Group profits.
In 2010, payments of €15 thousand each, for a total of €60 thousand, were made to cover losses by Innova Tecnologie S.r.l., resulting in an impairment loss of like amount.
The shareholding in Brembo SGL Carbon Ceramic Brakes S.p.A. was tested for impairment; value in use was determined for the purpose according to the free operating cash flow method. The calculation was based on the BSCCB Group's five-year plans, approved by the competent bodies, and thus using a WACC of 9.97% and a perpetuity growth rate of 1.5%. The foregoing analysis did not detect any impairment loss. It should be noted that reasonable changes in the variables WACC and perpetuity growth rate would not have generated any impairment.
The following is a breakdown of the assets, liabilities, costs and revenues associated with companies under common control and associated companies by ownership interest.

Associate companies under common control

	Brembo Group SGL Carbon Ceramic Brakes	
(euro thousand)	**31.12.2010**	**31.12.2009**
Country	**Italy**	**Italy**
% ownership	**50%**	**50%**
Non-current assets	11,162	13,528
Current assets	17,687	16,748
Non-current liabilities	(1,203)	(920)
Current liabilities	(6,501)	(6,968)
Equity (including net result for the year)	(21,144)	(22,388)
Sales of goods and services	38,068	24,139
Costs	(39,127)	(26,745)

Other associate companies

	31.12.2010			**31.12.2009**		
(euro thousand)	***Softia S.r.l.***	***Innova Tecnologie S.r.l.***	***Petroceramics S.r.l.***	***Softia S.r.l.***	***Innova Tecnologie S.r.l.***	***Petroceramics S.r.l.***
Country	**Italy**	**Italy**	**Italy**	**Italy**	**Italy**	**Italy**
% ownership	**40%**	**30%**	**20%**	**40%**	**30%**	**20%**
Assets	685	2,539	370	675	2,505	366
Liabilities	(396)	(2,586)	(108)	(427)	(2,554)	(117)
Equity (including net result for the year)	(289)	48	(262)	(248)	50	(249)
Sales of goods and services	(1,379)	(29)	(276)	(943)	(43)	(229)
Net result for the year	41	(58)	23	4	(59)	7

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

This item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Shareholdings in other companies	95	95
Other	55	59
Total	**150**	**154**

"Shareholdings in other companies" includes the 10% interest in International Sport Automobile S.a.r.l. and 1.20% interest in Fuji Co.
"Other" includes interest-free security deposits for utilities and car rental agreements.

5. Receivables and Other Non-current Assets

This item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Receivables from others	30	0
Income tax receivables	484	169
Non-income tax receivables	34	814
Total	**548**	**983**

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 2010 is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Deferred tax assets	20,834	17,695
Deferred tax liabilities	(11,167)	(11,015)
Total	**9,667**	**6,680**

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)	31.12.2010	31.12.2009
Balance at beginning of year	**6,680**	**(2,225)**
Provision for deferred tax liabilities	(2,012)	(401)
Provision for deferred tax assets	6,310	8,950
Use of deferred tax assets and liabilities	(1,890)	28
Exchange rate fluctuations	723	159
Tax rate changes	0	2
Other movements	(144)	167
Balance at end of year	**9,667**	**6,680**

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

	Assets		Liabilities		Net	
(euro thousand)	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Property, plant, equipment and other equipment	859	2,172	13,861	13,294	(13,002)	(11,122)
Development costs	0	0	843	1,506	(843)	(1,506)
Other intangible assets	31	99	4	23	27	76
Trade receivables	599	710	386	562	213	148
Inventories	3,713	4,940	0	182	3,713	4,758
Other receivables and current assets	79	2	0	0	79	2
Other financial liabilities	810	759	78	238	732	521
Other liabilities	1,585	1,004	0	0	1,585	1,004
Provisions	705	729	0	0	705	729
Provisions for employee benefits	1,864	1,601	1,696	1,704	168	(103)
Trade payables	1,453	376	2	9	1,451	367
Other	14,838	14,953	(1)	3,147	14,839	11,806
Compensation balance between deferred tax assets and liabilities	(5,702)	(9,650)	(5,702)	(9,650)	0	0
Total	**20,834**	**17,695**	**11,167**	**11,015**	**9,667**	**6,680**

Deferred tax assets are recognised by assessing whether the requirements for future recovery have been met according to updated strategic plans. In detail, it should be noted that the consolidated subsidiary Brembo Poland Spolka Zo.o. is located in a "special economic zone" and is entitled to deduct 50% of its

investments from any current taxes owed through 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 tax assets of €8,346 thousand (PLN 33,175 thousand). In this regard, the potential future benefit valued at 31 December 2010 and not recognised in the Financial Statements amounted to PLN 24.8 million (approximately €6.2 million).

7. Inventories

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

(euro thousand)	31.12.2010	31.12.2009
Raw materials	65,521	55,873
Work in progress	34,793	25,534
Finished products	75,163	56,263
Goods in transit	6,173	5,197
Total	**181,650**	**142,867**

The increase in inventories is related to the growth in business volumes, as commented upon in the Report on Operations.

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

(euro thousand)	31.12.2009	Provisions	Use	Exchange rate fluctuation	31.12.2010
Inventory write-down provision	15,834	3,911	(3,925)	455	16,275

8. Trade receivables

At 31 December 2010, the balance of trade receivables compared to the previous year was as follows:

(euro thousand)	31.12.2010	31.12.2009
Trade receivables	198,201	158,724
Receivables from associate companies and joint ventures	3,096	2,939
Total	**201,297**	**161,663**

The increase in trade receivables is tied to the growth in business volumes, as commented upon in the Report on Operations.

The credit risk is not concentrated in any one area, as the company has a large number of customers spread across the various geographical areas in which it operates.

Receivables from associate companies and joint ventures are broken down in Annex 2.

Since the previous year, the Parent Company has been selling its receivables to factoring companies through transactions in which those receivables are collected immediately, in return for payment of a fee. The above factoring transactions are undertaken on a without-recourse basis, meaning that substantially all risks associated with the factored receivables are transferred to the factoring company. The total nominal value of receivables factored in 2010 was €29,224 thousand (€53,133 thousand in 2009).

Trade receivables are recognised net of the provision for bad debts, which amounted to €6,331 thousand. Movements in the provision for bad debts are shown below:

(euro thousand)	31.12.2009	Provisions	Exchange rate fluctuation	Reclasification	Use	31.12.2010
Provision for bad debts	5,860	1,485	184	1,456	(2,654)	6,331

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

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

The approach taken to presenting the credit quality of financial assets is a distinction between listed and unlisted clients (excluding €8,587 thousand in credit notes and invoices to be issued at 31 December 2010). 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)	31.12.2010	31.12.2009
Listed clients	135,487	94,381
Unlisted clients	80,728	72,277
Total	**216,215**	**166,658**

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)	31.12.2010	Write-down 2010	31.12.2009	Write-down 2009
Current	124,216	238	88,070	68
Expired by 0 to 30 days	562	10	630	2
Expired by 30 to 60 days	3,968	65	1,736	4
Expired by over 60 days	6,741	2,699	3,945	1,469
Total	**135,487**	**3,012**	**94,381**	**1,543**
% Ratio of expired receivables not written down to total exposure	*6.3%*		*5.1%*	
Total expired receivables, not written down	**8,497**		**4,836**	

Unlisted clients

(euro thousand)	31.12.2010	Write-down 2010	31.12.2009	Write-down 2009
Current	71,255	275	64,353	176
Expired by 0 to 30 days	1,424	54	1,303	1
Expired by 30 to 60 days	1,750	20	1,086	85
Expired by over 60 days	6,298	2,970	5,535	4,055
Total	**80,728**	**3,319**	**72,277**	**4,317**
% Ratio of expired receivables not written down to total exposure	*8.0%*		*5.2%*	
Total expired receivables, not written down	**6,428**		**3,783**	

9. Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Income tax receivables	3,866	6,946
Non-income tax receivables	19,479	12,602
Other receivables	13,168	7,159
Total	**36,513**	**26,707**

“Non-income tax receivables“ mainly included VAT receivables.

10. Current Financial Assets and Derivatives

This item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Security deposits	417	71
Derivatives	31	0
Other receivables	1	0
Total	**449**	**71**

11. Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	31.12.2010	31.12.2009
Bank and postal accounts	76,204	64,120
Cash-in-hand and cash equivalents	88	533
Total cash and cash equivalents	**76,292**	**64,653**
Payables to banks: ordinary current accounts and foreign currency advances (*)	(35,708)	(99,029)
Cash and cash equivalents from Cash Flow Statement	**40,584**	**(34,376)**

(*) 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 2010 increased by €34,012 thousand compared to 31 December 2009. Movements for the period are given in the relevant statement.

Share capital

The subscribed share capital of the Parent Company is fully paid up and amounted to €34,728 thousand at 31 December 2010. 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 2009 and at 31 December 2010:

(No. of shares)	31.12.2010	31.12.2009
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, the company neither bought nor sold own shares in 2010, as explained in the Report on Operations.

Other reserves and retained earnings/(losses)

In accordance with a resolution approved by the Shareholders' Meeting of 27 April 2010, Brembo S.p.A. allocated €6,442 thousand of its 2009 net income to extraordinary reserves, and distributed €14,703 thousand as dividends (€0.225 per share).

Following the corporate reorganisation agreements involving the subsidiaries Brembo Performance S.p.A. and Sabelt S.p.A., the Group's share of retained earnings also increased to €4,078 thousand as the net effect of the acquisition of a 30% interest in Brembo Performance S.p.A. and the sale of 35% of Sabelt S.p.A.

Share Capital and Reserves of Minority Interests

The main changes in the item are related to the sale of 5% of Sabelt as part of the performance of the agreements of 3 August 2010, as presented above, and the change in the translation reserve.

13. Financial Debt and Derivatives

This item is broken down as follows:

	Balance at 31.12.2010			Balance at 31.12.2009		
(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	35,708	0	35,708	99,029	0	99,029
– loans	53,779	199,732	253,511	37,034	95,970	133,004
Total	**89,487**	**199,732**	**289,219**	**136,063**	**95,970**	**232,033**
Payables to other financial institutions	7,986	25,729	33,715	59,538	26,525	86,063
Derivatives	124	0	124	1,449	98	1,547
Total	**8,110**	**25,729**	**33,839**	**60,987**	**26,623**	**87,610**

