BREMBO ANNUAL REPORT 2012

Our work is to produce innovation. With an eye to the past, day by day we design the future.

BREMBO
ANNUAL
REPORT
2012

"A modern company with international vision. Men and women who believe in the future and its boundless opportunities."

CALL TO THE ORDINARY 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 23 April 2013 at 11:00 a.m. CET (first call) or, if necessary, on 24 April 2013, at the same place and time (second call), to resolve on the following.

AGENDA

1. Presentation of the Financial Statements of Brembo S.p.A. for the year ended 31 December 2012, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in Charge of the Company's Financial Reports. Allocation of profit for the year and dividend distribution. Ensuing resolutions.

2. Presentation of the Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2012, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in Charge of Company's Financial Reports.

3. Board of Statutory Auditors' proposal for the conferral of the independent auditing engagement for the period 2013–2021, determination of the associated compensation and adjustment criteria. Ensuing resolutions.

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

5. Redefinition of Directors' total remuneration pursuant to Article 21 of the By-laws of Brembo S.p.A. Ensuing resolutions.

6. Presentation of the Remuneration Report of Brembo S.p.A. Resolutions pursuant to Article 123-*ter* of TUF.

Stezzano, 18 March 2013

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

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LETTER FROM THE CHAIRMAN

Shareholders,

The year that has just come to a close has not shown the much hoped-for signs of recovery, despite widespread expectations thereof. The crisis that began in 2008 continued to have the greatest impact on the most mature economies, and especially on Europe — with the virtuous exception of Germany — and on Italy, which, more than other countries, is struggling to find a way to get its economy on its feet again. Modest signs of a recovery were seen in the United States and Japan, but the crisis in the Old Continent was not offset by contributions from emerging economies: China and India reported a slowdown in the extremely rapid growth seen in previous years, and Russia and Brazil even showed some signs of difficulty.

The global automotive market, for which Brembo's products are intended, timidly hinted at a recovery, related above all to the dynamism of emerging countries and the revival of the Japanese and U.S. markets. The global increase in light vehicle sales amounted to 5.2% compared with 4.3% in 2011, while remaining far from the double-digit growth seen just three years ago. In Europe, where nearly 65% of our revenues originates, headed by Germany, new car registrations decreased by 8% and new commercial vehicle registrations by 12%, while in the United States, Brembo's number-two market by turnover, the light vehicles segment closed the year with an increase in excess of 13%.

In this scenario, which remains critical, Brembo once more succeeded in achieving its growth objectives. This result was attainined mainly thanks to the strategy of internationalisation and presence on the most dynamic markets that it has been pursuing for several years, as well as to the consolidation of a technological supremacy that puts our Group on the cutting edge in its industry at a global level. The Group's sales continued to increase, exceeding €1,388 million, up by nearly 11% compared to 2011, with a net income of over €77 million, up by 81%. Gross operating income rose by more than 15% and net operating income by 22%.

All of this was achieved without sacrificing investments, which exceeded €140 million for the year and, in addition to Italy, primarily regarded China, Poland, the Czech Republic and North America, with the aim of increasing the Group's production capacity and reinforcing Brembo's presence throughout the world. Among the most significant events, mention should be made of the fact that in China, where Brembo has been present since 2000, the new Nanjing manufacturing hub was inaugurated in April. The facility is intended to provide brake discs and systems to the plants of European and North American clients that manufacture cars and commercial vehicles in Asia.

Underlying Brembo's results and success throughout the world are the constant commitment to innovation that has always set our Group apart and the passionate work of all those individuals who contribute to achieving increasingly challenging objectives at all levels and in all countries. The recognition we receive from our clients represents further proof of our success. In March 2012, Brembo received the

Daimler Supplier Award, the most prestigious recognition bestowed by the German group each year to a supplier of excellence, chosen from among the thousands that supply components on the five continents on which it operates. In May, it received the award Best Iveco Quality Performer and Proactive Supplier in Technical Proposal for a complex, innovative brake disc specifically designed and developed for Iveco Eurocargo industrial vehicles. All of the above, coupled with the years of fruitful collaboration between Brembo and Ferrari in the Formula One arena and between the Company and the most highly regarded teams in world motorbike racing provides an ideal overview of the level of excellence that Brembo has achieved in the field of brake system technology in all market segments.

Yet our research and development centres are already committed to studying the brake systems of the future and developing new structural materials that will enable increasingly advanced solutions. At the same time, series production applications are being identified for the first mechatronic systems developed within the Group, and the foundation is being laid for facing the next decade, which will see a strong push towards the electrification of vehicles, with constant efforts to decrease the weight of components. In the area of environmental sustainability, we are nearing the introduction of new technologies that will make it possible for brake systems to contribute to reducing vehicles' consumption and the resulting CO2 and fine particle emissions. New projects are also about to get underway at the European level in collaboration with international universities and research centres, with the aim of reducing the impact of brake systems on the environment to zero. This comprehensive array of activities covers all areas of possible technological development in our industry and places us, as always, at the forefront.

Thanks to the skills and tenacity shown by our employees, and a winning internationalisation strategy, we have performed positively during another highly critical year for the global economic system and, to an even greater extent, for the automotive industry. The results that we have achieved are the fruit of our dedication, and the initial signs for the new year are encouraging, allowing us to look to the future with confidence.

The Chairman
Alberto Bombassei

COMPANY OFFICERS

Based on the one sole list submitted by the main shareholder Nuova FourB S.r.l., the General Shareholders' Meeting of the Parent Company Brembo S.p.A., held on 29 April 2011, appointed the Board of Directors, which will remain in office until the approval of the Financial Statements for the year ending 31 December 2013. Director Andrea Abbati Marescotti, who was co-opted on 6 June 2011 was confirmed in his position by the General Shareholders' Meeting of 20 April 2012 until the expiry of the current term of the Board of Directors, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2013.

At 31 December 2012, Company Officers included:

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS (10)

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

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

COMMITTEES

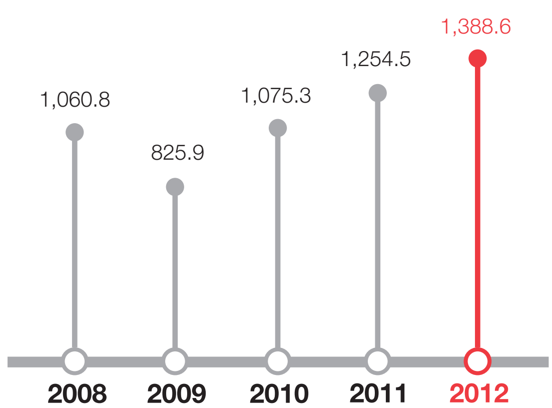
Audit & Risk Committee (13)	Giovanni Cavallini **(Chairman)** Giancarlo Dallera Pasquale Pistorio
Remuneration & Appointments Committee (14)	Umberto Nicodano **(Chairman)** Giovanni Cavallini Pierfrancesco Saviotti
Supervisory Committee	Marco Bianchi **(Chairman)** (15) Giancarlo Dallera Alessandra Ramorino (16)

(1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
(2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
(3) The Board of Directors granted the Managing Director and General Manager special powers to manage the Company, as well as powers, pursuant to Article 2381 of the Italian Civil Code, with reference to occupational health and safety (provisions of Legislative Decree No. 81/2008, as amended by Legislative Decree No. 106/2009), environmental protection and waste management.
(4) The Director also holds the position of Executive Director in charge of the Internal Control and Risk Management System; the name of the position of the Director, who was already the Executive Director in charge of overseeing the functioning of the Internal Control System, was changed in line with the principles of Article 7 of the Corporate Governance Code of Borsa Italiana – 2011 edition, after the Board of Director's resolution of 17 December 2012.
(5) Independent and Non-executive Directors pursuant to Article 148, paragraph 3, of TUF (as required by Articles 147-*ter*, paragraph 4, and 147-*quater* of the TUF) and Article 2.2.3, paragraph 3, of the Rules of Borsa Italiana S.p.A. and the Corporate Governance Code of Brembo S.p.A. (Article 3.C.1).
(6) Independent and Non-executive Director pursuant to Article 148, paragraph 3, of TUF (as required by Articles 147-*ter*, paragraph 4, and 147-*quater* of TUF).
(7) Non-executive Director.
(8) Executive Directors.
(9) This Director also holds the position of Lead Independent Director.
(10) This Board holds the role of Audit Committee and Accounting Audit pursuant to Article 19 of Legislative Decree No. 39/2010.
(11) The Shareholders' Meeting held on 27 April 2007 extended the mandate until the approval of the Financial Statements for the financial year 2012.
(12) Appointed by the Board of Directors on 29 April 2011. He also holds the position of Investor Relator.
(13) The name was changed by the Board of Directors on 17 December 2012, in line with the principles of Article 7 of the Corporate Governance Code of Borsa Italiana – 2011 edition. The Committee also acts as Related Party Transactions Committee.
(14) The name was changed by the Board of Directors on 17 December 2012, in line with the recommendations of the Corporate Governance Code of Borsa Italiana – 2011 edition.
(15) Private practice lawyer - Studio Castaldi Mourre & Partners, Milan.
(16) Internal Audit Director of the Brembo Group and Person in charge of Internal Control.

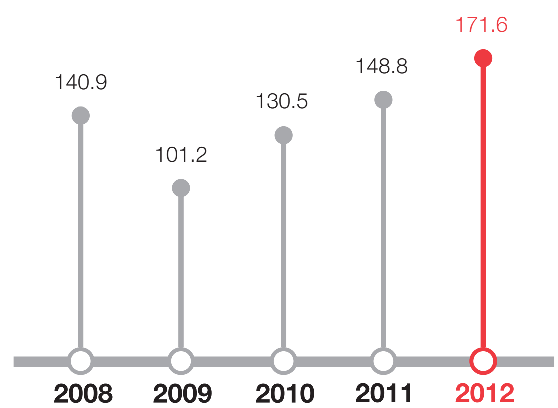
Brembo S.p.A. Registered offices: CURNO (BG) – Via Brembo 25
Share capital: € 34,727,914.00 – Bergamo Register of Companies:
Tax Code and VAT Code No 00222620163.

BREMBO: SUMMARY OF GROUP RESULTS

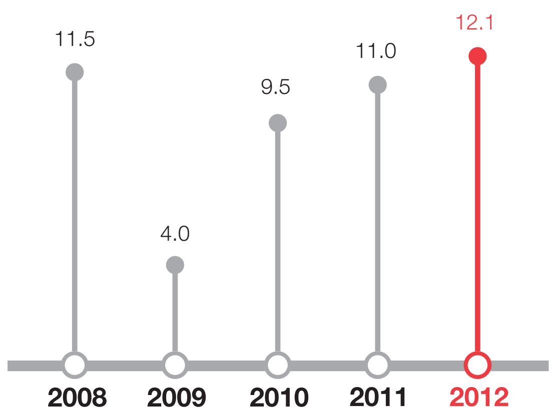
SALES OF GOODS AND SERVICES
(euro million)



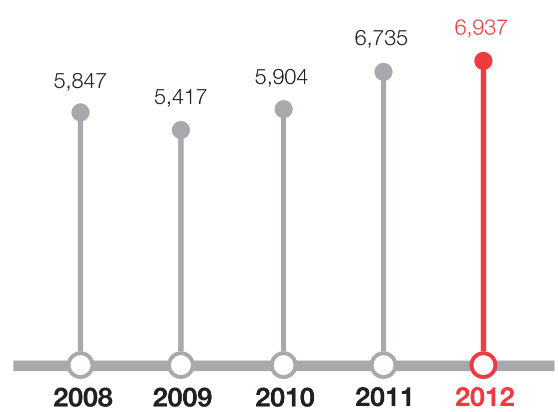
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PERSONNEL AT END OF YEAR
(No.)