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

(euro thousand)	Original amount	Amount at 31.12.2009	Amount at 31.12.2010	Portion due within 1 year	Portion due between 1 and 5 years	Portion due beyond 5 years
Payables to banks:						
San Paolo IMI loan Law 346/88 (reinforced aluminium project)	3,091	1,291	653	653	–	–
UBI loan (€25 million)	25,000	18,191	13,307	5,200	8,107	–
San Paolo IMI loan Law 100 (China project)	4,653	4,180	3,254	927	2,327	–
Centro Banca loan (€25 million)	25,000	18,703	13,716	3,762	9,954	–
Centro Banca loan (€25 million)	25,000	21,176	16,193	3,767	12,426	–
Centro Banca loan (€30 million)	30,000	–	29,852	(148)	30,000	–
Creberg loan (€50 million)	50,000	–	44,861	9,861	35,000	–
Unicredit loan (€50 million)	50,000	39,901	29,926	10,025	19,901	–
Intesa San Paolo NY credit line	4,298	2,779	2,996	2,996	–	–
Intesa San Paolo NY loan	16,982	12,420	10,709	2,691	8,018	–
Unicredito credit line	14,000	697	–	–	–	–
EIB loan	20,000	10,847	7,476	3,325	4,151	–
Unicredit loan 4040175	300	97	33	33	–	–
Intesa San Paolo loan 592177	300	150	50	50	–	–
Intesa San Paolo loan 638133	300	150	50	50	–	–
0740 Banesto loan	1,000	507	–	–	–	–
807247788109 loan	1,500	1,500	1,200	747	453	–
Intesa San Paolo UK loan (€30 million)	30,000	–	29,718	(63)	29,781	–
Intesa San Paolo UK loan (€50 million)	50,000	–	49,517	9,903	39,614	–
Total payables to banks	**351,424**	**132,589**	**253,511**	**53,779**	**199,732**	**–**
Payables to other financial institutions:						
Production Activity Ministry law 46/82 (CCM Project)	2,371	1,792	1,572	293	1,010	269
MICA Law 46 loan (electrical car)	221	78	52	26	26	–
Simest loan Law 394/USA	2,065	160	–	–	–	–
Payable to Simest S.p.A.	–	102	102	102	–	–
Payable to Simest S.p.A.	4,062	4,209	4,693	–	4,693	–
Banca Intesa bond	50,000	50,092	–	–	–	–
Payables to the factors	N/A	2,074	1,288	1,288	–	–
Payables to minority shareholders of Brembo Performance S.p.A.	N/A	1,000	–	–	–	–
Sava loan	–	–	19	19	–	–
MCC Law 598 Isofix (*)	120	120	124	4	120	–
MCC Law 598/94 Research (*)	364	295	235	87	148	–
Ministerio Industria España	3,237	–	1,985	102	–	1,883
Payables to minority shareholders of Sabelt S.p.A.	2,386	–	2,863	–	2,863	–
Finance leases	52,693	26,556	20,782	6,065	13,498	1,219
Total payables to other financial institutions	**117,519**	**86,478**	**33,715**	**7,986**	**22,358**	**3,371**
TOTAL	**468,943**	**219,067**	**287,226**	**61,765**	**222,090**	**3,371**

(*) In 2009, they were recognised as "Payables to banks" and reclassified in this table under payables to other lenders for the purpose of a better representation.

Following the corporate reorganisation agreements affecting Brembo Performance S.p.A. and Sabelt S.p.A. described above, a payable of €2,863 thousand at 31 December 2010 was recognised to account for the put option on 35% of Sabelt S.p.A. held by the latter's minority shareholders, which may be exercised not earlier than 1 January 2015 and within a peremptory term of five years.
The price of the option is linked to financial and operating variables of Sabelt's business.

It should be recalled that the agreement entered into in 2005 to incorporate the Chinese firm Brembo China Brake Systems Co. Ltd. includes an irrevocable commitment by Brembo to acquire the partner Simest's interest in 2013, with the possibility for Brembo S.p.A. to exercise the call option as early as 2011. The acquisition price has been irrevocably agreed as the greater of the total cost incurred by Simest to acquire the equity interest and the value of the Equity owned by Simest.
Brembo currently does not have any plans to exercise the call option in 2011, therefore the debt has thus been classified as long-term.

For as long as the EIB loan (€20 million and €7,476 thousand at 31 December 2010) is outstanding, Brembo Poland Spolka Zo.o. is committed to not forming liens, mortgages, or privileges on assets and revenues in guarantee of other forms of debt.
As previously indicated, the Group's compliance with the covenants to which it is subject was assessed at the balance sheet date.

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

	31.12.2010			31.12.2009		
(euro thousand)	**Instalment**	**Interest**	**Principal**	**Instalment**	**Interest**	**Principal**
Within one year	6,860	795	6,065	6,777	982	5,795
Between 1 and 5 years	14,928	1,430	13,498	18,562	2,083	16,479
Beyond 5 years	1,421	202	1,219	4,666	384	4,282
Total	**23,209**	**2,427**	**20,782**	**30,005**	**3,449**	**26,556**

The following table provides a breakdown of operating lease instalments:

(euro thousand)	31.12.2010	31.12.2009
Within one year	13,552	8,210
Between 1 and 5 years	35,912	23,341
Beyond 5 years	46,695	7,884
Total	**96,159**	**39,435**

The following table shows the structure of debt towards other lenders and loans, broken down by annual interest rate and currency at 31 December 2010:

(euro thousand)	Fixed rate	Variable rate	Total
Euro	73,362	200,158	273,520
US Dollar	0	13,706	13,706
Total	**73,362**	**213,864**	**287,226**

The average variable rate applicable to the Group's indebtedness is 2.25% and the average fixed rate is 3.80%.

It should be noted that, at 31 December 2010 financial debts backed by collateral amounted to €653 thousand (€1,291 thousand at 31 December 2009).

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 2010, there was an outstanding held-for-trading IRS. The contract was entered into by the consolidated company Sabelt S.p.A. and had a fair value negative at €124 thousand at that date. As the instrument does not qualify for hedge accounting, changes in fair value are recognised in the Income Statement.
The notional amount of the financial instrument (IRS) held is €1,500 thousand.

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

(euro thousand)	31.12.2010
Balance at beginning of year	**677**
Movements from fair value reserve	(86)
Movements form reserve for the payment/collection of differentials	(591)
Balance at end of year	**0**

It should be noted that there were no outstanding derivatives contracts recognised using the hedge accounting method at 31 December 2010, inasmuch as they were unwound during the year.

Net Financial Position

The following table shows the reconciliation of the net financial position at 31 December 2010 (€246,735 thousand), and at 31 December 2009 (€254,990 thousand) based on the layout prescribed by CONSOB Communication No. 6064293 of 28 July 2006.

	(euro thousand)	31.12.2010	31.12.2009
A	Cash	88	531
B	Other cash equivalents	76,204	64,122
C	Derivatives and securities held for trading	31	0
D	**LIQUIDITY (A+B+C)**	**76,323**	**64,653**
E	Current financial receivables	0	0
F	Current payables to banks	35,708	99,029
G	Current portion of non-current debt	53,779	37,034
H	Other current financial debts and derivatives	8,110	60,987
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**97,597**	**197,050**
J	**NET CURRENT FINANCIAL DEBT (I–E–D)**	**21,274**	**132,397**
K	Non-current payables to banks	199,732	95,970
L	Bonds issued	0	0
M	Other non-current financial debts	25,729	26,623
N	**NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)**	**225,461**	**122,593**
O	**NET FINANCIAL DEBT (J+N)**	**246,735**	**254,990**

With reference to net financial debt, investments absorbed €72,526 thousand, including €9,433 thousand to acquire the foundry in China from DAI Co. Ltd. as mentioned above. The change in working capital used €13,247 thousand. A total of €14,703 thousand in dividends was paid.

14. Other Non-current Liabilities

This item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Social security payables	465	0
Payables to employees	1,624	48
Other payables	346	429
Total	**2,435**	**477**

Last year, this item included a substitute tax payable under Article 1, paragraph 48, of Italian Law No. 244 of 24 December 2007 ("2008 Finance Law") to eliminate off-balance-sheet overpayments relating to Research and Development; in 2010, the amount (€413 thousand) was reclassified under current liabilities, as it will fall due in 2011.
At 31 December 2010, payables to employees primarily consisted of the liability associated with the 2010-2012 three-year incentive plan, to be settled at the end of the plan period.

15. Provisions

This item is broken down as follows:

(euro thousand)	31.12.2009	Provisions	Use	Exchange rate fluctuation	Reclassification	31.12.2010
Other provisions for contingencies and charges	5,071	1,573	(2,855)	101	51	3,941
Provision for restructuring	15	0	(15)	0	0	0
Provision for tax litigation	1,000	36	0	0	0	1,036
Total	**6,086**	**1,609**	**(2,870)**	**101**	**51**	**4,977**

The amount allocated to the item "Provision for tax litigation" during the year is an estimate of liabilities that could arise as a result of tax litigation underway.
Other provisions for contingencies and charges (€3,941 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 write-downs of the shareholding in Innova Tecnologie 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, 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 México S.A. de C.V., Brembo Nanjing Brake Systems Co. Ltd. and Brembo Brake India Pvt. Ltd. offer pension plans to their employees that qualify as a defined-benefit plan.
Unfunded defined-benefit plans include also the "Employees' leaving entitlement" provided by the Group's Italian companies, in accordance with current applicable regulations.
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 2010 are shown below:

(euro thousand)	31.12.2009	Provisions	Use	Interest expense	Exchange rate fluctuations	Other	31.12.2010
Employees' leaving indemnity	18,894	13	(1,782)	898	0	0	18,023
Other employee provisions	3,012	(134)	(1,189)	106	183	209	2,187
Total	**21,906**	**(121)**	**(2,971)**	**1,004**	**183**	**209**	**20,210**

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo México plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan
End of financial year	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**
A. Reconciliation of defined-benefit obligations									
Present value of defined-benefit obligation at beginning of year	18,569	18,463	22,274	14,491	195	172	438	478	91
Social security cost for current service	13	28	167	311	21	22	0	0	18
Interest expense	898	1,020	1,262	953	17	14	0	0	6
Employees' contributions	0	0	57	172	0	0	0	0	0
Plan changes	0	0	0	0	33	0	0	0	0
Net actuarial (gains) losses	343	874	444	5,159	76	(31)	0	0	16
Benefits paid by the plan or company	(1,782)	(1,633)	(351)	(569)	(47)	(10)	(75)	(85)	(25)
Expenses	0	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0
Insurance premiums	0	0	0	0	0	0	0	0	0
Net transfers (including the effect of mergers and demergers)	0	(31)	0	0	0	0	0	0	0
Decreases	0	0	0	0	4	0	0	0	0
Curtailment	0	0	(1,527)	0	0	0	0	0	0
Eliminations	0	0	0	0	0	0	0	0	0
Exchange rate fluctuations	0	0	0	1,071	0	3	0	0	0
Present value of defined-benefit obligation at end of year	18,041	18,721	22,326	21,588	299	170	363	393	107
B. Reconciliation of plan assets									
Fair value of plan assets at beginning of year	0	0	15,578	11,362	0	0	438	478	41
Expected return of plan assets	0	0	1,171	804	0	0	0	0	2
Net actuarial gains (losses)	0	0	893	1,962	0	0	0	0	1
Employer's contributions	1,782	1,630	464	535	0	0	0	0	0
Employees' contributions	0	0	57	172	0	0	0	0	0
Benefits paid	(1,782)	(1,630)	(351)	(569)	0	0	(75)	(85)	(25)
Expenses	0	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0
Insurance premiums	0	0	0	0	0	0	0	0	0
Eliminations	0	0	0	0	0	0	0	0	0
Business combinations	0	0	0	0	0	0	0	0	0
Exchange rate fluctuations	0	0	0	833	0	0	0	0	0
Fair value of plan assets at end of year	0	0	17,812	15,099	0	0	363	393	20

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo México plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan
End of financial year	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**
C. Reconciliation of assets or liabilities recognised in the balance sheet									
Unfunded plans/Partially or fully funded plans									
Present value of funded defined-benefit obligation	0	0	22,326	21,588	0	0	–	–	107
Fair value of plan assets	0	0	(17,812)	(15,099)	0	0	–	–	20
Funded plan deficit (surplus)	0	0	4,514	6,489	0	0	–	–	87
Present value of unfunded defined-benefit obligation	18,041	18,721	0	0	299	170	–	–	0
Unrealised net actuarial gains (losses)	(18)	328	(3,676)	(4,529)	(63)	2	–	–	0
Pension (cost) for unrecognised past service	0	0	0	0	0	0	–	–	0
Amount not recognised as an asset (as explained in paragraph 58b)	0	0	0	0	0	0	–	–	0
Net liabilities/(assets)	**18,023**	**19,049**	**838**	**1,960**	**237**	**172**	**363**	**393**	**87**
Amounts recognised in the Balance Sheet:									
Liabilities	18,023	19,049	838	1,960	237	172	363	393	107
Assets	0	0	0	0	0	0	–	–	20
Net liabilities/(assets)	**18,023**	**19,049**	**838**	**1,960**	**237**	**172**	**363**	**393**	**87**
D. Amounts recognised in the Income Statement									
Amounts recognised in the Income Statement:									
Social security cost for current service	13	28	167	311	21	22	–	–	18
Interest payable	898	1,020	1,262	953	17	14	–	–	6
Expected return on plan assets	0	0	(1,171)	(804)	0	0	–	–	15
Expected return of reimbursement rights recognised as assets (paragraph 104A)	0	0	0	0	0	0	–	–	(2)
Amortisation of social security costs for past service	0	0	0	0	33	0	–	–	0
Net amortisation of actuarial (net income) loss	0	(1)	181	0	0	1	–	–	0
Effect of the limit explained in paragraph 58b	0	0	0	0	0	0	–	–	0
Effect of plan reductions – recognised net (income)/loss	0	0	(1,144)	0	15	0	–	–	0
Effect of plan cancellation – recognised net (income)/loss	0	0	0	0	0	0	–	–	0
Total cost recognised in the Income Statement	**911**	**1,047**	**(705)**	**460**	**87**	**37**	**–**	**–**	**36**

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo México plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan
End of financial year	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**
E. Main actuarial assumptions									
Weighted average of the assumptions used for determining defined-benefit obligations									
Discount rates	4.75%	5.00%	5.40%	5.70%	7.75%	9.00%	N/A	N/A	7.75%
Salary increases	N/A	N/A	N/A	4.30%	4.38%	4.00%	N/A	N/A	8.00%
Inflation rate	2.00%	2.00%	3.40%	3.55%	3.50%	3.50%	N/A	N/A	N/A
Expected rate of salary increases	0.00%	N/A	3.40%	3.55%	N/A	N/A	N/A	N/A	N/A
Weighted average of the assumptions used for determining contributions									
Discount rates	5.00%	5.70%	5.70%	6.20%	9.00%	8.30%	N/A	N/A	7.75%
Expected rate of return on plan assets	N/A	0.00%	N/A	4.05%	N/A	4.75%	N/A	N/A	8.50%
Salary increases	N/A	N/A	4.55%	3.30%	4.00%	4.25%	N/A	N/A	8.00%
Inflation rate	2.00%	2.00%	3.55%	3.20%	3.50%	3.50%	N/A	N/A	N/A
Expected rate of salary increases	0.00%	N/A	3.55%	N/A	N/A	N/A	N/A	N/A	N/A
F. Plan assets									
Asset categories									
Shares	0.00%	0.00%	7.70%	84.00%	0.00%	0.00%	N/A	N/A	0.00%
Bonds	0.00%	0.00%	4.18%	15.50%	0.00%	0.00%	N/A	N/A	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	0.00%
Other	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	N/A	N/A	0.00%
Total	**0.00%**	**0.00%**	**7.12%**	**100.00%**	**0.00%**	**0.00%**	**N/A**	**N/A**	**0.00%**
Amounts invested in financial instruments of the Company									
Assets allocated for the plan, invested in shares issued by the Company	0	0	0	0	0	0	–	–	0
Assets allocated for the plan, invested in property used by the Company	0	0	0	0	0	0	–	–	0

(euro thousand)	Unfunded plan (Employees' leaving entitlement)		Funded plan (Ap Racing plan)		Brembo México plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan
End of financial year	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**
Methods used to calculate the overall expected return on plan assets									
G. Past experience of actuarial gains and losses									
Funded defined-benefit obligation	18,041	0	0		0	0	–	–	107
Fair value of plan assets	0	0	0		0	0	–	–	20
Deficit/surplus	18,041	0	0		0	0	–	–	87
Differences between expected and actual return on plan assets									
a. Amount	0	0	893	1,962	0	0	–	–	1
b. Percentage of assets at reporting date	0.00%	0.00%	5.00%	13.00%	0.00%	0.00%	–	–	0.00%
Experience (gains) losses on liabilities									
a. Amount	(120)	(393)	(130)	560	23	4	–	–	(14)
b. Percentage of plan liabilities at reporting date		-2.0%	-0.6%	3.0%	0.0%	1% - 8%	–	–	-2.0%
I. Other amounts required for disclosure purposes									
Contributions expected to be paid in the subsequent year	1,064	–	0	–	0	0	–	–	0
J. Reconciliation of financial position									
Net liabilities / (assets)	18,894	–	2,006	–	197	–	438	–	88
Pension costs recognised in the Income Statement	911	–	(705)	–	87	–	–	–	24
Amount recognised in the OCI for the year	0	–	0	–	0	–	–	–	–
Employer's contributions	0	–	(464)	–	0	–	–	–	–
Benefits paid directly by the Company	(1,782)	–	0	–	(47)	–	(75)	–	(25)
Receivables to be reimbursed	0	–	0	–	0	–	–	–	–
Business combinations/disposals/transfers	0	–	0	–	0	–	–	–	–
Amount recognised as a result of business combinations	0	–	0	–	0	–	–	–	–
Adjustments	0	–	0	–	0	–	–	–	–
(Gains)/losses from exchange rate adjustments	0	–	0	–	0	–	–	–	–
Net liabilities (assets) at end of year	**18,023**	**–**	**838**	**–**	**237**	**–**	**363**	**–**	**87**

17. Trade Payables

At 31 December 2010, trade payables were as follows:

(euro thousand)	31.12.2010	31.12.2009
Trade payables	218,411	154,115
Payables to associates and joint ventures	5,599	5,246
Total	**224,010**	**159,361**

The increase in the item is related to the recovery of business in 2010 compared to 2009.
Please refer to Annex 2 for the details of payables to associates and joint ventures.

18. Tax Payables

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

(euro thousand)	31.12.2010	31.12.2009
Tax payables	2,538	1,263

19. Other Current Payables

Other current payables at 31 December 2010 are shown below:

(euro thousand)	31.12.2010	31.12.2009
Tax payables other than current taxes	4,944	6,188
Social security charges	11,139	9,046
Amounts due to employees	22,267	18,524
Other payables	14,788	9,430
Total	**53,138**	**43,188**

20. Sales of Goods and Services

Breakdown of sales of goods and services was as follows:

(euro thousand)	31.12.2010	31.12.2009
Italy	198,517	170,578
Abroad	876,735	655,319
Total	**1,075,252**	**825,897**

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

21. Other Revenues and Income

These are made up of:

(euro thousand)	31.12.2010	31.12.2009
Other recharges	4,778	3,301
Gains on disposal of assets	307	1,095
Gain from the disposal of 50% of BSCCB S.p.A.	0	3,874
Government grants	735	2,637
Other revenues	3,623	9,221
Total	**9,443**	**20,128**

In 2009, the item "Other revenue" included €4,000 thousand in compensation received from a supplier.

22. Costs for Capitalised Internal Works

This item refers to the capitalisation of development costs incurred during the year, amounting to €10,035 thousand (€9,233 thousand in 2009).

23. Cost of Raw Materials, Consumables and Goods

The item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009 (*)
Change in inventories and inventory write-downs	22,890	39,858
Purchase of raw materials	479,451	348,892
Purchase of consumables	39,020	22,289
Total	**541,361**	**411,039**

(*) Figures for 2009 have been reviewed for better comparability.

24. Other Operating Costs

These costs are broken down as follows:

(euro thousand)	31.12.2010	31.12.2009 (*)
Transports	30,357	22,319
Maintenance, repairs and utilities	56,720	40,586
Contracted work	51,563	36,724
Rent	16,289	13,092
Other operating costs	54,871	45,196
Total	**209,800**	**157,916**

(*) Figures for 2009 have been reviewed for better comparability.

25. Personnel Expenses

Breakdown of personnel expenses is as follows:

(euro thousand)	31.12.2010	31.12.2009
Wages and salaries	150,016	129,114
Social security contributions	40,434	35,703
Employees' leaving entitlement and other personnel provisions	7,654	7,040
Other costs	14,923	13,264
Total	**213,027**	**185,121**

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

	Executives	White-collars	Blue-collars	Total
2010 average	198	1,776	3,906	5,880
2009 average	164	1,727	3,586	5,477
Changes	**34**	**49**	**320**	**403**
Total at 31 December 2010	196	1,785	3,923	5,904
Total at 31 December 2009	156	1,715	3,546	5,417
Changes	**40**	**70**	**377**	**487**

26. Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Amortisation of intangible assets:		
Development costs	8,277	6,841
Industrial patents and similar rights for original work	1,313	1,260
Licences, trademarks and similar rights	573	398
Other intangible assets	5,485	5,248
Total	**15,648**	**13,747**
Depreciation of property, plant and equipment:		
Buildings	3,298	3,128
Leased buildings	1,002	996
Plant and machinery	37,046	37,124
Leased plant and machinery	1,897	1,633
Industrial and commercial equipment	9,865	10,072
Other property, plant and equipment	1,915	2,121
Other leased property, plant and equipment	31	51
Total	**55,054**	**55,125**
Impairment losses:		
Property, plant and equipment	277	4,638
Intangible assets	3,167	5,027
Total	**3,444**	**9,665**
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	**74,146**	**78,537**

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

27. Net Interest Income (Expense)

This item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Exchange rate gains	13,432	23,076
Interest income from employee's leaving entitlement and other personnel provisions	1,174	804
Interest income	1,454	4,241
Total interest income	**16,060**	**28,121**
Exchange rate losses	(13,037)	(24,510)
Interest expense from employees' leaving entitlement and other personnel provisions	(2,178)	(2,005)
Interest expense	(9,795)	(12,156)
Total interest expense	**(25,010)**	**(38,671)**
TOTAL NET INTEREST INCOME (EXPENSE)	**(8,950)**	**(10,550)**

"Interest income (expense)" also includes the effect of an adjustment to the estimate of the amount due in relation to the put option on 35% of Brembo Sabelt S.p.A., granted to the minority shareholders under the agreements in force. The item amounted to €821 thousand.

28. Interest Income (Expense) from Investments

An analysis of the item is provided in the comment on the item of the balance sheet presented in note 3 above.

29. Taxes

This item is broken down as follows:

(euro thousand)	31.12.2010	31.12.2009
Current taxes	15,996	8,733
Deferred tax assets and liabilities	(2,408)	(8,578)
Estimated tax payables	32	1,000
Total	**13,620**	**1,155**

30. Earnings per Share

Basic earnings per share were €0.49 at 31 December 2010 (December 2009: €0.16), 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 2010, amounting to 65,344,450 (December 2009: 65,344,450).
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 Attachments 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. Brembo did not engage in dealings with its parent in 2010.
Information pertaining to the fees paid to Directors, Statutory Auditors and General Manager of Brembo S.p.A. and of other Group companies and additional information required is reported below:

(euro thousand)

SUBJECT	OFFICE		COMPENSATION				
Name and surname	Office held	Term of office (per year)	Emoluments for the office held	Participation in committees and specific tasks	Non-monetary benefits	Bonuses and other incentives	Other compensation
Alberto Bombassei	Chairman of BoD - MD	2008-2010	1,000			350 1)	
Cristina Bombassei	Member of BoD	2008-2010	30	5		16 3)	67 2)
Giovanni Cavallini	Member of BoD	2008-2010	30	5			
Giancarlo Dallera	Member of BoD	2008-2010	30	15			
Giovanna Dossena	Member of BoD	2008-2010	30	20			
Umberto Nicodano	Member of BoD	2008-2010	30	5			
Pasquale Pistorio	Member of BoD	2008-2010	30				
Giuseppe Roma	Member of BoD	2008-2010	30	15			
Bruno Saita	Member of BoD	2010	20				
Pierfrancesco Saviotti	Member of BoD	2008-2010	30	10			
Matteo Tiraboschi	Member of BoD	2008-2010	30			176 1) 3)	222 2)
Sergio Pivato	Chairman of the Board of Statutory Auditors	2008-2010	45				
Enrico Colombo	Auditor	2008-2010	30				
Daniela Salvioni	Auditor	2008-2010	30				

1) The amount also includes the estimate of the cost of the 2010-2012 three-year plan accrued in 2010.
2) These compensations are paid as employee salary.
3) The item includes the allocation for bonuses that have yet to be paid.