Economic results

(euro thousand)	31.12.2008	31.12.2009	31.12.2010	31.12.2011	31.12.2012	% 2012/2011
Sales of goods and services	1,060,771	825,897	1,075,252	1,254,513	1,388,637	*10.7%*
Gross operating income	140,945	101,182	130,542	148,785	171,591	*15.3%*
% on sales	*13.3%*	*12.3%*	*12.1%*	*11.9%*	*12.4%*	
Net operating income	74,777	22,645	56,396	73,347	89,425	*21.9%*
% on sales	*7.0%*	*2.7%*	*5.2%*	*5.8%*	*6.4%*	
Result before taxes	53,608	10,677	45,433	54,696	82,755	*51.3%*
% on sales	*5.1%*	*1.3%*	*4.2%*	*4.4%*	*6.0%*	
Net result for the year	37,505	10,528	32,271	42,937	77,770	*81.1%*
% on sales	*3.5%*	*1.3%*	*3.0%*	*3.4%*	*5.6%*	

Financial results

(euro thousand)	31.12.2008	31.12.2009	31.12.2010	31.12.2011	31.12.2012	% 2012/2011
Net invested capital (1)	652,317	568,361	592,387	668,499	739,436	*10.6%*
Equity	292,035	291,466	325,859	333,934	399,123	*19.5%*
Net financial debt (1)	337,443	254,990	246,318	315,003	320,694	*1.8%*

Personnel and investments

	31.12.2008	31.12.2009	31.12.2010	31.12.2011	31.12.2012	% 2012/2011
Personnel at end of year (No.)	5,847	5,417	5,904	6,735	6,937	*3.0%*
Turnover per employee (euro thousand)	181.4	152.5	182.1	186.3	200.2	*7.5%*
Investments (euro million)	149,384	47,465	77,164	165,326	140,601	*-15.0%*

Main ratios

	31.12.2008	31.12.2009	31.12.2010	31.12.2011	31.12.2012
Net operating income/Sales	*7.0%*	*2.7%*	*5.2%*	*5.8%*	*6.4%*
Income before taxes/Sales	*5.1%*	*1.3%*	*4.2%*	*4.4%*	*6.0%*
Investments/Sales	*14.1%*	*5.7%*	*7.2%*	*13.2%*	*10.1%*
Net financial debt/Equity	*115.5%*	*87.5%*	*75.6%*	*94.3%*	*80.3%*
Net interest expense/Sales	*1.8%*	*1.3%*	*0.8%*	*1.4%*	*0.5%*
Net interest expense/Net operating income	*26.0%*	*46.6%*	*15.9%*	*23.4%*	*7.2%*
ROI (2)	*11.5%*	*4.0%*	*9.5%*	*11.0%*	*12.1%*
ROE (3)	*12.4%*	*3.3%*	*9.8%*	*13.0%*	*19.5%*

Notes:
(1) A breakdown of these items is provided in the reclassified Balance Sheet on page 52.
(2) ROI: Net operating income / Net invested capital x annualisation factor (days in the year/days in the reporting period).
(3) ROE: Net income (loss) before minority interests / Equity x annualisation factor (days in the year/days in the reporting period).

DIRECTORS' REPORT ON OPERATIONS

"A commitment constantly oriented towards the search for a new and surprising solution, **in order to arrive where no one else ever thought of going.**"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BREMBO AND THE MARKET

Macroeconomic Context

After five years of crisis, the global economy has yet to show signs of recovering from what has proven to be a long slowdown. The year 2012 was still characterised by the overall weakening of the world economy, due chiefly to the ongoing European recession.

The financial crisis in Europe, the growth rate of the U.S. economy, which was lower than expected at the start of the year, as well as the slowdown of emerging economies are making the recovery from the crisis longer and more uncertain than in previous periods of recession. Therefore, there is still the risk of another significant decline in the coming year.

According to the report published in November 2012 by the Organisation for Economic Co-operation and Development (OECD), the world GDP is estimated to have grown 2.9% in 2012, down compared to 3.7% in 2011. Nevertheless, the OECD predicts a possible increase in 2013, with a 3.4% growth worldwide.

The scenario described by analysts is the one we have become accustomed to seeing, with emerging markets playing a leading role in economic development, although they too have slowed down their pace.

Heightened concerns surround the economic scenario of the Eurozone. According to the OECD's latest estimates, the area's GDP dropped 0.4% in 2012. However, Europe continues to travel at two speeds: while the Mediterranean countries are significantly suffering, the countries in northern Europe seem to be holding steady, although there have also been negative repercussions on the production of countries such as Germany and France, which had weathered the crisis better than others. More specifically, for 2012 the OECD estimates a significant decrease in GDP for Italy (-2.2%) and Spain (-1.3%), stagnation for France (+0.2%) and growth — albeit less than expected — for Germany, where, according to the country's Federal Statistical Office, the year ended with a 0.7% increase, compared to +3% in 2011. The OECD also predicts that the recessive phase in the Eurozone will continue for another year, with a drop in GDP equal to -0.1% for 2013. According to Eurostat data from November 2012, industrial production in countries using the euro decreased 3.7% year on year. This was the third consecutive decline in this area. The constant increase in the ranks of the unemployed is a direct consequence of the negative trend of the economy. The unemployment rate in the Eurozone rose to a record high in November, reaching 11.8%, despite the fact that for the end of 2012 Germany announced record rates as concerns the active population, with an unemployment rate that, according to Eurostat figures, amounted to 5.4% in November. At the same date, in Italy the unemployment rate was 11.1%, less than the European average but higher than the September figure (10.8%). However, including those who have ceased seeking jobs the values would be higher and even more worrying. Spain continues to represent the biggest concern, as its unemployment rate continues to climb, reaching the new record of 26.6% in November.


"The macroeconomic scenario characterising Europe, Brembo's main market, has influenced the performance of the automotive industry."

As to inflation, the November 2012 figure published by Eurostat on Eurozone was 2.2% on an annual basis, down compared to the previous month. According to Eurostat's flash estimate, also the annual figure for December remained unchanged at 2.2%.

The macroeconomic scenario characterising Europe, Brembo's main market of operation, has certainly influenced the performance of the automotive industry. Motor vehicle registrations in European countries (EU27+EFTA) ended 2012 with a decline of 7.8%. In Italy, motor vehicle registrations dropped by 20% compared to 2011, slightly exceeding the threshold of 1.4 million units. According to forecasts of three consulting firms and two investment banks, in 2013 China will overtake Europe in the automotive industry.

FIA European Truck Racing Championship 2012
MKR Technology team.

According to the most recent OECD estimates, United States GDP showed a growth of 2.2% in 2012, following +1.8% recorded in the previous year. In December, industrial production grew 0.3%, exceeding analysts' expectations but showing a slowdown on the November figure, which was revised downwards from +1.1% to +1%. In November, the inflation rate was +1.8% on an annual basis, thanks to a reduction of -0.3% on a monthly basis following +0.1% posted in October. The November decrease in inflation was the first since May, and in December the consumer price index remained unchanged. The job market showed a positive trend: in December, 155,000 new jobs were created and the unemployment rate thus remained stable at 7.8%. This represents a huge success, considering that in the same month last year the unemployment rate was 8.7% of the active population. The unemployment rate on an annual basis was thus 8.1%, marking a decrease compared to 2011. As of November, the figure for retail sales did not exceed analysts' estimates and reached only +0.3%. Moreover, this slight increase is attributable chiefly to car sales. In fact, in 2012 the automotive industry showed a strong rise in the registration of light vehicles, with a growth rate in excess of 13%.

In Japan, following the 0.7% decrease posted in 2011, the most recent OECD estimates for 2012 show a 1.6% increase in GDP. Nevertheless, towards the end of the year the Japanese economy weakened again. Once more, the main concern was public debt. According to the figures of the Ministry of Economy, Trade and Industry, industrial production dropped by 1.4% in November compared to the previous month, marking a decrease of 5.5% on an annual basis. The main sectors contributing to the decrease are the automotive industry, the electronics industry, and the IT and communications industry. In November, car production dropped by over 8 percentage points, on an annual basis. This was the third consecutive decrease tied to the decline in local car sales that, after the end of government incentives, and after thirteen positive months, in September came to a standstill, closing 2012 with a growth approaching 30%. Although this figure was really remarkable, it was significantly lower compared to the increase of more than 55% posted mid-year.

In the main emerging countries, in 2012 economic growth has slowed down and has been unable to provide the thrust needed to relaunch global growth. Production activity slowed down in the grips of austerity still present in the United States and the recession in Europe, the main export markets for these countries. Signs of a livelier upswing were not seen until the last months of the year.

As for China, in accordance with the forecasts of analysts, who envisaged the negative peak in country's cyclical trend in the third quarter of 2012, during the fourth quarter it recorded a GDP growth of 7.8% on an annual basis, exceeding the figure for the previous quarter (+7.4%). This was the first reversal of trend following the seventh consecutive decrease since the first quarter of 2009. The analysts' forecasts were based on the policies enacted by the Chinese authorities in the past year. Moreover, industrial production grew by over 10 percentage points in December 2012, after growth of 10.1% in November. Considering also the figure on exports, which was lower than the analysts' estimates, it is clear that domestic growth has been able to offset the weakness of outside markets. Other figures showed a pick-up in demand: retail sales grew 14.9% in November, while sales of light vehicles rose more than 6% in 2012.

In India, the OECD's most recent estimates show a 4.5% growth in GDP for 2012: a growth rate far from that of the last decade. This slowdown in growth is cause for great concern. The main challenges the country is facing are, once again, the high level of inflation, far higher than the goal of the Central Bank, the budget deficit and the weakness of the local currency.

For Brazil, the OECD estimates a growth in GDP for 2012 limited to a modest +1.5%. The Brazilian economy has encountered a sharp slowdown, but, despite the fact that the last two-year period has shown difficulties, the country's ongoing growth has revealed its ability to attract a growing volume of foreign investments. According to the most recent figures published by ANFAVEA, the association representing automotive manufacturers working in the country, registrations of light vehicles showed an increase of approximately 6% in 2012 over the previous year.

As to Russia, the most recent data circulated by the OECD show a GDP increase of 3.4% for 2012, following +4.3% for 2011. Data for the sale of cars and light commercial vehicles showed a growth of 11% for 2012.

In the commodities market, the price of a barrel of oil continued to drop in the last three months of the year. The average price for 2012 (arithmetic mean of the prices for the three primary benchmarks WTI, Dubai and Brent) was 105.1 dollars/barrel, up by 0.8% compared to the average for 2011. The prices for non-energy commodities shrank slightly in the fourth quarter with respect to the previous one.

Currency Markets

In 2012, the dollar initially depreciated against the euro, reaching an annual low of 1.3454 on 28 February. This phase was followed by an uptrend, which sharpened in May, June and July, resulting in a recovery by the U.S. currency to 1.2089 (24 July). The market then renewed its preference for the European currency over the dollar, which depreciated once more, climbing to above 1.32 and closing the year at 1.3194.

Regarding the currencies of the main markets in which Brembo operates at industrial and commercial level, the pound sterling substantially followed a very similar — albeit more linear — trend to the euro/dollar. After depreciating against the euro in the first two months of the year (a low of 0.84815 on 24 February), it underwent a period of appreciation during the following five months, reaching 0.77835 (20 July), and then depreciated once more in the second half of the year to slightly above its annual average. Closing rate: 0.8161.

The Polish zloty, driven by the strong fundamentals of its national economy, appreciated overall against the euro during 2012. After starting the year at a low (4.5054 on 5 January), it recovered to reach 4.1 in the first four months. It then temporarily reversed the trend, returning to above 4.3 at the end of May, to then enter a phase of nearly constant appreciation, peaking

Cars. Front brake caliper on the Maserati GranTurismo Sport.

at 4.0345 on 6 August. The final four months of the year were characterised by a lateral exchange rate movement, which did not shift significantly from 4.1. Closing rate: 4.074.

During the year, the Czech koruna's performance mirrored that of the euro in a rather linear manner. In fact, the exchange rate between the two currencies remained within a range of 26 (low of 25.963 on 26 June) to 24.4 (high of 24.433 on 14 September), with a fluctuation of less than 7%. Closing rate: 25.151, in line with the annual average.

After four essentially stable months against the euro around 8.85, the Swedish krona depreciated in May, reaching 9.1356 on 17 May, to then recover rapidly in July and August, reaching a high of 8.2077 on 10 August, and then stabilising at around 8.60 in the final months of the year. Closing rate: 8.582.

In the East, the Japanese yen remained at levels much stronger than its fundamentals during the first seven months of the year, reaching a high against the euro of 94.63 on 24 July, despite efforts by the Japanese central bank to combat this trend, which is detrimental to exports by Japanese companies. A trend towards depreciation prevailed in the second half of the year, with the Japanese currency reaching a low of 113.87 to the euro in December (27 December). Closing rate: 113.61.