In 2010, a €50 million loan was obtained at arm's length conditions from a related-party bank through a non-executive director.

Annex 5 contains a summary of transactions with related parties as they relate to balances of the Balance Sheet and Income Statement.

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 benefits 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. Ten companies are currently participating, but Brembo plans to gradually extend the system to all Group companies to the extent allowed by the tax and other laws of the individual countries.

32. Segment Report

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

- Discs – Systems and Motorbikes;
- After Market 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 2010 who accounted for over 10% of consolidated net revenues. None of the single car manufacturers comprising such groups exceeded this limit.

The following table shows segment information on sales of goods and services and results at 31 December 2010 and 31 December 2009:

(euro thousand)	Total 31.12.2010	Total 31.12.2009	Discs/ Systems/Motorbikes 31.12.2010	Discs/ Systems/Motorbikes 31.12.2009	After Market/ Performance Group 31.12.2010	After Market/ Performance Group 31.12.2009	Interdivision 31.12.2010	Interdivision 31.12.2009	Non-segment data 31.12.2010	Non-segment data 31.12.2009
Sales	1,088,597	842,843	881,763	653,183	220,588	203,712	(2,131)	(1,545)	(11,624)	(12,506)
Allowances and discounts	(15,704)	(13,449)	(4,210)	(3,810)	(11,492)	(9,638)	0	0	(1)	(1)
Net sales	**1,072,893**	**829,394**	**877,553**	**649,373**	**209,096**	**194,073**	**(2,131)**	**(1,545)**	**(11,625)**	**(12,507)**
Transport costs	13,387	8,441	9,811	5,127	3,575	3,314	0	0	0	0
Change in inventories of finished products and WIP	45,068	21,805	46,141	9,440	(1,073)	12,803	0	0	0	(438)
Change in inventories of raw materials	(1,215)	14,601	(5,747)	9,990	4,531	4,611	0	0	0	0
Purchase costs	477,471	362,460	401,571	310,430	90,682	67,102	(2,131)	(1,545)	(12,652)	(13,528)
Contracted work	47,158	36,197	26,670	19,043	20,488	17,154	0	0	0	1
Direct personnel costs	72,286	55,392	62,098	46,877	9,861	8,514	0	0	327	1
Utilities	31,683	21,164	28,403	16,818	3,272	4,337	0	0	7	8
Ancillaries	29,235	19,137	26,510	16,186	2,723	2,941	0	0	2	11
Variable maintenance and repair costs	8,265	4,664	6,710	3,427	1,554	1,010	0	0	1	227
Variable production costs	*709,951*	*535,420*	*592,357*	*432,212*	*132,040*	*118,471*	*(2,131)*	*(1,545)*	*(12,315)*	*(13,718)*
Contribution margin	**349,555**	**285,534**	**275,384**	**212,034**	**73,481**	**72,288**	**0**	**0**	**690**	**1,211**
Indirect personnel costs	58,247	48,453	49,703	40,197	8,358	8,478	0	0	185	(222)
Depreciation, amortisation and impairment losses	54,599	58,846	47,748	50,354	6,977	9,171	0	0	(125)	(678)
Maintenance and repair costs	12,697	10,013	12,230	8,412	453	1,305	0	0	14	296
Rent	8,613	6,743	5,889	4,063	2,665	2,633	0	0	58	47
Other production costs	28,028	23,103	23,924	18,000	3,802	4,231	0	0	302	873
Fixed production costs	*162,184*	*147,158*	*139,495*	*121,025*	*22,255*	*25,817*	*0*	*0*	*434*	*315*
Production gross operating income	**187,371**	**138,376**	**135,889**	**91,009**	**51,225**	**46,470**	**0**	**0**	**256**	**896**
Sales office	23,677	20,494	10,544	8,337	13,133	12,156	0	0	0	0
Fees	4,715	1,962	3,501	958	1,214	1,005	0	0	0	0
Costs to sell	*28,392*	*22,456*	*14,045*	*9,295*	*14,347*	*13,161*	*0*	*0*	*0*	*0*
Marketing	3,583	3,612	213	226	3,370	3,386	0	0	0	0
Central Staff	5,695	6,245	3,478	3,508	2,058	2,223	0	0	159	514
Supply chain	6,461	6,898	2,953	3,067	3,430	3,961	0	0	78	(130)
Finance control BU	1,760	1,576	1,040	896	721	681	0	0	0	0
Technology	1,509	1,912	1,240	1,378	269	332	0	0	(0)	202
Quality & Environment	1,921	2,127	1,571	1,532	350	595	0	0	0	0
Technical offices	35,359	29,193	27,153	21,851	7,205	6,826	0	0	1,001	516
BU personnel costs	*84,681*	*74,018*	*51,693*	*41,752*	*31,749*	*31,164*	*0*	*0*	*1,239*	*1,102*
BU gross operating income	**102,690**	**64,358**	**84,196**	**49,257**	**19,476**	**15,307**	**0**	**0**	**(983)**	**(206)**

(euro thousand)	Total		Discs/ Systems/Motorbikes		After Market/ Performance Group		Interdivision		Non-segment data	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Costs of Central Staff personnel	49,353	40,463	31,659	25,603	11,247	13,364	0	0	6,447	1,495
Operating income (loss)	**53,337**	**23,895**	**52,537**	**23,654**	**8,229**	**1,942**	**0**	**0**	**(7,430)**	**(1,701)**
Extraordinary costs and revenues	220	3,157	218	(3)	49	(1)	0	0	(48)	3,161
Exchange rate differences	0	0	0	0	0	0	0	0	0	0
Financial costs and revenues	(9,368)	(10,792)	0	1	0	0	0	0	(9,368)	(10,792)
Total interest income/expense	*(9,368)*	*(10,792)*	*0*	*1*	*0*	*0*	*0*	*0*	*(9,368)*	*(10,792)*
Income and charges from shareholdings	(2,013)	(1,424)	0	0	0	0	(1,013)	(4,290)	(1,000)	2,866
Net operating income (loss)	**42,176**	**14,836**	**52,755**	**23,651**	**8,279**	**1,942**	**(1,013)**	**(4,290)**	**(17,845)**	**(6,467)**
Non-operating costs and revenues	3,222	(5,158)	0	1	0	0	0	0	3,222	(5,160)
Result before taxes	**45,398**	**9,677**	**52,755**	**23,653**	**8,279**	**1,942**	**(1,013)**	**(4,290)**	**(14,623)**	**(11,627)**
Current taxes	(14,474)	(8,049)	0	0	0	0	0	0	(14,474)	(8,049)
Deferred taxes	886	7,891	0	0	0	0	0	0	886	7,891
Total taxes	*(13,588)*	*(158)*	*0*	*0*	*0*	*0*	*0*	*0*	*(13,589)*	*(158)*
Result before minority interests	**31,810**	**9,520**	**52,755**	**23,653**	**8,279**	**1,942**	**(1,013)**	**(4,290)**	**(28,212)**	**(11,785)**
Minority interests	459	1,005	(535)	796	1,547	1,198	0	0	(554)	(989)
Net result	**32,268**	**10,525**	**52,221**	**24,449**	**9,826**	**3,139**	**(1,013)**	**(4,290)**	**(28,765)**	**(12,773)**

A reconciliation between the Consolidated Financial Statements and the above information is provided below:

(euro thousand)	31.12.2010	31.12.2009
SALES OF GOODS AND SERVICES	**1,075,252**	**825,897**
Scrap sales (in the segment report they are subtracted from "External production costs")	(1,523)	(727)
Miscellaneous billbacks (in the Consolidated Financial Statements they are included in "Other revenues and income")	1,915	3,049
Capital gains on sale of equipment (in the Consolidated Financial Statements they are included in "Other revenues and income")	79	543
Effect of intercompany adjustment	(1,104)	750
Other	(1,726)	(118)
NET SALES	**1,072,893**	**829,394**

(euro thousand)	31.12.2010	31.12.2009
NET OPERATING INCOME (LOSS)	**56,396**	**22,645**
Different accounting treatment of development costs	44	741
Grant Re. law 296 (in the segment report it is included in “Sundry taxes“)	(809)	(2,475)
Different accounting treatment of operating costs	0	(107)
Effect of application of IAS 19	(1,999)	(494)
Legal expenses for special projects (in the segment report they are included in “Non-operating costs and revenues“)	0	576
Different amortisation/write-down criteria	931	601
Restructuring costs (in the segment report they are included in “Non-operating costs and revenues“)	0	7,036
Capital gains/losses on disposal of assets (in the segment report they are included in “Non-operating costs and revenues“)	267	197
Capital gain on disposal of BSCCB S.p.A. (in the segment report it is included in “Non-operating costs and revenues“)	0	(3,874)
Different classification of the provision for receivable write-downs (in the segment report it is included in “Non-operating costs and revenues“)	(68)	(99)
Different classification of the provision for inventory write-downs (in the segment report it is included in “Non-operating costs and revenues“)	(2,127)	150
Different classification of the provision for risks (in the segment report it is included in “Non-operating costs and revenues“)	34	(812)
Different classification of banking expenses (in the segment report it is included in “Financial costs and revenues“)	416	239
Effect of adjustments from intercompany transactions	221	(4)
Other	31	(305)
OPERATING RESULT	**53,337**	**24,015**

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 2010 and 31 December 2009 are provided in the tables below:

	Total		Discs/ Systems/Motorbikes		After Market/ Performance Group		Interdivision		Non-segment data	
(euro thousand)	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Property, plant and equipment	322,925	311,822	278,939	257,987	43,311	53,795	0	0	676	41
Intangible assets	64,999	63,453	40,209	37,586	15,713	17,305	0	0	9,077	8,562
Financial assets	40,583	40,994	0	3,679	0	3,003	229	(3,867)	40,354	38,179
(a) Total fixed assets	**428,508**	**416,269**	**319,147**	**299,251**	**59,024**	**74,103**	**229**	**(3,867)**	**50,107**	**46,782**
Inventories	180,271	142,360	109,788	82,391	67,347	59,700	(101)	(101)	3,237	370
Current assets	216,875	175,702	161,884	124,317	43,721	39,792	0	0	11,270	11,593
Current liabilities	(255,803)	(190,603)	(179,587)	(127,832)	(40,910)	(32,934)	0	0	(35,306)	(29,838)
Provisions for contingencies and charges and other provisions	(5,179)	(4,512)	0	0	0	0	0	0	(5,179)	(4,512)
(b) Net working capital	**136,163**	**122,947**	**92,085**	**78,876**	**70,157**	**66,559**	**(101)**	**(101)**	**(25,978)**	**(22,386)**
NET INVESTED CAPITAL (a+b)	**564,671**	**539,217**	**411,232**	**378,128**	**129,181**	**140,661**	**128**	**(3,968)**	**24,129**	**24,396**
IAS adjustments	27,675	28,251	0	0	421	1,033	0	0	27,254	27,219
NET INVESTED CAPITAL	**592,346**	**567,468**	**411,232**	**378,128**	**129,602**	**141,694**	**128**	**(3,968)**	**51,383**	**51,614**
Group Equity	318,017	286,521	50,337	25,101	12,189	6,736	(353)	(159)	255,843	254,842
Minority interests	7,839	7,459	465	(805)	(1,547)	(1,198)	0	0	8,921	9,463
(d) Equity	**325,856**	**293,981**	**50,802**	**24,296**	**10,642**	**5,538**	**(353)**	**(159)**	**264,764**	**264,305**
(e) Provisions for employee benefits	**20,217**	**21,282**	**0**	**0**	**0**	**0**	**0**	**0**	**20,217**	**21,282**
Medium/long-term financial debt	225,411	124,025	0	0	0	0	0	0	225,411	124,025
Short-term financial debt	20,863	130,932	(0)	0	0	0	0	0	20,863	130,932
(f) Net financial debt	**246,274**	**254,957**	**(0)**	**0**	**0**	**0**	**0**	**0**	**246,274**	**254,957**
(g) COVERAGE (d+e+f)	**592,346**	**570,220**	**50,802**	**24,296**	**10,642**	**5,538**	**(353)**	**(159)**	**531,255**	**540,544**

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. Commitments

As already mentioned in the Report on Operations, on 22 October 2010 Brembo signed a lease agreement, set to expire on 31 December 2011, for two companies owned by an important supplier of mechanical parts requiring a high-tech manufacturing process. The deal was a necessary response to the financial difficulties in which IMMC and IRAL found themselves, given the need to safeguard the know-how and important technological expertise transferred by Brembo to the above-mentioned companies over their many years of collaboration, as well as to ensure the continuity of supply to the Brembo Group. The transaction was structured through a specifically incorporated vehicle, La.Cam (Lavorazioni Camune) S.r.l., 100% controlled by Brembo S.p.A.

Within the end of the lease period and based on the results of the financial restructuring of the two leased companies, Brembo might be involved in any subsequent process of acquisition of the business unit. In particular, the offer is contingent upon the approval of the composition with creditors by IMMC and IRAL by final, unappealable order no later than 15 November 2011.

The lease payments made by La.Cam to IMMC and IRAL will be deducted from the purchase price.

In light of the above, and especially in consideration of the fact that according to the law and the provisions of the contract Brembo does not have control of the activities of IMMC and IRAL, inasmuch as it cannot control their financial policies, the transaction was not considered a business combination at 31 December 2010.

34. Business Combinations

Brembo Nanjing Foundry Co. Ltd. was used as a vehicle in the acquisition of a foundry owned by Donghua Automotive Industrial Co. Ltd. The transaction was finalised on 15 January 2010.

Brembo Nanjing Foundry paid CNY 83,215 thousand (€9,433 thousand using the exchange rate at 31 December 2010) to purchase property, plant and equipment, intangible assets and inventory, which are part of an industrial complex that is able to function independently; therefore, the transaction is considered a business combination. The assets acquired include:

- plant, equipment and software for CNY 72,106 thousand (€8,173 thousand);
- inventory for CNY 11,109 thousand (€1,260 thousand).

The process of identifying the fair values of the assets and liabilities acquired has been completed, confirming the amounts provisionally attributed in the condensed six-monthly Financial Statements.

Given the price paid, CNY 83,215 thousand (€9,433 thousand), no goodwill was identified or recognised.

There are no material costs directly associated with the acquisition.

Since the acquisition date, the company has contributed a total of €14,854 thousand to sales of goods and services and €-8,473 thousand to the net operating result.

The Group's financial risk profile has not changed as a result of the acquisition.

35. Significant Events After 31 December 2010

As part of the corporate reorganisation activities described above, the mergers between Brembo S.p.A. and Marchesini S.p.A., Brembo S.p.A. and Brembo Performance S.p.A., Brembo Japan Co. Ltd. and Brembo Perfomance Japan Co. Ltd., as well as Brembo North America Inc. and Brembo Performance North America Inc. became effective January 2011.

No other significant events occurred after the end of 2010 and up to 2 March 2011.

Stezzano, 2 March 2011

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annex 1

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

(euro thousand)

SELLING COMPANY	Brembo S.p.A.	Marchesini S.p.A.	Corporacion Upwards 98 S.A.	Brembo Poland Spolka Zo.o.	Brembo Spolka Zo.o.	Ap Racing Ltd.	Brembo Uk Ltd.	Brembo North America Inc.	Brembo México S.A. de C.V.	Brembo do Brasil Ltda.	Brembo Japan Co. Ltd.	Brembo Scandinavia A.B.	Brembo International S.A.	Brembo China Brake Systems Co. Ltd.
PURCHASING COMPANY														
Brembo S.p.A.	-	933	2,026[c]	7,974	16,408	-	208	3,099	5	184	733	852	798	-
Marchesini S.p.A.	1,995	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporacion Upwards 98 S.A.	2,681	-	-	54	-	-	-	-	-	-	-	-	-	-
Brembo Poland Spolka Zo.o.	24,286	-	352[d]	-	1,342	-	-	-	-	-	-	-	-	-
Brembo Spolka Zo.o.	6,477	-	-	15	-	-	-	-	-	-	-	-	66	-
Ap Racing Ltd.	561	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Uk Ltd.	1,287	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo North America Inc.	7,631	-	-	-	-	-	-	-	1,108[g]	-	-	-	-	-
Brembo México S.A. de C.V.	522	-	-	-	-	-	-	2,207	-	194	-	-	-	-
Brembo do Brasil Ltda.	1,505	-	-	94	958	-	-	14	298	-	-	-	-	-
Brembo Japan Co. Ltd.	1,381	-	-	-	-	-	-	2	-	-	-	-	-	-
Brembo Scandinavia A.B.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo International S.A.	133	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo China Brake Systems Co. Ltd.	359	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Nanjing Brake Systems Co. Ltd.	203[a]	-	246[e]	3,144	530[f]	-	-	-	-	-	-	-	-	31
Brembo Brake India Ltd.	2,507[b]	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Performance S.p.A.	4,701	-	1	-	-	-	-	1	-	-	-	-	-	-
Brembo Performance North America Inc.	44	-	-	-	-	-	-	84	-	-	-	-	-	-
Brembo Performance Japan Co. Ltd.	2	-	-	-	-	-	-	-	-	-	221	-	-	-
Sabelt S.p.A.	449	-	-	-	-	-	-	51	-	-	-	-	-	-
Belt & Buckle S.r.o.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Deutschland GmbH	17	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Czech S.r.o.	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Nanjing Foundry Co. Ltd	1,660	-	-	-	-	-	-	-	-	-	-	-	-	-
Qingdao Brembo Trading Co. Ltd.	254	-	19	-	-	-	-	-	-	-	-	-	-	1,612
La.Cam (Lavorazioni Camune) S.r.l.	537	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Consolidated Companies	**59,193**	**933**	**2,644**	**11,281**	**19,238**	**-**	**208**	**5,458**	**1,411**	**378**	**954**	**852**	**864**	**1,643**
Petroceramics S.r.l.	154	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Sgl Carbon Ceramic Brakes S.p.A.	3,870	1	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Sgl Carbon Ceramic Brakes GmbH	6	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Associate Companies	**4,030**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**63,223**	**934**	**2,644**	**11,281**	**19,238**	**-**	**208**	**5,458**	**1,411**	**378**	**954**	**852**	**864**	**1,643**

[a] Of which €70 thousand for sales of property, plant and equipment
[b] Of which €1,492 thousand for sales of property, plant and equipment
[c] Of which €1,630 thousand for sales of property, plant and equipment
[d] Of which €247 thousand for sales of property, plant and equipment
[e] Of which €243 thousand for sales of property, plant and equipment
[f] Of which €60 thousand for sales of property, plant and equipment
[g] Of which €385 thousand for sales of property, plant and equipment

Brembo Nanjing Brake Systems Co. Ltd.	Brembo Brake India Ltd.	Brembo Performance S.p.A.	Brembo Performance North America Inc.	Brembo Performance Japan Co. Ltd.	Sabelt S.p.A.	Belt & Buckle S.r.o.	Brembo Deutschland GmbH	Brembo Czech S.r.o.	Brembo Nanjing Foundry Co. Ltd	Qingdao Brembo Trading Co. Ltd.	La.Cam (Lavorazioni Camune) S.r.l.	Consolidated Companies	Petroceramics S.r.l.	Brembo Sgl Carbon Ceramic Brakes S.p.A.	Brembo Sgl Carbon Ceramic Brakes GmbH	Total
15	978	102	1	94	1	-	184	3	-	16,482	3,373	**54,453**	659	28,341	18,132	**101,585**
-	-	1	-	-	-	-	-	-	-	-	-	**1,996**	-	-	-	**1,996**
-	-	188	-	-	-	-	-	-	-	797	-	**3,720**	-	-	-	**3,720**
-	-	-	-	-	-	-	-	-	-	21	-	**26,001**	-	-	-	**26,001**
2	-	-	-	-	-	-	-	-	-	-	754	**7,314**	-	-	-	**7,314**
-	-	-	-	-	-	-	-	-	-	-	58	**619**	-	-	-	**619**
-	-	-	-	-	-	-	-	-	-	-	-	**1,287**	-	-	-	**1,287**
-	-	-	275	-	-	-	-	-	-	1,303	-	**10,317**	-	-	-	**10,317**
-	-	-	-	-	-	-	-	-	-	481	-	**3,404**	-	-	-	**3,404**
-	-	-	-	-	-	-	-	-	-	-	-	**2,869**	-	-	-	**2,869**
-	-	-	-	35	-	-	-	-	-	-	-	**1,418**	-	-	-	**1,418**
-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
-	-	-	-	-	-	-	-	-	-	-	-	**133**	-	-	-	**133**
-	-	-	-	-	-	-	-	-	-	-	-	**359**	-	-	-	**359**
-	-	-	-	-	-	-	-	-	511	-	-	**4,665**	-	-	-	**4,665**
-	-	-	-	-	-	-	-	-	-	-	-	**2,507**	-	-	-	**2,507**
-	-	-	695	142	151	-	-	-	-	-	28	**5,719**	-	1	-	**5,720**
-	-	90	-	-	1	-	-	-	-	7	-	**226**	-	-	-	**226**
-	-	949	-	-	-	-	-	-	-	-	-	**1,172**	-	-	-	**1,172**
-	-	-	-	17	-	5,718	-	-	-	-	-	**6,235**	-	-	-	**6,235**
-	-	-	-	-	4,799	-	-	-	-	-	-	**4,799**	-	-	-	**4,799**
-	-	-	-	-	-	-	-	-	-	-	-	**17**	-	-	-	**17**
-	-	-	-	-	-	-	-	-	-	-	-	**1**	-	-	-	**1**
-	-	-	-	-	-	-	-	-	-	-	-	**1,660**	-	-	-	**1,660**
-	-	-	-	-	-	-	-	-	754	-	-	**2,639**	-	-	-	**2,639**
-	-	-	-	-	-	-	-	-	-	-	-	**537**	-	-	-	**537**
17	**978**	**1,330**	**971**	**288**	**4,952**	**5,718**	**184**	**3**	**1,265**	**19,091**	**4,213**	**144,067**	**659**	**28,342**	**18,132**	**191,200**
-	-	-	-	-	-	-	-	-	-	-	-	**154**	-	-	-	**154**
-	-	-	-	-	-	-	-	-	-	-	314	**4,185**	267	-	-	**4,452**
-	-	-	-	-	-	-	-	-	-	-	-	**6**	-	997	-	**1,003**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**314**	**4,345**	**267**	**997**	**-**	**5,609**
17	**978**	**1,330**	**971**	**288**	**4,952**	**5,718**	**184**	**3**	**1,265**	**19,091**	**4,527**	**148,412**	**926**	**29,339**	**18,132**	**196,809**

Annex 2

Transactions with Subsidiaries, Associates and Parent Companies (Receivables/Payables)

(euro thousand)