The Chinese yuan/renminbi performed highly unevenly against the euro throughout 2012. The low of 8.4766 on 28 February was followed by a second quarter of strong appreciation (7.7199 on 24 July) and then a trend towards renewed depreciation (corrected by an opposite movement in November, which did not change the overall trend), brining the Chinese currency over 8.2 once more, to close the year at 8.2207.

The uptrend in the Indian rupee at the beginning of 2012 essentially lasted for only two months (a high of 63.978 on 6 February), and shifted into an overall downtrend that lasted for all of the ten following months of the year. The Indian currency reached a low of 72.913 in late December (27 December) and closed the year near 72.56.

In the Americas, the Brazilian real depreciated against the euro overall during the year. Its initial high (2.2475 on 15 February) was followed by a period of constant depreciation, culminating in mid-December (2.7678 on 19 December), with the substantial absence of an appreciable final recovery. Closing rate: 2.7036.

Like the Brazilian real, the Argentine peso also paid for investors' aversion to risk, depreciating overall against the euro in 2012. After reaching a high in January (5.462141 on 16 January), it held up well in the first half of the year, with lateral movement continuing until the second half of August, and then depreciated rapidly to reach 6.516847 on 27 December. Closing rate: 6.48641.

In contrast to the Argentine and Brazilian currencies, the Mexican peso held up very well against the dollar and euro, appreciating overall against the latter from its opening level (18.021 on 2 January), which marked the peso's low in 2012. The uptrend was marked in the first and third quarters, with a correction in the opposite direction in the second quarter. The high of 16.1271 was reached on 19 July. Finally, the Mexican currency then showed lateral movement, ending December with slight final depreciation. Closing rate: 17.1845.

Group Activities and Reference Market

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It currently operates in 16 countries on 3 continents, through its production and business sites, and employs about 7,000 people worldwide. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa Górnicza), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Apodaca), Brazil (Betim and São Paulo), Argentina (Buenos Aires), China (Nanjing), India (Pune) and the United States (Homer). Other companies located in Sweden (Göteborg), Germany (Leinfelden-Echterdingen), the United Kingdom (London), 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 calipers, the side-wheel module and increasingly often the complete braking system, including integrated engineering services.
All of these back the development of new models produced by vehicle manufacturers. Manufacturers of motorbikes are also offered brake discs, brake calipers, brake master cylinders, light-alloy wheels and complete braking systems. In the aftermarket, Brembo offers in particular brake discs, in addition to pads, drums, brake shoes, drum-brake kits and hydraulic components: a vast and safe range of products allows the company to meet the needs of nearly all European vehicles. The Group also specialises in the design and manufacture of clutch systems for racing vehicles and the passive safety segment (seats, seat belts and accessories).
In 2012, Brembo's consolidated net sales amounted to €1,388,637 thousand, up 10.7% compared to €1,254,513 in 2011.

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

Motorbikes. The 19RCS radial master cylinder.

"Striving for aesthetic appeal in which the most advanced technology predominates is the lifeblood of the company. Sleek and simple lines: the design of Brembo products is instantly recognizable."

Cars

In 2012, the global light vehicles market showed a 5.2% increase in sales compared to 2011, owing primarily to the growth in the United States, Japan and the emerging markets.

In Western Europe, the car market continued to be affected by the difficult economic situation and closed the year with a decrease in registrations of 8.1% compared with 2011. Of the top five European markets, only the United Kingdom reported a positive result (+5.3 %), owing above all to a strong second half of the year. Germany closed the year at -2.9% after a slightly positive first half of the year. Italy, Spain and France showed larger declines in sales compared with the previous year, with negative results that reached -19.9% in Italy, -13.4% in Spain and -13.9% in France. Car registrations also declined in Eastern European countries, following a positive first half of the year and marking a decrease of 2.8% at year-end compared with 2011.

Russia, despite having slowed its growth overall throughout 2012, ended the year positively, with an increase of 10.6% compared with the previous year.

The United States continued to show an uptrend in light vehicle sales, which increased by 13.5% overall compared with 2011. Brazil also performed well, closing 2012 with a total overall increase in sales of 6.1%, while Argentina reported a decline throughout the year. These results brought the overall year-end figure for the two countries to -1.2% compared to 2011.

With reference to the Asian markets, China continued to grow, albeit at a more contained rate compared to previous years, closing the year with a +6.2% rise in light vehicles sales and once remaining the world's top market in volume terms. In 2012, the Indian light vehicle market grew +11.4% compared with the previous year. After a first half of the year characterised by rapid growth due to the recovery following the tragic March 2011 earthquake, the Japanese market slowed in the third quarter and declined slightly in the fourth, tied to the end of incentives in September, while still succeeding in closing the year with an appreciable +27.3% compared to 2011.

Within this scenario, Brembo reported €939,456 thousand in net sales for car applications in 2012, representing 67.7% of the Group's turnover, up by 16.2% compared to €808,146 in 2011.

Motorbikes

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

In Europe, overall motorbike registrations declined 10.7% in 2012 compared to the previous year (910,655 motorbikes compared to 1,019,720).

In the European context, the Italian market contracted the most (-19.5%), however registrations also decreased in France (-9.3%)

The manufacturing hub in Dabrowa Górnicza, Poland. The processing of brake discs.

and Spain (-18.7%). Germany was essentially stable (-0.4%), whereas the United Kingdom showed a positive performance, albeit to a moderate degree, compared with 2011 (+1.3%).

At the global level, all displacements were penalised, especially motorbikes between 125cc and 500cc (-21.2%). Only registrations of motorbikes with displacements between 500cc and 750cc increased (+4.6%).

In the United States, motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) recorded an overall increase of 2.2% (677,630 vehicles compared to 662,931). In detail, for two-wheel vehicles the most significant growth was reported in the scooter (+7.7%) and dual motorbike (+7.4%) segments, whereas registrations of on-road and off-road motorbikes increased by 1.8% and 2.1%, respectively.

In a general scenario of severe decline, the Japanese market also reported a slight decrease in registrations in 2012 (401,895 units vs. 405,533). However, if only two-wheeled vehicles with displacements of over 50cc are considered, the market expanded by 4.9% (155,800 units vs. 148,488), owing to a significant increase in the 125cc to 250cc segment (+25%) and over 250cc segment (+22.8%).

Emerging markets reported a slowdown in growth compared to the previous year. In 2012, registrations of two-wheeled vehicles (motorbikes and scooters) grew overall by 5.8% (13,031,427 vehicles compared to 12,316,664),

whereas in Brazil they decreased by -15.6% (1,637,481 compared to 1,940,533).

Against this extremely negative backdrop, Brembo's net sales of motorbike applications amounted to €141,431 thousand in 2012, up 3.6% compared to €136,524 in the previous year.

Commercial and Industrial Vehicles

The European commercial vehicle market, Brembo's market of reference, closed 2012 with an overall decline of 12% compared with the previous year, confirming the downtrend reported in the first nine months of the year.

During the same period, the light commercial vehicles segment (up to 3.5 tonnes) reported a decline in registrations in line with this general trend, closing the year at -12.9%. Among the main markets of reference in Western Europe, Spain and Italy reported the most worrisome decreases, with a drop in registrations in excess of 25% and 30%, respectively, followed by France (-10.6%), the United Kingdom (-7.9%) and Germany (-6.0%). In Eastern Europe, the 2012 year-end figure was -6.9% compared to 2011.

Overall, registrations of commercial vehicles over 3.5 tonnes decreased by 8.7% compared with 2011. On the German market, the decrease was 9.8%. Sales fell by 7.5% in France and 21.3% in Spain. The situation of the Italian market was also cause for concern, with a decline of nearly 30% in this segment of the market as well. In Eastern Europe, sales of medium and heavy commercial vehicles declined by 6.8% overall compared to 2011.

In 2012, Brembo's net sales of applications for commercial and industrial vehicles amounted to €184,459 thousand, down by 5.1% compared to €194,359 thousand in the previous year.

Racing

In the racing sector, where Brembo has maintained undisputed supremacy for years, the Group operates through four leading brands: Brembo Racing (braking systems for race cars and motorbikes), AP Racing (braking systems and clutches for race cars), Marchesini (magnesium and aluminium wheels for race motorbikes), and Sabelt (seats and seat belts).

For several years, the racing market has been experiencing 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.

Brembo has also been present in the passive safety sector for several years through its subsidiary Sabelt S.p.A., which operates in three different segments: the racing segment; the OEM segment, with racing seatbelts and seats; and the children's segment, with retention systems for children's car seats.

In 2012, Brembo reported a 6.3% increase in net sales, which amounted to €115,574 thousand compared to €108,708 thousand in 2011.

SALES BREAKDOWN BY GEOGRAPHICAL AREA AND APPLICATION

Net sales breakdown by geographical area and application

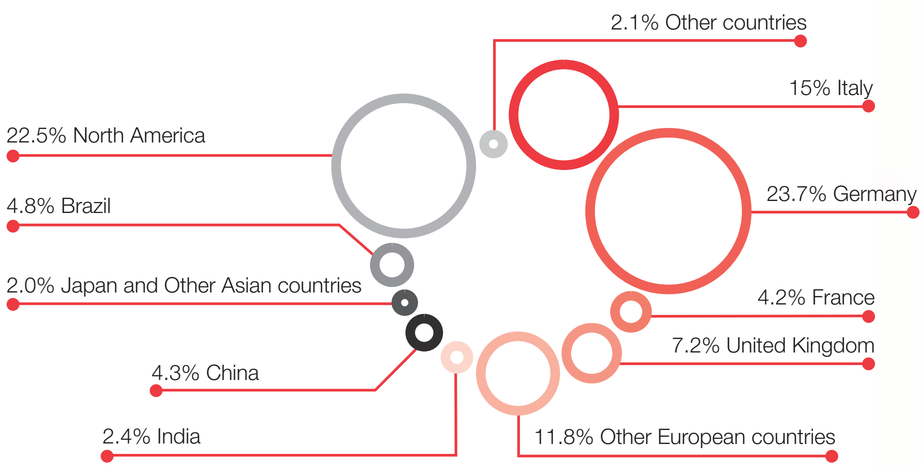
GEOGRAPHICAL AREA

(euro thousand)	31.12.2012	%	31.12.2011	%	Change	%
Italy	207,677	*15.0%*	223,653	*17.8%*	(15,976)	*-7.1%*
Germany	329,585	*23.7%*	273,425	*21.8%*	56,160	*20.5%*
France	58,177	*4.2%*	60,227	*4.8%*	(2,050)	*-3.4%*
United Kingdom	100,565	*7.2%*	84,620	*6.7%*	15,945	*18.8%*
Other European countries	163,955	*11.8%*	174,916	*13.9%*	(10,961)	*-6.3%*
India	34,001	*2.4%*	35,808	*2.9%*	(1,807)	*-5.0%*
China	59,873	*4.3%*	54,905	*4.4%*	4,968	*9.0%*
Japan	19,628	*1.4%*	18,224	*1.5%*	1,404	*7.7%*
Other Asian countries	8,464	*0.6%*	8,644	*0.7%*	(180)	*-2.1%*
Brazil	67,060	*4.8%*	67,662	*5.4%*	(602)	*-0.9%*
North America (USA, Canada and Mexico)	312,139	*22.5%*	239,355	*19.1%*	72,784	*30.4%*
Other countries	27,513	*2.1%*	13,074	*1.0%*	14,439	*110.4%*
Total	**1,388,637**	***100.0%***	**1,254,513**	***100.0%***	**134,124**	***10.7%***