SELLING COMPANY	Brembo S.p.A.	Marchesini S.p.A.	Corporacion Upwards 98 S.A.	Brembo Poland Spolka Zo.o.	Brembo Spolka Zo.o.	Ap Racing Ltd.	Brembo Uk Ltd.	Brembo North America Inc.	Brembo México S.A. de C.V.	Brembo do Brasil Ltda.	Brembo Japan Co. Ltd.	Brembo Scandinavia A.B.	Brembo International S.A.	Brembo China Brake Systems Co. Ltd.
PURCHASING COMPANY														
Brembo S.p.A.	-	20	1,501	2,102	2,944	-	179	698	5,045[h]	138	215	212	80,000[i]	-
Marchesini S.p.A.	718[a]	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporacion Upwards 98 S.A.	3,002	-	-	645	-	-	-	-	-	-	-	-	-	-
Brembo Poland Spolka Zo.o.	13,191	-	1,080	-	652	-	-	-	-	-	-	-	-	-
Brembo Spolka Zo.o.	4,000	-	-	17	-	-	-	-	-	-	-	-	13,066[l]	-
Ap Racing Ltd.	235	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Uk Ltd.	826	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo North America Inc.	16,389[b]	-	-	-	-	-	-	-	354	-	-	-	-	-
Brembo México S.A. de C.V.	92	-	-	-	-	-	-	224	-	456[r]	-	-	-	-
Brembo do Brasil Ltda.	3,814[q]	-	-	25	187	-	-	14	322	-	-	-	-	-
Brembo Japan Co. Ltd.	674	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Scandinavia A.B.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo International S.A.	3,562[c]	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo China Brake Systems Co. Ltd.	2,233	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Nanjing Brake Systems Co. Ltd.	446	-	-	2,067	451	-	-	-	-	-	-	-	-	856
Brembo Brake India Ltd.	372	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Performance S.p.A.	7,930[d]	-	56	-	-	-	-	1	-	-	-	-	-	-
Brembo Performance North America Inc.	30	-	-	-	-	-	-	70	-	-	-	-	-	-
Brembo Performance Japan Co. Ltd.	-	-	-	-	-	-	-	-	-	-	47	-	-	-
Sabelt S.p.A.	9,024[e]	-	-	-	-	-	-	21	-	-	-	-	-	-
Belt & Buckle S.r.o.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Deutschland GmbH	131[f]	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Czech S.r.o.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Nanjing Foundry Co. Ltd	1,660	-	-	-	-	-	-	-	-	-	-	-	-	208
Qingdao Brembo Trading Co. Ltd.	254	-	19	-	-	-	-	-	-	-	-	-	-	2,628
La.Cam (Lavorazioni Camune) S.r.l.	2,450[g]	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Consolidated Companies	**71,033**	**20**	**2,656**	**4,856**	**4,234**	**-**	**179**	**1,028**	**5,721**	**594**	**262**	**212**	**93,066**	**3,692**
Petroceramics S.r.l.	63	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Sgl Carbon Ceramic Brakes S.p.A.	2,686	-	-	-	-	-	-	-	-	-	-	-	-	-
Brembo Sgl Carbon Ceramic Brakes GmbH	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Associate Companies	**2,750**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**73,783**	**20**	**2,656**	**4,856**	**4,234**	**-**	**179**	**1,028**	**5,721**	**594**	**262**	**212**	**93,066**	**3,692**

[a] Of which €198 thousand cash pooling
[b] Of which €13,769 thousand cash pooling
[c] Of which €132 thousand financial loan and €3,430 thousand cash pooling
[d] Of which €170 thousand intercompany loan and €5,484 thousand cash pooling
[e] Of which €8,612 thousand cash pooling
[f] Of which €45 thousand cash pooling
[g] Of which €1,819 thousand cash pooling
[h] Of which €5,030 thousand cash pooling
[i] Of which €80,000 thousand intercompany loan
[l] Of which €13,066 thousand intercompany loan
[m] Of which €2,234 thousand cash pooling
[n] Of which €620 thousand cash pooling
[o] Of which €4,106 thousand cash pooling
[p] Of which €128 thousand security deposit
[q] Of which €721 thousand finance lease
[r] Of which €263 thousand finance lease

Brembo Nanjing Brake Systems Co. Ltd.	Brembo Brake India Ltd.	Brembo Performance S.p.A.	Brembo Performance North America Inc.	Brembo Performance Japan Co. Ltd.	Sabelt S.p.A.	Belt & Buckle S.r.o.	Brembo Deutschland GmbH	Brembo Czech S.r.o.	Brembo Nanjing Foundry Co. Ltd	Qingdao Brembo Trading Co. Ltd.	La.Cam (Lavorazioni Camune) S.r.l.	Consolidated Companies	Petroceramics S.r.l.	Brembo Sgl Carbon Ceramic Brakes S.p.A.	Brembo Sgl Carbon Ceramic Brakes GmbH	Total
12	150	2,255 [m]	620 [n]	48	1	-	127	4,106 [o]	-	4,880	3,325	**108,578**	274	4,635 [p]	818	**114,305**
-	-	-	-	-	-	-	-	-	-	-	-	**718**	-	-	-	**718**
-	-	396	-	-	-	-	-	-	-	106	-	**4,149**	-	-	-	**4,149**
-	-	-	-	-	-	-	-	-	-	-	-	**14,923**	-	-	-	**14,923**
2	-	-	-	-	-	-	-	-	-	-	754	**17,839**	-	-	-	**17,839**
-	-	-	-	-	-	-	-	-	-	-	58	**293**	-	-	-	**293**
-	-	-	-	-	-	-	-	-	-	-	-	**826**	-	-	-	**826**
-	-	-	9	-	-	-	-	-	-	188	-	**16,940**	-	-	-	**16,940**
-	-	-	-	-	-	-	-	-	-	127	-	**899**	-	-	-	**899**
-	-	-	-	-	-	-	-	-	-	-	-	**4,362**	-	-	-	**4,362**
-	-	-	-	10	-	-	-	-	-	-	-	**684**	-	-	-	**684**
-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
-	-	-	-	-	-	-	-	-	-	-	-	**3,562**	-	-	-	**3,562**
-	-	-	-	-	-	-	-	-	-	-	-	**2,233**	-	-	-	**2,233**
-	-	-	-	-	-	-	-	-	421	-	-	**4,241**	-	-	-	**4,241**
-	-	-	-	-	-	-	-	-	-	-	-	**372**	-	-	-	**372**
-	-	-	356	92	75	-	-	-	-	-	34	**8,544**	-	-	-	**8,544**
-	-	83	-	-	1	-	-	-	-	7	-	**191**	-	-	-	**191**
-	-	534	-	-	-	-	-	-	-	-	-	**581**	-	-	-	**581**
-	-	-	-	5	-	2,496	-	-	-	-	-	**11,546**	-	-	-	**11,546**
-	-	-	-	-	2,931	-	-	-	-	-	-	**2,931**	-	-	-	**2,931**
-	-	-	-	-	-	-	-	-	-	-	-	**131**	-	-	-	**131**
-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
-	-	-	-	-	-	-	-	-	-	-	-	**1,868**	-	-	-	**1,868**
-	-	-	-	-	-	-	-	-	414	-	-	**3,315**	-	-	-	**3,315**
-	-	-	-	-	-	-	-	-	-	-	-	**2,450**	-	-	-	**2,450**
14	**150**	**3,268**	**985**	**155**	**3,008**	**2,496**	**127**	**4,106**	**835**	**5,308**	**4,171**	**212,176**	**274**	**4,635**	**818**	**217,903**
-	-	-	-	-	-	-	-	-	-	-	-	**63**	-	-	-	**63**
-	-	-	-	-	-	-	-	-	-	-	346	**3,032**	251	-	136	**3,419**
-	-	-	-	-	-	-	-	-	-	-	-	**1**	-	671	-	**672**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**346**	**3,096**	**251**	**671**	**136**	**4,154**
14	**150**	**3,268**	**985**	**155**	**3,008**	**2,496**	**127**	**4,106**	**835**	**5,308**	**4,517**	**215,272**	**525**	**5,306**	**954**	**222,057**

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 Ptv. Ltd.	Pune	India
Brembo North America Inc.	Wilmington	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
La.Cam (Lavorazioni Camune) S.r.l.	Stezzano (Bergamo)	Italy
Brembo México S.A. de C.V.	Apodaca	México
Qingdao Brembo Trading Co. Ltd.	Qingdao	China
Brembo Spolka Zo.o.	Czestochowa	Poland
Brembo Japan Co. Ltd.	Tokyo	Japan
Brembo Poland Spolka Zo.o.	Dabrowa Gornizca	Poland
Brembo Scandinavia A.B.	Göteborg	Sweden
Brembo UK Ltd.	London	United Kingdom
Brembo do Brasil Ltda.	Betim	Brazil
Brembo México S.A. de C.V.	Apodaca	México
Corporacion Upwards 98 S.A.	Zaragoza	Spain
Brembo North America Inc.	Wilmington	United States
Brembo Performance North America Inc.	Wilmington	United States
Brembo México S.A. de C.V.	Apodaca	México
Brembo Performance Japan Co. Ltd.	Tokyo	Japan
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	135,935	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	100%		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	99,847,400	100%		Brembo S.p.A.
	Czk	123,150,000	100%		Brembo S.p.A.
	Eur	100,000	100%		Brembo S.p.A.
	Usd	20,428,836	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	129,600,000		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.
	Usd	20,428,836		48.99%	Brembo International S.A.
	Eur	498,043		68%	Brembo International S.A.
	Usd	33,798,805		5.32%	Brembo International S.A.
	Usd	2,500,200		100%	Brembo North America Inc.
	Usd	20,428,836		51%	Brembo North America Inc.
	Jpy	5,000,000		100%	Brembo Japan Co. Ltd.
	Eur	458,520		65%	Brembo Performance S.p.A.
	Eur	265,551		100%	Sabelt 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	400,000	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.

Annex 5

Weight of Related Party Transactions

(euro thousand)

a) Weight of transactions or positions with related parties, regardless of them being investees on items of the consolidated balance sheet	31.12.2010 Book value	RELATED PARTIES Total	Minority Interests	Joint Venture	Unconsolidated Investees	%
Trade receivables	201,297	3,870	774	3,033	63	*1.9%*
Provisions for employee benefits	(20,210)	(879)	(879)	0	0	*4.3%*
Trade payables	(224,010)	(6,314)	(715)	(5,325)	(274)	*2.8%*
Other current financial payables and derivatives	(8,110)	(102)	(102)	0	0	*1.3%*
Other current liabilities	(53,138)	(656)	(528)	(128)	0	*1.2%*
Current payables to banks	(89,487)	(9,861)	(9,861)	0	0	*11.0%*
Non-current payables to banks	(199,732)	(35,000)	(35,000)	0	0	*17.5%*
Other non-current liabilities	(2,435)	(410)	(410)	0	0	*16.8%*

b) Weight of transactions or positions with related parties regardless of them being investees on items of the Consolidated Income Statement	Book value	RELATED PARTIES Total	Minority Interests	Joint Venture	Unconsolidated Investees	%
Sales of goods and services	1,075,252	4,115	3,373	734	8	*0.4%*
Other revenues and income	9,443	3,614	6	3,462	146	*38.3%*
Raw materials, consumables and goods	(541,361)	(46,506)	(45)	(46,382)	(79)	*8.6%*
Other operating costs	(209,800)	(3,581)	(2,908)	(94)	(579)	*1.7%*
Personnel expenses	(213,027)	(824)	(824)	0	0	*0.4%*
Net interest income (expense)	(8,950)	(1,411)	(1,410)	(1)	0	*15.8%*