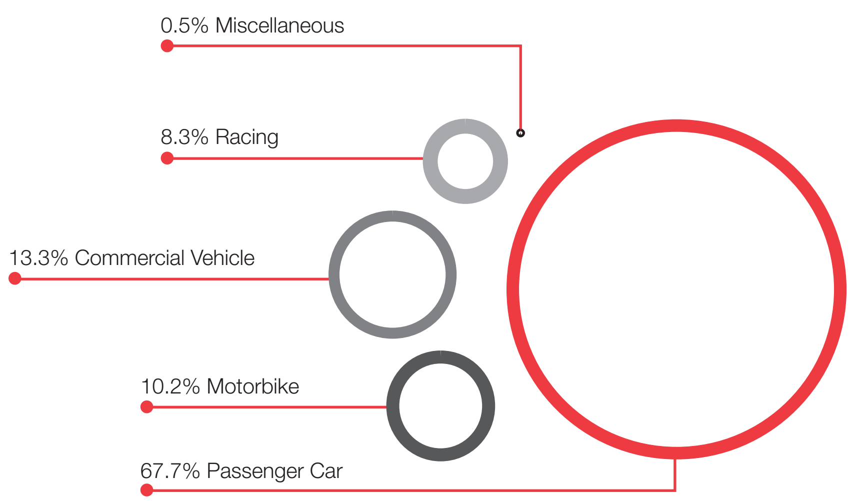
APPLICATION

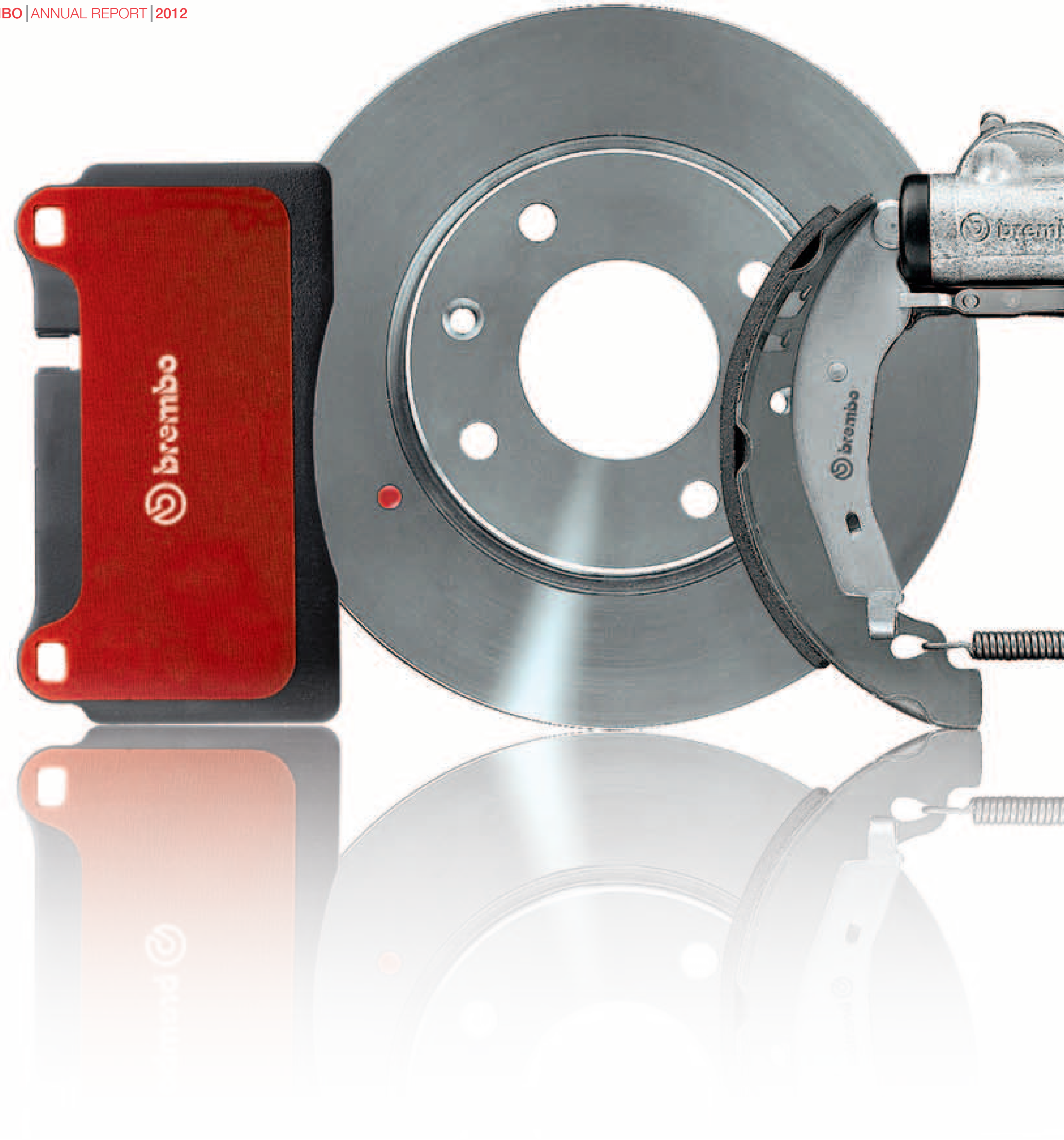
(euro thousand)	31.12.2012	%	31.12.2011	%	Change	%
Passenger Car	939,456	*67.7%*	808,146	*64.4%*	131,310	*16.2%*
Motorbike	141,431	*10.2%*	136,524	*10.9%*	4,907	*3.6%*
Commercial Vehicle	184,459	*13.3%*	194,359	*15.5%*	(9,900)	*-5.1%*
Racing	115,574	*8.3%*	108,708	*8.7%*	6,866	*6.3%*
Miscellaneous	7,717	*0.5%*	6,776	*0.6%*	941	*13.9%*
Total	**1,388,637**	***100.0%***	**1,254,513**	***100.0%***	**134,124**	***10.7%***

Net sales breakdown by geographical area
(percentage)



Net sales breakdown by application
(percentage)




brembo
brembo

"Brembo has 7,000 employees in 16 countries on 3 continents, and every year it reinvests 5% of its turnover in R&D. In 2012 net sales totalled €1,388.6 million, up 10.7% compared to the previous year."

RESEARCH AND DEVELOPMENT

All of Brembo's research and development activities can be related to a single "friction system" concept, which permeates the specific qualities of each Division and Business Unit. According to this concept, each component (calipers, discs, pads, suspensions) is complementary to the others in optimising the braking function (the "friction system" as an element that integrates all of the components), which is constantly improved in all respects, not merely in terms of pure performance, but also of comfort, duration, aesthetics, etc.

In the field of cast-iron discs, in 2012 work has continued successfully on optimising the technical and technological parameters which determine the disc's vibration properties (own frequencies), so that the latter may be managed as early as the planning stage in order to improve the system's comfort performance. It is within this context that Brembo is developing a new technical solution designed to significantly reduce vehicle comfort issues. The development, in the design stage, of complex calculation and (fluid-dynamic and thermodynamic) simulation programs further improved and optimised our products, leading to important recognitions from our clients.

Specifically regarding heavy commercial vehicle cast-iron discs, work has continued on optimising the materials, mass characteristics and cooling and ventilation capacity, without penalising performance levels.

The new technical solutions developed allowed us to increase the number of series applications using these concepts and broaden the range of new customers potentially interested in adopting them. It is along these lines that work on developing specific friction materials for these applications continues to evolve constantly.

The technical solutions successfully tested in heavy commercial applications are being implemented for car application cast-iron discs, in addition to normal application developments with the world's major car manufacturers. These will allow a competitive edge to be achieved in terms of weight reduction and increased performance. Moreover, the development continues of new "light" disc concepts, particularly through the study of forms, materials, technologies and surface treatments that could meet the requirements of new-generation vehicles (electric and hybrid), with particular attention to the environmental impact characteristics (CO_2 and particulate emission). The joint development with innovative friction materials, complying with future legislative limits and designed for these types of disc, is extremely important. Brembo can be considered to be the only manufacturer with the in-house expertise for this type of development.

For motorbike applications, analyses of the technologies available for carbon-ceramic discs have led to the selection of two possible materials/processes. The selling prices have been defined and a survey of market potential is currently underway with the main customers, in order to evaluate the possibility of starting development of this application. Again for motorbike applications, the first polymer clutch cylinder prototypes have been completed. The concept that adopts numerous innovative layouts (two patents currently being filed and one being evaluated) is expected to be validated within the first quarter of 2013; despite the fact that the weight and cost targets are not fully met as yet, it is believed that there are reasonable margins for improvement for their achievement. The study of the partially sliding braking surface concept saw two subsequent prototypes developed which, due to limits encountered during the endurance tests, led to a decision to change disc geometry to allow sturdier springs to be accommodated. In addition, two production versions of the Ratio Click System (RCS) concept for front brake cylinders have been developed, both for off-road and on-road use. Changing the RCS would allow the user to adapt the force applied to the lever to suit his or her needs. The function is carried out without using adjustment tools. At the moment, the tests have given positive results and the specimens are now being tested with customers (in the road version) or being prepared for presentation (in the off-road version). It is possible they may be used on 2014 models.

Brembo continues to develop a carbon-ceramic disc for racing applications designated CCM-R, which combines the technique used to make carbon-carbon discs for the most advanced applications (F1, MotoGP, etc.) with carbon-ceramic discs for road use. The first few months of 2012 saw the launch of a new project tied to the carbon-carbon racing disc, to which Brembo will dedicate considerable effort from a technical and industrial standpoint in the coming years. The objective for 2013 is to consolidate the technical development of the Carbon-Carbon F1 disc, so that it can be promoted as the reference disc on the market. Work is also continuing on developing high-performance pads for application on racing systems in cast iron and carbon ceramic material and, in parallel, pads are being produced for application in the motorbike field.
The first half of 2012 witnessed also the first appearance on track of the new solutions for applications on F1 cars (new caliper family, new ventilations and drives for brake discs) and new solutions for motorbike systems (VRC brake–clutch cylinder, new caliper for MotoGP and Superbike systems).

For the first time Brembo has brought to the racing tracks an innovative (electro-hydraulic) brake by-wire system with an important motorbike customer and the results of the first trials have been very encouraging. At the end of the 2012 competition season, during various official trials, new technical solutions were tried out on the track and these will be the basis for development for the next season.

In the United States, Brembo was confirmed as the only supplier of the brake system for Indy vehicles (IRL Championships) with a complete brake system (calipers, carbon-carbon discs and pumps). The Carbon-Carbon system, developed according to the Brembo supply chain, has proved to be high-performance, reliable and fully conforming to the design requirements that called for a C-C disc able to guarantee very high mileages and thereby reduce car running costs. Moreover, engineering work (calculation and testing) in support of Sabelt is fully underway for various strategic projects, and new simulation and calculation work is in the initial phase. This has allowed Brembo to draw confidence from materials and technologies not currently falling within the scope of brake system development, but which could provide for interesting developments in the future.

In 2012, Brembo also continued along the path of brake system innovation by expanding the range of friction materials in its portfolio, receiving initial plaudits from the market. Over the year, Brembo brake pads received excellent feedback from the automotive original equipment market, both in Europe and in the United States. The leading car manufacturers expressed recognition both for the performance of Brembo's compounds, and the very high quality and production reliability. The R&D Friction work continues successfully despite the challenging targets. As a result of the expertise built up over the years and the speed of the prototyping and test performance activity, Brembo has developed numerous new formulations which had already started to achieve significant results in 2012. The range of friction materials for Carbon-Ceramic disc applications has been completed, adding a hybrid formulation to the organic and ceramic materials already known, combining the qualities of organic compounds with the strength of the ceramic ones.

The ongoing search for ecological materials with a low heavy metal content has continued successfully. The copper-free friction materials developed by Brembo are receiving excellent appraisals from various car manufacturers and have already gained a market share with a major customer. Sintered materials for bikes, organic materials for commercial and special vehicles complete the range in the sectors in which Brembo is investing in the search for innovative formulations, in parallel with research into materials and unconventional types of brake to cover future market needs.

The use of aluminium alloys for car calipers, obtained by bringing the alloy to a thixotropic state (in other words to temperatures lower than the casting process), is in its final validation stage and will bring significant competitive advantages in terms of weight reduction and increased performance.

New solutions designed to use the brake system to help reduce vehicle consumption and consequent CO2 and particulate emissions are also in the final validation stage.

Product/process improvement work to bring cutting-edge products to the emerging markets as well (e.g. China) is continuing in parallel, alongside the study of new types of fixed calipers with the aim of winning new market segments (A, B and city car). In addition, the Technical Development Centres continue to grow as planned in support of Brembo's expansion in China and the USA, in line with the acquisition of important businesses in these two markets.

Mechatronic products already approved internally, namely various types of electric parking brakes, continue to be promoted intensely with Brembo's customers. The presentation of products with functioning cars is already underway in respect of some of the most important European manufacturers.

Finally, the continual evolution of simulation methodologies is focused on aspects linked to brake system comfort. Brembo's current objective is to develop the simulation capacity for the latest brake system component not yet simulated: friction material. The possibility of using the friction project and, hence, having an in-house friction material producer, represents one of Brembo's strengths in this area.

Brembo is thus able to present itself as a complete brake system supplier.

Advanced R&D activities focus on mechatronic systems for the brake systems of the future and on developing new structural materials. The foundations are being laid for the next ten years, which will see a sharp rise in vehicle electrification and significant integration of the brake system with the rest of the vehicle, alongside an ongoing search for weight-reduction solutions.

Brembo is continuing to develop a Brake-by-Wire system, with the aim of hastening the development of individual brake system components and holding on to its lead as a product innovator. The high level of integration will bring the brake system into dialogue with other vehicle systems, such as electric traction motors and new suspension/steering concepts. Such integration will allow for increased active safety and the optimisation of functions, such as regenerative braking.

This system concept will be able to be applied to all future vehicles, not only cars, but also commercial vehicles and motorbikes.

At the same time, series production applications are being identified for the first mechatronic systems developed by Brembo, such as, in particular, electric parking brakes (EPB). The year 2012 saw the entry onto the

"The activities of Advanced R&D focus on mechatronics for the braking systems of the future."

market of the first application of a Brembo EPB component on the first electric sedan produced by a U.S. OEM manufacturer and 2013 will see the completion of two EPB system applications featuring electronic control unit, with hardware and software developed by Brembo itself.

During the reporting year, Brembo continued to conduct development activities in cooperation with Universities and Research Centres to seek out new solutions to apply to brake discs and calipers, in terms of new materials, new technologies and mechanical components to be introduced to brake calipers. The need to reduce product weight is leading the research function to evaluate the use of unconventional materials, such as technopolymers or reinforced light metal alloys, to produce structural components. These partnerships also extend to methodological activities relating to development, involving the creation and use of increasingly sophisticated simulation and calculation tools.

Last but not least is Brembo's focus in the research field on environmental issues. After preliminary planning work conducted in 2012, the year 2013 will see the start up of projects at European level in partnership with international Universities and Research Centres with the aim of reducing to zero the environmental impact of brake systems.

Research and Development activities in 2012 involved multiple projects, currently in progress, which benefit from grants under current legislation. The results achieved in the activities performed are confirmed by the reports sent to the instructing bodies of every individual ordinance; such results are in line with the pre-set objectives; they shall be applied in subsequent financial periods, in accordance with the development prospects of the company and the Group.

In relation to Research and Development, personnel costs incurred in 2012 (€21,051 thousand) and the structural change introduced with the 2005 Finance Law, Brembo has benefited from reduced taxes for IRAP purposes amounting to €821 thousand.

Cars. Cadillac XTS brake caliper.

INVESTMENTS

In 2012, the investment management policy developed in continuity with the two previous years, in which Brembo continued to invest both in Italy and abroad in order to strengthen its presence around the world.

In China, investments continued for the completion of the new integrated production hub in Nanjing, officially inaugurated in April 2012, including a foundry and a facility for processing brake calipers and discs for cars and commercial vehicles, as well as a Technical Development Centre (R&D).

Brembo's investments in Poland are still ongoing and will be carried on until 2014. These investments are aimed at increasing the production capacity of the integrated industrial hub of Dabrowa Górnicza dedicated to the production of brake discs for cars and commercial vehicles. The project is funded through Group cash generation and with recourse to the banking system; in addition the Company benefits from the tax breaks in place for the Katowice Special Economic Zone.

In the Czech Republic, investments continued for the completion of the new production facility in Ostrava-Hrabová, which has been operational since 2011 and includes the casting, processing and assembly of brake calipers and other aluminium components.

As part of its international expansion strategy, in 2012 Brembo also made important investments in North America, aimed at increasing the production capacity of its associate companies Brembo North America and Brembo México, both in the disc and brake caliper sectors.

Investments in Italy totalled €26,743 thousand in tangible assets, primarily production plant and machinery, in addition to €12,407 thousand for development costs.

Overall investments made by the Group during 2012 in all the operating units amounted to €140,601 thousand (€165,326 thousand in 2011), including €121,447 thousand in property, plant and equipment assets and €19,154 thousand in intangible assets.

RISK MANAGEMENT POLICY

Effective risk management is a key factor in maintaining the Group's value over time. In order to optimise this value, in 2012 Brembo adopted formally and in full the principles laid down in Article 7 of the 2011 Corporate Governance Code, updating the Internal Control System and integrating it with risk management, formerly an integral part of the corporate governance system. The structure and role of the main functions involved have been better redefined by:

- renaming the Audit Committee as the Audit & Risk Committee, with the task of supporting the Board of Directors on internal control and risk management issues;
- renaming the Executive Director charged with overseeing the Internal Control System as the Executive Director with responsibility for the Internal Control and Risk Management System, with the task of identifying the main corporate risks by executing risk management guidelines and verifying their adequacy;
- moving from an internal Risk Self-assessment and Prevention Committee (CAPRI) to a Risk Committee, with the task of identifying and assessing the macro-risks and working with the system stakeholders to mitigate them;
- assigning to the Risk Manager (recruited to Brembo on 1 June 2012) the task of ensuring, together with management, that the main risks relating to Brembo and its subsidiaries are properly identified, adequately measured, managed, monitored and integrated with a company management consistent with the strategic objectives.

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 identified. Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Manual, in the Organisation, Management and Control Model (as per Italian Legislative Decree No. 231/2001) and in the reference Layout for preparing accounting documents (as per Article 154-*bis* of TUF), to which the reader is referred.

The Executive Director with responsibility for the Internal Control and Risk Management System fully enforces the risk management guidelines based on principles of prevention, cost effectiveness and ongoing improvement, as approved by the Board of Directors. Brembo has developed a model for identifying and classifying risks that allows the company to identify and classify the risk categories on which it should focus. The model groups risk classes by type based on the managerial level or corporate function from which they originate or that is responsible for monitoring and managing them. Internal Audit evaluates the effectiveness and efficiency of risk management and the overall internal control system on a regular basis and reports the results to the Chairman, the Executive Deputy Chairman, the Managing Director, the Board of Statutory Auditors, the Audit & Risk Committee and the Supervisory Committee of Brembo S.p.A. with reference to specific risks connected with compliance with Legislative Decree No. 231/2001.

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

a. strategic risks;
b. operating risks;
c. financial and reporting risks;
d. legal and compliance risks.

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

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

Strategic Risks

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

Product and process innovations — those currently being used, as well as those that may be used for production in the future — are patented to protect the Group's technological leadership.

Brembo targets the Luxury and Premium segments of the automotive sector and, in terms of geography, generates most of its sales from mature markets (Europe, North America and Japan). To mitigate the risk of segment/market saturation, the Group has long ago implemented a strategy aimed at diversifying into the geographical areas where the highest growth rates are reported and anticipated (China, India, and Brazil) and is broadening its product range, also by focussing on the mid-premium segment.

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

Operating Risks

The main operating risks to which Brembo is exposed are associated with the price and availability of raw materials, the international economy, issues involving health, job safety and the environment and, to a lesser extent, the regulatory framework of the countries in which the Group operates.

Risks associated with raw materials include price volatility and possible limited availability. Furthermore, Brembo is exposed to risks resulting from its reliance on strategic suppliers who, if they were to unexpectedly discontinue their supplier relationships, could create problems for the production process and Brembo's ability to process customer orders on schedule. To mitigate this risk, the Purchasing Department identifies alternate suppliers to ensure the availability of critical materials (supplier risk management programme).

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

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

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

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

- 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 facts could result in substantial criminal and/or administrative penalties or pecuniary fines against Brembo. Furthermore, in particularly serious cases, the actions of public entities in charge of assessing the situation could interfere with Brembo's normal production activities, even causing production lines to halt or forcing the production facility to close. Brembo manages this type of risk by carrying out ongoing and systematic evaluations of its exposure to specific risks and 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 therefore implements the activities necessary to allow it to effectively monitor

"Effective risk management is a key factor in maintaining the value of the Group over the years."

and manage these aspects while scrupulously complying with applicable laws.

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

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

The internationalisation strategies and, particularly, international industrial footprint development have also highlighted the need to strengthen operational management able to operate locally and communicate effectively with the Business Unit and Central Staff functional departments, in order to improve the efficiency and effectiveness of the quality system and the capacity of production processes.

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 & Credit Department, which, together with the Group's CFO, evaluates all the company's main financial transactions and the related risk management policies.

Interest Rate Risk Management

Since most of the Group's financial debt is subject to variable interest rates, it is exposed to the risk of interest-rate fluctuations. To partially reduce this risk, the Group has entered into several medium/long-term fixed-rate loan agreements, as well as specific hedging contracts (IRS), accounting for approximately 15% of its gross financial position.

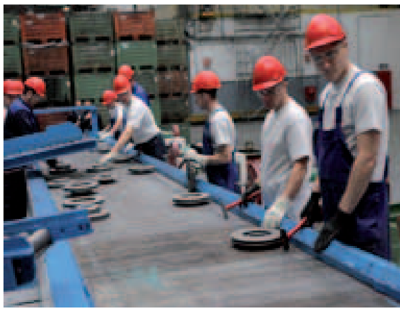
The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates. The Group's Central Treasury & Credit Department constantly monitors rate trends in order to evaluate in advance the need for any changes to the financial indebtedness structure.

Exchange Rate Risk Management

Since Brembo operates in international markets, it is exposed to exchange rate risks. To mitigate these risks, the Group uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged. Other hedging instruments used by the company, where 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:

The manufacturing hub in Dabrowa Górnicza, Poland.



The processing of brake discs.

- **credit risk:** credit risk is the probability that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk arises mainly in relation to trade receivables. Most parties with which Brembo does business are leading car and motorbike manufacturers with strong credit standing; the current macroeconomic situation requires that Brembo continuously monitor the credit worthiness of its customers in order to anticipate situations where customers are unable to pay or must pay late;
- **liquidity risk:** liquidity risk can arise from a company's inability to obtain the financial resources necessary to guarantee its operation. The Central Treasury & 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 Legal & Corporate Department periodically monitors the progress of existing and potential litigations and determines the most appropriate steps to take in managing them. The Administration, Finance & Control Department is responsible for the recognition of the appropriate assessments or impairment losses in connection with such risks and their effects on the income statement.

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

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

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

The risks associated with these issues mainly arise from the fact that the incorrect interpretation of a law or the failure to recognise all the laws that govern a specific matter could lead to an unintentional lack of compliance on the part of the Group.

To minimise this risk, the Group makes a constant effort to research and obtain updated information about legislative matters, with the support of specialised companies and Confindustria (Italian Manufacturers' Association).

For information concerning compliance risks, including those arising as a result of Brembo's listing within Borsa Italiana's STAR Segment, see the Corporate Governance and Ownership Structure Report. Compliance risks include the reporting risk, which is the risk that the financial information reported by the Group is not sufficiently accurate and reliable. To improve its Internal Control System (especially with regard to subsidiaries), as well as the quality, promptness and comparability of information provided by its consolidated companies, Brembo is completing the introduction of the deployment of the same ERP (Enterprise Resource Planning) application across all Group companies. As part of the activities aimed at improving its compliance system, the Board of Directors constantly adapted Brembo's 231 Model to legislative developments and the development of the Group's business mission and organisational structure. By adopting and constantly updating the 231 Model, Brembo intends to:

- comply with legal requirements and adopt the principles that inspired the Legislative Decree No. 231/2001 by formalising a structured and organic system, which already exists within the company, of procedures and (preventive and ex post facto) control activities designed to prevent and monitor the risk that related offences will be committed, through the identification of Sensitive Activities;
- constitute an effective instrument of corporate management, also acknowledging the Model's function of creating and protecting the value of the company.

Risk Management Process: Risk Financing

Following on from the above mitigation measures, and in order to minimise the volatility and financial impact of any detrimental event, under its risk management policy, Brembo has provided for the residual risks to be transferred to the insurance market, provided that they are insurable.

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 management, aimed at identifying and analysing the most critical areas, such as the risks associated with countries whose laws are detrimental for manufacturers of consumer goods.

All Brembo Group companies are covered against the following strategic risks: property all risks, general liability, general product liability, product recall. Additional coverage has been arranged locally based on the requirements of local legislation or collective labour contracts and/or corporate agreements or regulations.

Insurance analysis and transfer of the risks to which the Group is exposed are conducted in collaboration with an insurance broker, which supports this process with its international organisation and is responsible for the compliance and management of Group insurance programmes at global level.