31.12.2009						Change					
	RELATED PARTIES						RELATED PARTIES				
Book value	Total	Minority Interests	Joint Venture	Unconsolidated Investees	%	Book value	Total	Minority Interests	Joint Venture	Unconsolidated Investees	%
161,663	3,639	700	2,939	0	*2.3%*	39,634	231	74	94	63	*0.6%*
(21,906)	(40)	(40)	0	0	*0.2%*	1,696	(839)	(839)	0	0	*-49.5%*
(159,361)	(5,657)	(411)	(5,071)	(175)	*3.5%*	(64,649)	(657)	(304)	(254)	(99)	*1.0%*
(60,987)	(1,000)	(1,000)	0	0	*1.6%*	52,877	898	898	0	0	*1.7%*
(43,188)	(2,546)	(2,415)	(131)	0	*5.9%*	(9,950)	1,890	1,887	3	0	*-19.0%*
(136,063)	0	0	0	0	*0.0%*	46,576	(9,861)	(9,861)	0	0	*-21.2%*
(95,970)	0	0	0	0	*0.0%*	(103,762)	(35,000)	(35,000)	0	0	*33.7%*
(477)	0	0	0	0	*0.0%*	(1,958)	(410)	(410)	0	0	*20.9%*

	RELATED PARTIES						RELATED PARTIES				
Book value	Total	Minority Interests	Joint Venture	Unconsolidated Investees	%	Book value	Total	Minority Interests	Joint Venture	Unconsolidated Investees	%
825,897	2,777	2,700	77	0	*0.3%*	249,355	1,338	673	657	8	*0.5%*
20,128	2,321	30	2,204	87	*11.5%*	(10,685)	1,293	(24)	1,258	59	*-12.1%*
(411,039)	(18,048)	(24)	(17,989)	(35)	*4.4%*	(130,322)	(28,458)	(21)	(28,393)	(44)	*21.8%*
(157,916)	(2,813)	(2,325)	(50)	(438)	*1.8%*	(51,884)	(768)	(583)	(44)	(141)	*1.5%*
(185,121)	(5,480)	(5,480)	0	0	*3.0%*	(27,906)	4,656	4,656	0	0	*-16.7%*
(10,550)	(22)	(18)	(4)	0	*0.2%*	1,600	(1,389)	(1,392)	3	0	*-86.8%*

STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors on the Consolidated Financial Statements for the Year Ended 31 December 2010

Shareholders of the Parent Company, Brembo S.p.A., this Report concerns the Brembo Group's Consolidated Financial Statements.

This Report acknowledges the responsibilities assigned to the Board of Statutory Auditors by Legislative Decree 58 of 24 February 1998 and Legislative Decree 3972010, in this regard, it refers to the Report on Operations accompanying the Financial Statements at 31 December 2010 of Parent Company Brembo S.p.A.

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

– it has obtained information and monitored, within the limits of its competence, on compliance of the company's organisational structure of the company 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 for 2010 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 2010 were prepared in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2010, issued by the International Accounting Standard Boards (IASB) and adopted by EC Regulations.

The comparative figures at 31 December 2009 have been restated according to the same principles as those used at 31 December 2010.

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

Balance Sheet

(euro thousand)

Assets	
Non-current assets	471,191
Current assets	496,201
Non-current assets held for sale and/or disposal Groups and/or discontinued operations	–
Total assets	**967,392**
Equity and liabilities	
Equity	325,859
Non-current liabilities	264,250
Current liabilities	377,283
Non-current assets held for sale and/or included in discontinued operations	–
Total equity and liabilities	**967,392**

Income Statement

(euro thousand)

Gross operating income	130,542
Net operating income	56,396
Income before taxes	45,433
Income before minority interests	31,813
Group net income/(loss) for the year	**32,271**

In our opinion, the Consolidated Financial Statements provide a fair view of Brembo Group’s equity, financial situation and operating income for the year ended 31 December 2010, in compliance with above-mentioned regulations on 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, 18 March 2011

BOARD OF STATUTORY AUDITORS

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

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Brembo SpA

1 We have audited the consolidated financial statements of Brembo SpA and its subsidiaries ("Brembo Group") as of 31 December 2010 which comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated statement of cash flows and related explanatory notes. The directors of Brembo SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 9 April 2010.

3 In our opinion, the consolidated financial statements of Brembo Group as of 31 December 2010 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Brembo Group for the period then ended.

4 The directors of Brembo SpA are responsible for the preparation of the Directors' Report on Operations in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' Report on Operations and of the

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob - Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

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specific section on corporate governance and ownership structure, solely with reference to the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Directors' Report on Operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the specific section of the aforementioned report are consistent with the consolidated financial statements of Brembo Group as of 31 December 2010.

Milan, 18 March 2011

PricewaterhouseCoopers SpA

Signed by
Giorgio Greco
(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.

Attestation of the Consolidated Financial Statements Pursuant to Article 81-*ter* of CONSOB Resolution No. 11971 of 14 May 1999, as amended and extended

1. We the undersigned, Alberto Bombassei, in his capacity as Chairman, and Matteo Tiraboschi, as the executive officer in charge of the Company's Financial Reports of Brembo S.p.A., certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree No. 58 of 24 February 1998:
   - the adequacy with respect to the company structure and
   - the actual application

   of the administrative and accounting procedures used for the preparation of the Consolidated Financial Statements for the period from 1 January to 31 December 2010.

2. The appropriateness of administrative and accounting procedures for preparing the Consolidated Financial Statements at 31 December 2010 was assessed using a process established by Brembo S.p.A. based on the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is generally accepted as a reference framework worldwide. No significant aspects have been detected in this regard.

3. The undersigned further declare that:

   3.1 the Consolidated Financial Statements,

   a) have been prepared in accordance with applicable International Accounting Standards, as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;

   b) reflect the accounting books and records;

   c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and its consolidated companies.

   3.2 The Report on Operations includes a reliable analysis of the performance and operating result, as well as the situation of the issuer and all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Stezzano, 2 March 2011

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

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Registro Imprese BG
Codice Fiscale e Partita IVA
n° 00222620163

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

BREMBO S.P.A.
SEPARATE FINANCIAL STATEMENTS 2010

Balance Sheet at 31 December 2010

Assets

(euro)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	138,856,185		156,555,421		(17,699,236)
Development costs	2	38,430,943		38,355,164		75,779
Other intangible assets	2	13,057,691		12,797,729		259,962
Shareholdings	3	185,875,288		178,524,925		7,350,363
Other financial assets (including investments in other companies and derivatives)	4	572,335	*567,885*	4,450		567,885
Receivables and other non-current assets	5	517,983		202,662		315,321
TOTAL NON-CURRENT ASSETS		**377,310,425**		**386,440,351**		**(9,129,926)**
CURRENT ASSETS						
Inventories	7	100,443,913		85,617,157		14,826,756
Trade receivables	8	127,197,923	*39,886,024*	96,781,605	*25,484,790*	30,416,318
Other receivables and current assets	9	5,975,930		10,071,394		(4,095,464)
Current financial assets and derivatives	10	33,913,614	*33,811,837*	22,678,192	*22,609,238*	11,235,422
Cash and cash equivalents	11	19,178,525		15,522,775		3,655,750
TOTAL CURRENT ASSETS		**286,709,905**		**230,671,123**		**56,038,782**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS		**0**		**0**		**0**
TOTAL ASSETS		**664,020,330**		**617,111,474**		**46,908,856**

Equity and Liabilities

(euro)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
EQUITY						
Share capital	12	34,727,914		34,727,914		0
Other reserves	12	122,039,413		121,523,614		515,799
Retained earnings/(losses)	12	19,237,180		12,840,937		6,396,243
Profit/(loss) for the year	12	21,207,288		21,144,284		63,004
TOTAL EQUITY		**197,211,795**		**190,236,749**		**6,975,046**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	117,714,620	*35,000,000*	76,872,632		40,841,988
Other non-current financial payables and derivatives	13	91,693,927	*80,102,279*	16,327,871		75,366,056
Other non-current liabilities	14	2,095,217	*410,211*	507,669		1,587,548
Provisions	15	2,932,644		3,076,393		(143,749)
Provisions for employee benefits	16	17,690,009	*41,501*	18,499,681	*40,142*	(809,672)
Deferred tax liabilities	6	7,444,963		8,509,552		(1,064,589)
TOTAL NON-CURRENT LIABILITIES		**239,571,380**		**123,793,798**		**115,777,582**
CURRENT LIABILITIES						
Current payables to banks	13	56,495,021	*9,860,695*	107,593,086		(51,098,065)
Other current financial payables and derivatives	13	18,019,789	*11,989,870*	66,953,370	*58,942,155*	(48,933,581)
Trade payables	17	121,747,518	*22,926,346*	99,078,005	*18,498,871*	22,669,513
Tax payables	18	905,420		550,009		355,411
Other current liabilities	19	30,069,407	*434,943*	28,906,457	*2,414,884*	1,162,950
TOTAL CURRENT LIABILITIES		**227,237,155**		**303,080,927**		**(75,843,772)**
NON-CURRENT LIABILITIES HELD FOR SALE AND/OR INCLUDED IN DISCONTINUED OPERATIONS		**0**		**0**		**0**
TOTAL EQUITY AND LIABILITIES		**664,020,330**		**617,111,474**		**46,908,856**

Income Statement at 31 December 2010

(euro)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
Sales of goods and services	20	**554,074,376**	***47,834,267***	**459,731,440**	***24,778,183***	**94,342,936**
Other revenues and income	21	18,526,025	*15,195,759*	24,365,501	*13,381,860*	(5,839,476)
Costs for capitalised internal works	22	9,921,552		9,087,205		834,347
Cost of raw materials, consumables and goods	23	(279,507,597)	*(93,226,615)*	(236,421,607)	*(72,178,704)*	(43,085,990)
Other operating costs	24	(110,045,212)	*(9,590,742)*	(90,375,914)	*(6,349,054)*	(19,669,298)
Personnel expenses	25	(142,974,390)	*(610,236)*	(126,385,242)	*(5,513,910)*	(16,589,148)
GROSS OPERATING INCOME		**49,994,754**		**40,001,383**		**9,993,371**
Depreciation, amortisation and impairment losses	26	(41,878,512)		(42,699,064)		820,552
NET OPERATING INCOME		**8,116,242**		**(2,697,681)**		**10,813,923**
Interest income	*27*	*5,889,927*		*4,626,493*		*1,263,434*
Interest expense	*27*	*(12,852,490)*		*(13,924,574)*		*1,072,084*
Net interest income (expense)	27	(6,962,563)	*(1,946,562)*	(9,298,081)	*(893,499)*	2,335,518
Interest income (expense) from investments	28	24,568,108	*25,476,000*	32,595,339	*37,440,259*	(8,027,231)
RESULT BEFORE TAXES		**25,721,787**		**20,599,577**		**5,122,210**
Taxes	29	(4,514,499)		544,707		(5,059,206)
NET RESULT		**21,207,288**		**21,144,284**		**63,004**

Comprehensive Income Statement at 31 December 2010

(euro)	Notes	31.12.2010	31.12.2009	Change
NET RESULT		**21,207,288**	**21,144,284**	**63,004**
Effect of hedge accounting (cash flow hedge) of derivatives	12	648,130	(421,918)	1,070,048
Tax effects on other components of comprehensive income	12	(177,873)	116,028	(293,901)
COMPREHENSIVE RESULT FOR THE YEAR		**21,677,545**	**20,838,394**	**839,151**