HUMAN RESOURCES AND ORGANISATION

During 2012, organisational reflections involved business units, Central Functions and foreign companies, with the aim of proceeding on the path outlined in 2011 and reacting to the persistent scenario of global economic instability.

Following the initiatives realised in the previous year, aimed at achieving operational and functional synergies and a high level of internal inter-departmental integration, the new organisation for the Systems Division was fully implemented in the first half of the year. This has required a transition from a business-unit based organisation to a functional one, eliminating the business unit dimension of the Car and Commercial Vehicle areas, whose functions and plants were integrated with the sales, technical and industrial areas to form a single Car and Commercial Vehicle Systems Division. Brembo Performance revised its organisation with the aim of optimising its functioning and increasing market synergies, in particular by integrating marketing areas into a structure focused on the channels Racing, Retail and Industrial. As far as the Central Functions are concerned, effective 1 January 2012 the Advanced R&D Department was extended to include the testing areas of each Division/Business Unit (except Brembo Performance) and Friction technical development. The Department began then to operate under this new form, after being removed from the Systems Division and placed under the control of the Managing Director/General Manager to provide functional coordination for the Technical Departments of the various Divisions/Business Units. The Purchasing Department strengthened its role of global guidance by developing the activities of Commodity Managers, who are responsible for setting the Global Commodity Strategy at an international level, as well as by creating the role of Strategic Sourcing Manager, aimed at seeking out and selecting new suppliers. The ICT Department has revised its organisation with the aim of ensuring better coverage of IT processes in all countries in which the Group operates. Moreover, in June the role of the Risk Manager within the Administration, Finance & Control Department was redefined to include the task of identifying and supervising all possible threats to the achievement of company objectives.

Turning to the subsidiaries, Brembo Czech defined its organisation with the aim of enhancing the industrial activities of the Systems Division. Sabelt and its subsidiary Belt & Buckle redesigned their structure to improve synergies between the sales, product and operations areas. At Brembo Brake India, a new Country General Manager and Managing Director was appointed. Both roles were assumed by the Motorbike Operations Director, with the aim of improving synergies with Italy and in view of the increasing importance of the Indian market for the Motorbike sector. In Poland new Plant Managers have been appointed for Dabrowa (discs) and Czestochowa (calipers), drawing from internal management as a tribute to the company's policy of growing and developing resources, as well as encouraging a merit-based culture.

In the second half of the year, in view of business circumstances, the Systems Division changed its senior management and completed the reorganisation of the technical area, with the creation of new Application Development roles. The industrial area was reviewed, in order to improve simplification, with plants and the Prototype Unit reporting directly to the Division Director and with the reorganisation of Technologies, now subdivided into Process Development, Process Design and Central Industrialisation functional areas. In the Brake Disc Division, the Technical Department revised the organisation of the Quality and Prototyping area: an inter-functional platform was created to develop the 'Light Discs' project and the site logistics for the Mapello area was revised, with a view to full integration. The Marketing and Logistics areas were restructured in the Aftermarket Business Unit. Finally, the Friction area redefined its own structure both as regards Technical Development and for the plant.

Regarding the subsidiaries, the second half of the year saw Brembo Japan change its senior management with the entry of the new Country General Manager; in addition, new Managers were appointed for the Nanjing foundry (China) and the Ostrava plant (Czech Republic), drawing from internal resources.

With reference to training, 2012 saw further development of the training role as a business support, promoting the acquisition and development of business-related expertise. This is proven by the fact that the most attended courses, according to managers or self-enrolment figures, were once again Finance and

The motorbike plant in Curno. Oxidation of brake calipers.

those relating to Personal Efficiency Development. The former because it guaranteed basic, but essential skills in reading company and market figures; the latter because it offered relational skills, particularly aimed at improving the effectiveness of interpersonal relations in the organisational context.

Regarding "on-demand" training, 2012 saw the further development of the strategic project to consolidate the Value Creation culture, involving the professional Procurement family who use a specific methodology to further reinforce the skills underlying the entire value chain.

The training capacity of the Language School (English and German) is always fully subscribed and its students have included specialists and managers who, despite having a good knowledge of their language of interest, have wanted to maintain a richness of expression by adding business vocabulary to the language in order to communicate more easily and more credibly with the world as a whole.

2012 was also a year marked by a strong emphasis on workplace safety training. In order to comply with legislative obligations laid down by the State-Regions Agreement of 21 December 2011, the training campaign involved 100% of the workforce of Brembo, BSCCB and La.Cam. Besides providing training on the specific risks of the site/role, the opportunity was taken to raise awareness of trainees about wellbeing and health as an investment in quality of life, sharing the contents of the "Workplace Health Promotion" project, implemented with the Bergamo Local Health Authority (ASL) in accordance with WHO guidelines, whereby, on 1 December 2012, Brembo was accredited as a company that "promotes health."

Brembo Academy's year concluded with a survey of the whole Group's training needs. This survey enables the next 12 months training needs to be identified, considering three possible information sources: managers about their staff, employees about themselves and the company about the workforce population grouped into businesses, functions and geographical areas. The workshop training provision has also been enriched by Finance workshops to sustain the skills acquired over time, new Lean Organisation courses for non-specialists and interventions using the "TRIZ" method to extend this creative approach to problem solving to non R&D resources as well.

Training during 2012 was again partly funded by Fondimpresa, as has been the case for several years. Overall, 728 training initiatives were implemented for a total of 326 courses, 43,031 training hours and 6,002 participants.

The distribution of People Management tools such as the BYR (Brembo Yearly Review, for performance management), Development Centres (group or individual) and Succession Planning tools increased throughout the year. Individual coaching paths for the transfer of technical and managerial skills to the role have received positive feedback from those who attended them. The feedback desk, which is constantly available upon request, was contacted by various resources who expressed a high level of satisfaction.

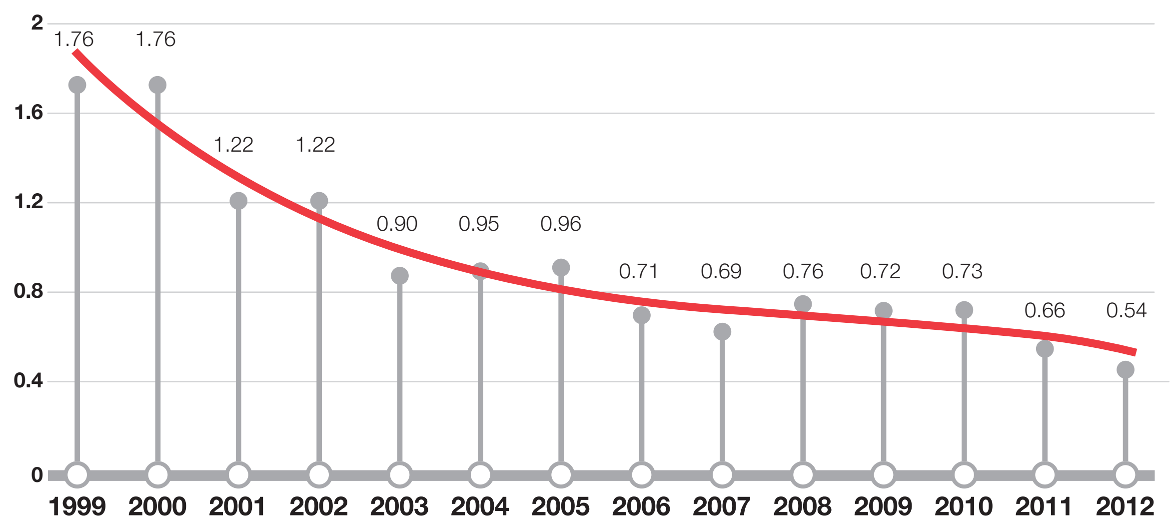
"Brembo has continued to invest both in Italy and abroad in order to reinforce its presence in the world."

ENVIRONMENT, SAFETY AND HEALTH

In the Workplace Safety and Environment field, for years Brembo has featured an organisation that, on the one hand, aims to implement in the best possible manner the specific site regulations laid down by current legislation in each individual country. On the other hand, it aims to ensure a Group standard that can guarantee that all plants possess the prerequisites identified as essential at corporate level.

According to this approach, specific site targets, as well as other objectives relating to the Group as a whole, are identified during the process of defining guidelines and annual objectives. One of the main objectives for 2012 that several sites set themselves was to obtain certification both of the environmental management system (according to standard ISO 14001), and the safety management system (according to standard OHSAS 18001). In fact, Brembo is convinced that the correct implementation of a management system ensures tangible benefits in terms of site organisation and management, as well as increased efficiency during internal control phases. In particular, in 2012 new environmental certifications were obtained for 7 sites, as well as 5 new certifications for the workplace safety part. In numerical terms, to provide a comparison with the situation existing at the end of 2011, ISO 14001 certified sites increased from 11 to 18; whilst OHSAS 18001 certified sites rose from 7 to 12. Of all the plants achieving this result mention should be made of the certification of the safety system in the Mapello (Italy) and Dabrowa (Poland) cast-iron foundries, not because the objective achieved was any more significant but in light of the different risk level that these sites have to manage. In 2012 an important objective was also achieved relating solely to Brembo

Group trend in the index of severity of injuries.



S.p.A.: all the Parent Company sites obtained both environmental and workplace safety certifications.
At Group level, on the other hand, a new guideline regarding the legislative audits to be performed in all production plants was defined and implemented: every year each site has to perform an audit aimed at verifying its level of compliance with the applicable laws and, beginning from 2012, this activity has to be carried out by a single third-party company for all Group companies. There are many expected benefits, including the standardisation of all audit-related matters: methodologies applied, summary reporting, evaluation of any irregularities and other matters. One of the objectives of the collaborative arrangement with the new partner responsible for this task is to achieve more general benefits such as: dissemination and verification of additional requirements defined by Brembo, a global view of Group performance, support with corporate development. Moreover, this new partner has operating offices in all the countries where Brembo operates and can hence provide focused support to all Group sites regardless of their location.
As concerns workplace accidents, 2012 continues to show a sharp downward trend compared to previous years. The Accident gravity rate fell sharply, so much so that 2012 is the best year in absolute terms recorded to date: from 1.76 in 1999 the rate fell to 0.96 in 2005, then to 0.66 in 2011 and down to 0.54 in 2012. It should be noted, amongst other things, that most Group sites met the defined targets; this testified to the fact that all Brembo sites, and not just a few compliant ones, showed a similar trend. Particular mention should be made of the Belt & Buckle site in Žilina (Republic of Slovakia) and AP Racing site in Coventry (United Kingdom), where not one working day was lost during the year due to accident.

The Ostrava site (Czech Republic) also recorded an excellent performance, as the gravity indicator closed at 0.15, despite a significant rise in the number of employees hired resulting in increased criticality in the current management of workplace safety-related aspects.

The good general workplace accident result was largely achieved thanks to a substantial reduction in the number of accidents occurring (accident frequency rate was 2.73), whilst their duration was held at the average for the last few years (duration rate of 18.07).

The car plant in Curno. Assembly.

GROUP'S STRUCTURE

Sabelt's 40th anniversary
Alberto Bombassei – Chairman of Brembo
Giorgio Marsiaj – Chairman of Sabelt.

On 2 August 2012, Simest sold Brembo S.p.A. its 32.26% equity investment in Brembo China Brake Systems Co. Ltd., a company incorporated in 2005, whose activities relate to the promotion and development of the Chinese market. Under the contractual clauses set forth in the agreement entered into with Simest in July 2005, the transfer price was €4.1 million. As a result of this acquisition, Brembo S.p.A. now owns 100% of the shares in Brembo China Brake Systems Co. Ltd.

No other changes were made to the Group structure in 2012.

BREMBO S.P.A.