Cash-flow Statement at 31 December 2010

(euro)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*
Cash and cash equivalents at beginning of year	11	**(65,500,740)**		**(97,409,836)**	
Result for the year before taxes		**25,721,787**		**20,599,577**	
Depreciation, amortisation/Impairment losses		41,878,512		42,699,064	
Capital gains/losses		(155,151)		739,687	
Write-ups/Write-downs of shareholdings		908,394		4,844,920	
Financial portion of provisions for defined benefits and payables for personnel		895,389	1,359	1,011,509	
Long-term provisions for employee benefits		0		0	
Income from shareholdings		(25,476,502)	*(25,476,502)*	(37,440,259)	*(37,440,259)*
Other provisions net of utilisations		(215,407)		913,717	
Net working capital generated by operations		**43,557,022**		**33,368,215**	
Paid current taxes		(862,519)		(5,296,649)	
Uses of long-term provisions for employee benefits		(1,705,060)		(1,785,381)	*779*
(Increase) reduction in current assets:					
inventories		(14,835,739)		22,348,520	*5,000*
financial assets		(818,796)		9,922,979	
trade receivables and receivables from other Group companies		(30,272,148)	*(14,401,233)*	42,795,696	*(5,519,892)*
receivables from others and other assets		(316,083)		4,482,515	*9,500*
Increase (reduction) in current liabilities:					
trade payables and payables to other Group companies		22,669,513	*4,427,474*	(23,406,607)	*3,913,780*
payables to others and other liabilities		4,381,711	*(1,569,730)*	(12,724,706)	*738,680*
Net cash flows from/(for) operating activities		**21,797,901**		**69,704,582**	

(euro)	Notes	31.12.2010	*of which with related parties*	31.12.2009	*of which with related parties*
Investments in:					
intangible assets		(15,946,862)		(15,127,826)	
property, plant and equipment		(9,845,194)		(12,716,033)	
financial assets (shareholdings)	3	(8,354,757)		(18,780,585)	
Price for disposal, or reimbursement value of fixed assets		1,279,012		696,113	
Net cash flows from/(for) investing activities		**(32,867,801)**		**(45,928,331)**	
Dividends paid in the year		(14,702,501)	*(8,502,316)*	(14,702,501)	*(8,502,316)*
Loans to Group companies and amounts payable to companies participating in the centralised treasury systems		21,276,671	*21,276,671*	(12,738,513)	*(12,738,513)*
Change in fair value of derivatives		(753,133)		0	
Dividends received		25,476,502	*25,476,502*	37,440,259	*37,440,259*
Loans and financing granted by banks and other lenders		80,000,000	*50,000,000*	27,074,361	
Repayment of long-term loans		(37,996,446)	*(5,139,305)*	(28,940,761)	
Net cash flows from/(for) financing activities		**73,301,093**		**8,132,845**	
Total cash flows		**62,231,193**		**31,909,096**	
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	**(3,269,547)**		**(65,500,740)**	

Statement of Changes in Equity at 31 December 2010

(euro)	Share capital	Other reserves	Retained earnings (losses)	Net result for the year	Equity
Balance at 1 January 2009	**34,727,914**	**119,878,554**	**12,840,937**	**16,653,451**	**184,100,856**
Allocation of result for the previous year	0	1,950,950	0	(1,950,950)	0
Payment of dividends	0	0	0	(14,702,501)	(14,702,501)
Components of comprehensive income:					
Effect of hedge accounting (cash flow hedge) of financial instruments (*)	0	(305,890)	0	0	(305,890)
Net result for the year	0	0	0	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**
Balance at 1 January 2010	**34,727,914**	**121,523,614**	**12,840,937**	**21,144,284**	**190,236,749**
Allocation of result for the previous year	0	6,441,783	0	(6,441,783)	0
Payment of dividends	0	0	0	(14,702,501)	(14,702,501)
Reclassification (**)	0	(6,396,243)	6,396,243	0	0
Rounding off	0	2	0	0	2
Components of comprehensive income:					
Effect of hedge accounting (cash flow hedge) of financial instruments (*)	0	470,257	0	0	470,257
Net result for the year	0	0	0	21,207,288	21,207,288
BALANCE AT 31 DECEMBER 2010	**34,727,914**	**122,039,413**	**19,237,180**	**21,207,288**	**197,211,795**

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

(**) the restricted reserve Re. Article 2426 of the Italian Civil Code No. 8-bis and, partially, the reserve Re. Article 6, paragraph 2, of Legislative Decree 38/2005 were reclassified under retained earnings, since they are no-longer subject to non-availability restrictions.

STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors to the Shareholders' Meeting for Approval of the Financial Statements for the Year Ended 31 December 2010

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 2010 are listed below:
   a) 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 a foundry plant, the value of which amounted to €9,433 thousand (exchange rate at 31 December 2010). The project envisages the gradual creation of an integrated manufacturing hub 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.
   b) On 3 August 2010, a new agreement was signed (consensually terminating that dated 19 February 2008) by Brembo S.p.A. and the minority shareholders of Brembo Performance S.p.A.; under this new agreement, on 27 September 2010 Brembo acquired 30% of Brembo Performance S.p.A., which operates in the field of passive safety components and special accessories for cars and motorbikes, acquiring full control of the investee. Brembo Performance S.p.A. concurrently sold 35% of its interest in Sabelt S.p.A. to the former minority shareholders of Brembo Performance. The agreement also provides for a put option to sell the minority interests to Brembo to be exercised beginning on 1 January 2015 and within the next five years. The deal is part of the Group's corporate restructuring and streamlining programme aimed at achieving greater organisational flexibility and rationalising structural costs. In further detail, such programme envisaged the following steps in the last months of 2010:

– the merger of Brembo S.p.A. and Marchesini S.p.A. on 27 December 2010;
– approval of the merger of Brembo S.p.A. and Brembo Performance S.p.A. on 12 November 2010 (the merger took place on 20 January 2011);
– sale of a 100% interest in Brembo Performance Japan Co. Ltd. by Brembo Performance S.p.A. to Brembo Japan Co. Ltd. on 20 October 2010 and approval of the merger of the two Japanese companies on 22 October 2010;
– sale of a 100% interest in Brembo Performance North America Inc. by Brembo Performance S.p.A. to Brembo North America Inc., on 31 December 2010, and subsequent merger of the two companies.

The above-mentioned mergers will become effective starting from January 2011.

c) The merger into Brembo México S.A. de C.V., which was approved on 21 June 2010 by the respective Shareholders' Meetings of the two Mexican firms Brembo México S.A. de C.V. (formerly Brembo México Puebla S.A. de C.V.) and Brembo México Apodaca S.A. de C.V., also entered into force on 3 August 2010.
d) On 22 October 2010, Brembo entered into a lease agreement, set to expire on 31 December 2011, for two companies owned by an important supplier of mechanical parts requiring a high-tech production process. The deal was a necessary response to the financial difficulties in which IMMC and IRAL found themselves, given the need to safeguard the know-how and important technological expertise transferred by Brembo to the above-mentioned companies over their many years of collaboration, as well as to ensure the continuity of supply to the Brembo Group. The transaction was structured through a Newco, La.Cam. (Lavorazioni Camune) S.r.l., 100% controlled by Brembo S.p.A. The production facilities of the leased companies are located in Berzo Demo (Brescia) and Sellero (Brescia), employ a staff of approximately 240 and manufacture high-precision metal parts and nuts and bolts that the Brembo Group normally uses to construct brake systems for OEM and racing cars and motorbikes. At the end of the lease period, depending on the outcome of the financial restructuring of the two leased companies, Brembo may decide to be involved in the following acqusition process.
f) During the year, the 2010 Retention Bonus was paid to the 34 Executives designated beneficiaries of the 2009 Bridge Plan, as well as to the Chairman and Managing Director.
g) The Shareholders' Meeting held on 27 April 2010 authorised the Three-year Incentive Plan for Executive Directors and Top Managers for the period 2010-2012, which is partially and indirectly based on equity instruments (stock performance). The potential beneficiaries of the plan have been identified as 31 persons (including the Chairman) who serve in executive positions at Brembo and have the power to make management decisions that may have an impact on the Company's development and prospects for the future.
h) During the year, two medium-/long-term loans were obtained in the total amount of €80 million by the Parent Company, Brembo S.p.A., and an additional two in the total amount of €80 million were obtained by Brembo International S.A. from Intesa San Paolo UK with the aim of restoring a balance between medium-/long-term and short-term debt, given that the €50 million bond subscribed with Banca Intesa was redeemed on 26 October 2010.

2. In 2010, the Company did not carry out any atypical or unusual transactions.

   No atypical or unusual transactions were carried out with related parties, nor were there any that can significantly affect the Company's operating, 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, equipment and shareholdings. The total amount of commercial transactions with other related parties was not material. All the transactions took place at prices that are in line with fair market values. These transactions are deemed fair and have been carried out in the interest of the Company.
   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.
   Ten companies are currently participating, but Brembo plans to gradually extend the system to all Group companies to the extent allowed by the tax and other laws of the individual countries.
   In the Annual Financial Report, the Directors provided specific detailed information regarding intra-Group and related party transactions.
   Brembo neither bought nor sold own shares in 2010. At 31 December 2010 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 18 March 2011 does not set forth any items particularly worthy of note.
4. We did not receive any reports as per Article 2408 of the Italian Civil Code.
5. We received no complaints in 2010.
6. PricewaterhouseCoopers was paid €29 thousand for the provision of auditing services, including certification.
7. Entities linked to PricewaterhouseCoopers by continuous working relationships were paid €223 thousand for providing technical and methodological assistance in relation to the "Management of ERP Project Risks" and €36 thousand for providing administrative and company assistance.
8. During the financial year, the Board of Auditors checked correct application of criteria and procedures followed by the Board of Directors to assess the level of independence of its own members, pursuant to Articles 3 and 5 of the Corporate Governance Code.
9. During the year, a favourable opinion was given regarding the preparation of the new Procedure for Related Party Transactions.
10. During 2010, the Board of Directors met ten times and the Board of Statutory Auditors met five 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 2010, 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 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. In 2010, Internal Audit continued to collaborate towards implementing the new IT system, providing advice regarding the compliance of the control processes implemented with an adequate Internal Control System.
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 its 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 Corporate Governance System was implemented also in financial year 2010, 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. Within the process of constantly improving and updating the Organisation, Management and Control Model of Brembo S.p.A. and within the Meaning of Legislative Decree 231/201, on 15 March 2010 the Board of Directors approved the new version of the section "Elements of the Brembo Model" as proposed by the Chairman of the Supervisory Committee. The new version better emphasises that the analysis of the potential risks set forth in the special section is also conducted through specific contact personnel identified for each function who act in concert with the Risk Analysis and Prevention Committee (consisting of ten of the Company's top managers) according to a specific Action Plan. 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 period, we carried out the monitoring activities set forth in the above-mentioned Article 149 and Article 19 of Legislative Decree 39/2010.
    During the meetings of the Board of Directors and our periodic meetings with the Directors, we were immediately informed of significant transactions and were able to obtain all the details required to analyse and evaluate their impact on the Company's economic and financial structure.
    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 2010 and we further express our favourable opinion on the proposal of the Board of Directors for the distribution of dividends.

Stezzano, 18 March 2011

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 18 March 2011 (Attachment pursuant to art. 144-quinquiedecies of the Rules for Issuers).

Sergio Pivato: Member of the Supervisory Board of Unione di Banche Italiane SCPA, Chairman of the Board of Statutory Auditors for Reno De Medici, Sma S.p.A. and Società Editoriale Vita S.p.A. and Auditor for Auchan S.p.A.

Enrico Maria Colombo: Chairman of the Board of Statutory Auditors of Bolton Group International S.r.l., Ceccato Aria Compressa S.p.A., Collistar S.p.A., DEL.COM. S.r.l., Filangeri 29 S.r.l., Misco Italy Computer Supplies S.p.A., Riva Acciaio S.p.A., Riva Fire S.p.A. and Tod's S.p.A. and Statutory Auditor of Davide Campari Milano S.p.A. and Società Italo Britannica Manetti & Roberts S.p.A.

Daniela Salvioni: No positions held with other companies.

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Editorial consulting by C·Consulting snc (Milan)
Typeset and printed by Secograf Srl (Milan)
Translated by Koinè (Trieste)

Printed on Fedrigoni Freelife (environmental-friendly recycled paper)