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

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

BREMBO'S CONSOLIDATED RESULTS

Income Statement Results

(euro thousand)	31.12.2012	31.12.2011	Change	%
Sales of goods and services	**1,388,637**	**1,254,513**	**134,124**	***10.7%***
Cost of sales, operating costs and other net charges/income*	(939,102)	(851,406)	(87,696)	*10.3%*
Personnel expenses	(277,944)	(254,322)	(23,622)	*9.3%*
GROSS OPERATING INCOME	**171,591**	**148,785**	**22,806**	***15.3%***
% on sales	*12.4%*	*11.9%*		
Depreciation, amortisation and impairment losses	(82,166)	(75,438)	(6,728)	*8.9%*
NET OPERATING INCOME	**89,425**	**73,347**	**16,078**	***21.9%***
% on sales	*6.4%*	*5.8%*		
Net interest income (expense) from investments	(6,670)	(18,651)	11,981	*-64.2%*
RESULT BEFORE TAXES	**82,755**	**54,696**	**28,059**	***51.3%***
% on sales	*6.0%*	*4.4%*		
Taxes	(5,065)	(11,353)	6,288	*-55.4%*
RESULT BEFORE MINORITY INTERESTS	**77,690**	**43,343**	**34,347**	***79.2%***
% on sales	*5.6%*	*3.5%*		
Minority interests	80	(406)	486	*-119.7%*
NET RESULT	**77,770**	**42,937**	**34,833**	***81.1%***
% on sales	*5.6%*	*3.4%*		
Basic and diluted earnings per share *(euro)*	**1.19**	**0.66**		

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

The performance for 2012 confirmed the Group's expectations, with an upward trend in sales.

Net sales for 2012 amounted to €1,388,637 thousand, up by 10.7% compared to 2011.

The car applications sector performed particularly well and closed the year with a 16.2% increase over 2011. The racing sector rose +6.3%, whilst motorbike applications reported a more modest increase (+3.6%). On the other hand, the commercial vehicle sector declined, falling 5.1% compared to the previous year.

At geographical level, Germany recorded particular growth (+20.5%) and continues to be the Group's main reference market (accounting for 23.7% of net sales for 2012). North America (USA, Canada, Mexico) also reported excellent growth at 30.4%, thus continuing to represent the Group's second reference market (22.5%

of net sales). Sales to the rest of Europe rose 18.8% for the United Kingdom, whilst Italy and France fell by 7.1% and 3.4%, respectively. Compared to 2011, the Asian markets reported a good increase in sales in China and Japan (+9% and +7.7%, respectively), whilst India decreased by 5%. Brazil remained substantially stable, closing 2012 with a reduction of 0.9%.

During 2012, the **cost of sales and other net operating costs** amounted to €939,102 thousand, with a ratio of 67.6% to sales, as against 67.9% for the previous year. Within this item, costs for capitalised internal works included in intangible assets amounted to €11,499 thousand compared to €11,861 thousand for 2011.

Personnel expenses amounted to €277,944 thousand in 2012, with a 20.0% ratio to revenues consistent with the figure recorded in the previous year (20.3%).

At 31 December 2012, workforce numbered 6,937 (6,735 at 31 December 2011). The rise of 202 resources compared to the previous year is substantially due to the need to manage the increased level of production activities arising from the increase in sales.

Gross operating income for 2012 was €171,591 thousand compared to €148,785 thousand in the previous year, with a ratio to sales of 12.4% (11.9% in 2011).

Net operating income amounted to €89,425 thousand (6.4% of sales), compared to €73,347 thousand (5.8% of sales) in 2011, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets for €82,166 thousand, compared to €75,438 thousand in 2011. The increase in the item "Depreciation, amortisation and impairment losses" relates primarily to the start of the amortisation process for new production investments recently put in place.

Net interest expense amounted to €6,456 thousand (€17,158 thousand in 2011) and consist of net exchange gains of €5,114 thousand (against losses of €6,313 thousand in 2011) and net interest expense of €11,570 thousand (€10,845 thousand in the previous year).

Interest expense from investments, which amounted to €214 thousand (€1,493 thousand in 2011), were attributable to the effects of valuing investments in associate companies using the equity method.

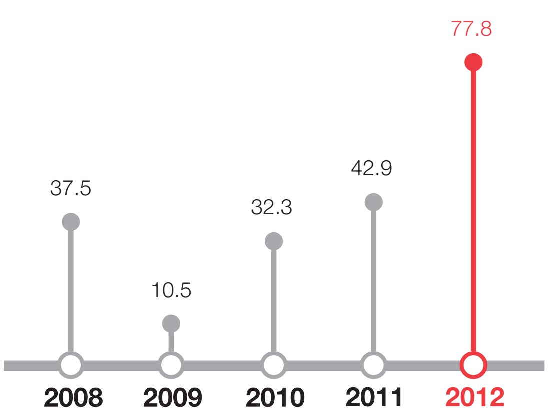
Result before taxes was €82,755 thousand, compared to €54,696 thousand for the previous year. Estimated taxation amounted to €5,065 thousand, with a tax rate of 6.1% compared to 20.8% for 2011. The fall in the tax rate is partly due to the income of €4,149 thousand recorded by Brembo S.p.A. for the IRES refund claim relating to the non-deductibility for IRAP purposes of personnel expenses from 2007 to 2011 provided for by Article 2 of Italian Legislative Decree No. 201/2011. The tax refund claim will be made during 2013 at the time and in the manner specified in the applicable laws.

Group net result was €77,770 thousand, up 81.1% compared to €42,937 thousand for the previous year.

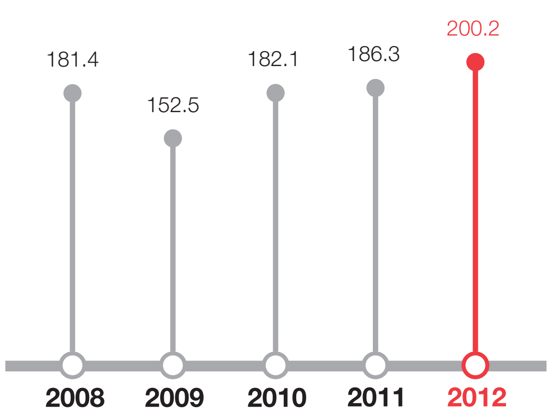
Consolidated Balance Sheet

(euro thousand)	31.12.2012	31.12.2011	Change
Property, plant and equipment	475,390	406,562	68,828
Intangible assets	103,215	102,801	414
Net financial assets	20,692	20,967	(275)
Other receivables and non-current liabilities	38,899	19,761	19,138
(a) Fixed capital	*638,196*	*550,091*	*88,105*
			16.0%
Inventories	207,087	225,028	(17,941)
Trade receivables	202,315	208,287	(5,972)
Other receivables and current assets	44,461	37,229	7,232
Current liabilities	(336,238)	(337,918)	1,680
Provisions / deferred taxes	(16,385)	(14,218)	(2,167)
(b) Net working capital	*101,240*	*118,408*	*(17,168)*
			(14.5%)
(c) NET INVESTED CAPITAL (a)+(b)	**739,436**	**668,499**	**70,937**
			10.6%
(d) Equity	*399,123*	*333,934*	*65,189*
(e) Employees' leaving entitlement and other funds for personnel	*19,619*	*19,562*	*57*
Medium/long-term financial debt	270,479	254,645	15,834
Short-term net financial debt	50,215	60,358	(10,143)
(f) Net financial debt	*320,694*	*315,003*	*5,691*
			1.8%
(g) COVERAGE (d)+(e)+(f)	**739,436**	**668,499**	**70,937**
			10.6%

GROUP NET RESULT
(euro million)



TURNOVER PER EMPLOYEE
(euro thousand)



The Group's Balance Sheet reflects re-classifications of consolidated accounting statements, as described in the following pages. More specifically:

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

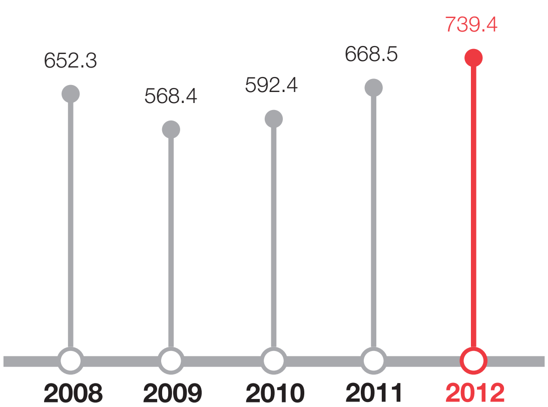
Net Invested Capital at the end of the year amounted to €739,436 thousand. At 31 December 2011, it amounted to €668,499 thousand, with an increase of €70,937 thousand. Net financial debt was €320,694 thousand in 2012, compared to €315,003 thousand at 31 December 2011.

Net financial debt increased by €5,691 thousand during the reporting year, mainly due to the following factors:

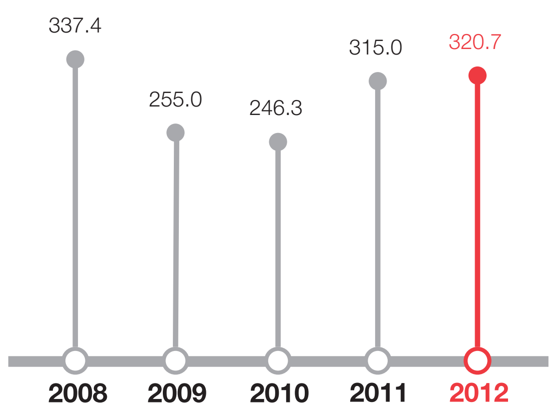
- the gross operating income of €171,591 thousand had a positive effect, with a €7,546 thousand increase in working capital;
- investments in property, plant, equipment and intangible assets totalled €140,601 thousand;
- the Parent Company paid the approved dividends in May, in the amount of €19,511 thousand;
- taxes paid amounted to €23,452 thousand.

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

NET INVESTED CAPITAL
(euro million)



NET FINANCIAL DEBT
(euro million)



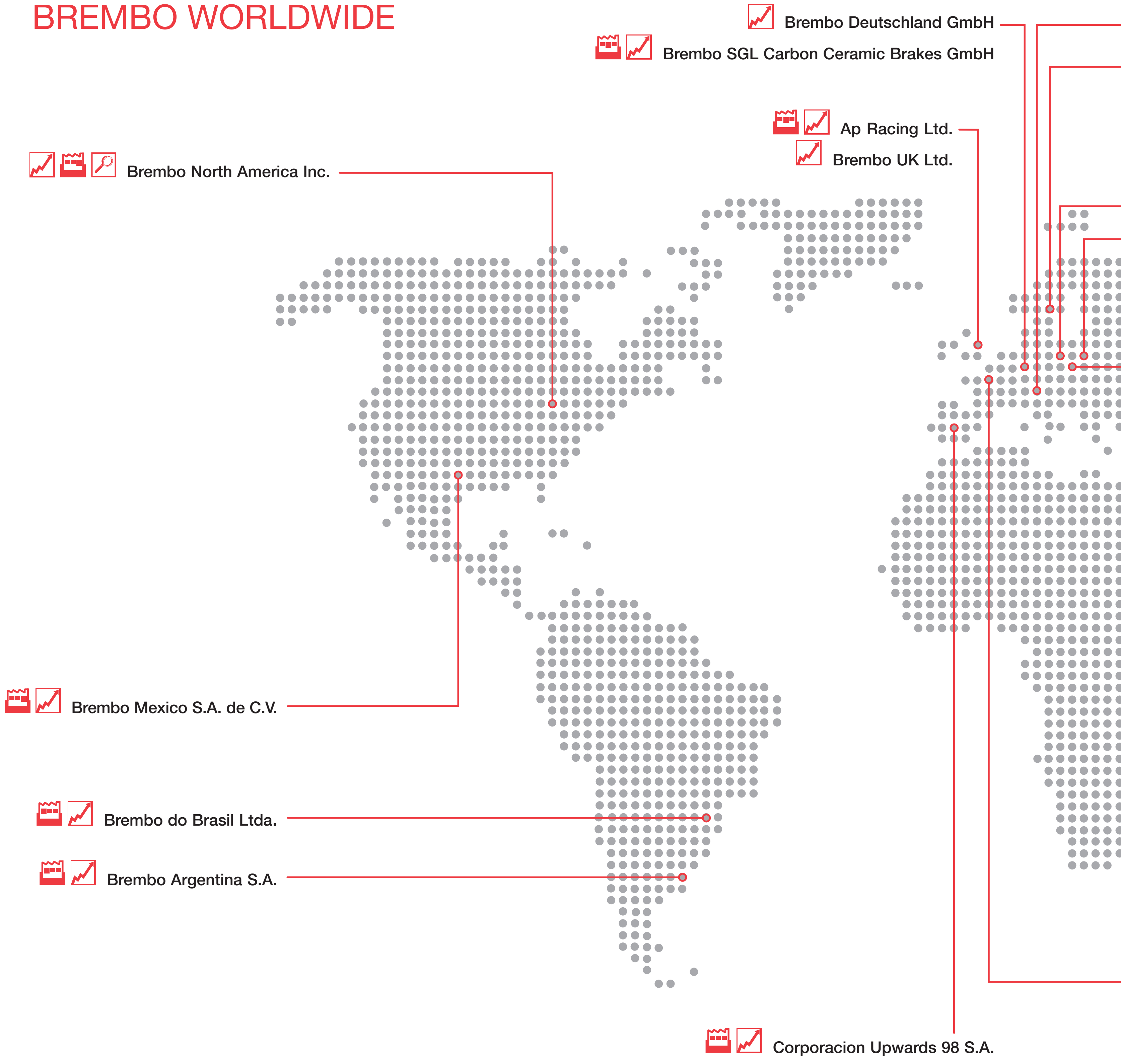
Cash Flow Statement

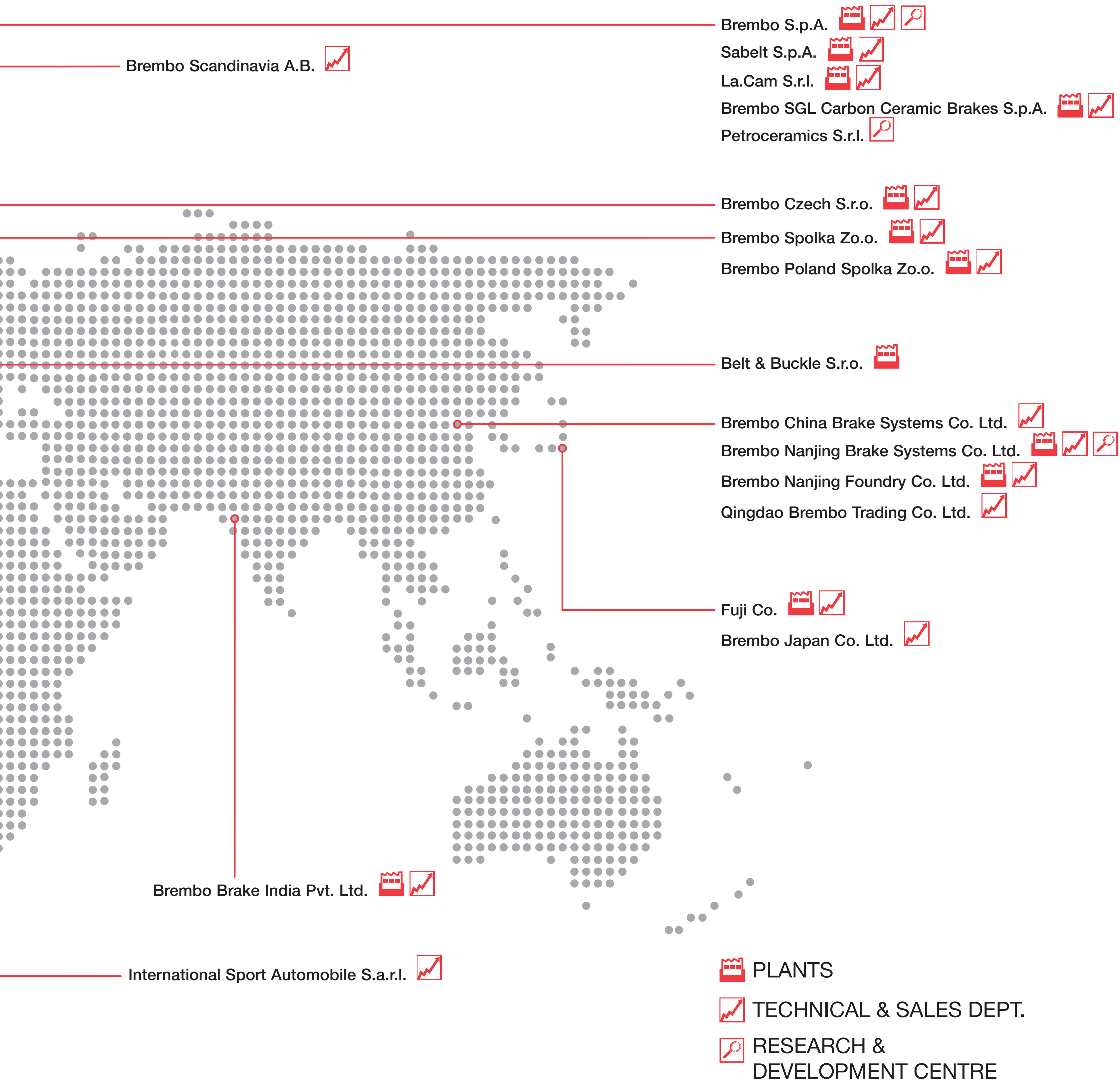
(euro thousand)	31.12.2012	31.12.2011
Net financial position at beginning of year (*)	**(315,003)**	**(246,318)**
Net operating income	**89,425**	**73,347**
Depreciation, amortisation and impairment losses	82,166	75,438
Gross operating income	**171,591**	**148,785**
Investments in property, plant and equipment	(121,447)	(146,320)
Investments in intangible assets	(19,154)	(19,006)
Investments in financial assets	0	(30)
Capital increase of consolidated companies by minority shareholders	435	501
Effect of the business combination La.Cam. S.r.l. on the net financial position	(3,873)	0
Effect of the business combination Brembo Argentina S.A. on the net financial position	0	(2,081)
Sale of Softia S.r.l.	0	290
Disposals	4,966	817
Net investments	**(139,073)**	**(165,829)**
Change in inventories	16,760	(44,408)
Change in trade receivables	4,925	(3,880)
Change in trade payables	(19,310)	40,110
Change in other liabilities	11,920	16,971
Change in receivables from others and other assets	(1,074)	(4,095)
Translation reserve not allocated to specific items	(5,675)	(3,380)
Change in working capital	**7,546**	**1,318**
Change in provisions for employee benefits and other provisions	2,621	26
Operating cash flows	**42,685**	**(15,700)**
Interest income and expense	(5,413)	(16,324)
Acquisition of own shares	0	(2,040)
Current taxes paid	(23,452)	(15,018)
Cash flows before dividends	**13,820**	**(49,082)**
Dividends paid	(19,511)	(19,603)
Net cash flows	**(5,691)**	**(68,685)**
Net financial position at end of year (*)	**(320,694)**	**(315,003)**

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


brembo

BREMBO WORLDWIDE




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

PERFORMANCE OF BREMBO COMPANIES

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

BREMBO S.P.A.

CURNO (ITALY)

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

Brembo S.p.A. closed 2012 with sales of goods and services amounting to €640,455 thousand, up 0.4% compared to €637,716 thousand in 2011. The item "Other revenues and income" amounted to €24,456 thousand in 2012 compared to €23,498 thousand in 2011, whereas capitalised development costs in the year totalled €10,653 thousand.

Gross operating income went from €51,827 thousand (8.1% of sales) in 2011 to €50,654 thousand (7.9% of sales) in 2012. Net operating income, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €39,551 thousand, closed at €11,103 thousand compared to €11,019 thousand for the previous year.

Financing activities yielded net interest expenses of €7,876 thousand, compared to €8,913 thousand for 2011. Income from shareholdings amounted to €33,440 thousand and was mainly attributable to the distribution of dividends by some subsidiaries (AP Racing Ltd., Brembo Spolka Zo.o., Brembo North America Inc., Brembo Mexico S.A. de C.V. and Brembo Scandinavia A.B.).

A provision for current taxes, deferred tax assets and liabilities was made in the amount of €5,546 thousand, as well as a provision for an income of €4,149 thousand relating to the IRES refund claim concerning the non-deductibility for IRAP purposes of personnel costs from 2007 to 2011 as provided for by Article 2 of Italian Legislative Decree 201/2011. The tax refund claim will be made during 2013 at the time and in the manner specified in the applicable laws.

During the reporting period, net income amounted to €35,269 thousand, compared to €21,582 thousand in 2011.

At 31 December 2012, the workforce numbered 2,889, decreasing by 18 compared to 2,907 at the end of 2011.

Companies Consolidated on a Line-by-Line Basis

AP RACING LTD.

COVENTRY (UNITED KINGDOM)

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

AP Racing is the market leader in the production of brakes and clutches for racing cars and motorbikes. The company designs, assembles and sells cutting-edge, high-tech products throughout the world for the main Formula One, GT, Touring and Rally teams. It also produces and sells original equipment brakes and clutches for prestige car manufacturers.

Net sales in 2012 amounted to GBP 33,419 thousand (€41,202 thousand), compared to GBP 32,206 thousand (€37,113 thousand) in 2011. In the reporting year, net income amounted to GBP 3,112 thousand (€3,837 thousand), compared to GBP 4,270 thousand in 2011 (€4,920 thousand).

At 31 December 2012, the workforce numbered 126, six more than at the end of 2011.

BELT & BUCKLE S.R.O.

ZILINA (SLOVAK REPUBLIC)

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

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

At 31 December 2012, net sales — which consisted solely of intragroup sales — amounted to €6,028 thousand, compared to €5,410 thousand for 2011, with a net income for the year of €20 thousand compared to a net loss of €23 thousand in 2011.

At 31 December 2012, the workforce numbered 98, compared to 86 at 31 December 2011.

BREMBO ARGENTINA S.A.

BUENOS AIRES (ARGENTINA)

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

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

Net sales amounted to ARS 117,852 thousand (€20,161 thousand), with a net loss of ARS 6,056 thousand (€1,036 thousand).

The workforce numbered 126 at 31 December 2012.

BREMBO BRAKE INDIA PVT. LTD.

PUNE (INDIA)

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

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

In 2012, net sales amounted to INR 2,548,496 thousand (€37,134 thousand), with a net income of INR 201,419 thousand (€2,935 thousand). In 2011, net sales amounted to INR 2,420,894 thousand (€37,321 thousand), with a net income of INR 222,845 thousand (€3,435 thousand).

The workforce numbered 207 at 31 December 2012.

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

Activities: promotion and development of the Chinese market.

The company was formed in 2005 and is owned 67.74% by Brembo S.p.A. and 32.26% by Simest, a public-private merchant bank that promotes the internationalisation of Italian companies. In 2008, Brembo China acquired a 42.25% stake in Nanjing Yuejing Automotive Brake System Co. (now Brembo Nanjing Brake Systems Co. Ltd.).

Effective as of 2 August 2012, Simest sold its 32.26% interest to Brembo S.p.A. based on the contractual clauses set forth in the agreement entered into with Simest in 2005, which envisaged a consideration of €4.1 million. As a result of this acquisition, Brembo S.p.A. owns 100% of the shares in Brembo China Brake Systems Co. Ltd.

At 31 December 2012, the company did not record any sales. Net loss for 2012 amounted to CNY 1,008 thousand (€124 thousand), compared to a net loss of CNY 2,974 thousand (€331 thousand) in 2011.

At the end of the year the company had no employees, compared to 1 employee at 31 December 2011.

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

Activities: production and sale of braking systems for cars.

The company was formed in 2009 and started its production activity in 2011 on the new site, in an existing industrial building. It carries out the casting, processing and assembly of brake calipers and other aluminium components and aims at becoming an integrated industrial hub able to offer high-tech, quality braking systems to the European market.

In 2012 net sales amounted to Czk 1,387,388 thousand (€55,174 migliaia) compared to Czk 200,334 thousand (€8,147 thousand) in 2011, closing the year with a net loss of Czk 161,870 thousand (€6,437 thousand) compared to a net loss of Czk 185,405 thousand (€7,540 thousand) in 2011.

At 31 December 2012, the workforce numbered 421, increasing compared to 177 for the previous year.

BREMBO DEUTSCHLAND GMBH
LEINFELDEN – ECHTERDINGEN (GERMANY)

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

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

At 31 December 2012, net sales amounted to €253 thousand (€212 thousand in 2011), with a net income of €21 thousand (compared to a net loss of €2 thousand in 2011).

The company has no employees and uses outside consultants only.

BREMBO DO BRASIL LTDA.
BETIM (BRAZIL)

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

The company is headquartered in Betim, Minas Gerais, and promotes the presence of Brembo in the South American original-equipment market for car braking systems. Since 2009, the company has been producing also flywheels for the car industry in São Paulo.

Net sales for 2012 amounted to BRL 167,024 thousand (€66,551 thousand) and net income to BRL 9,154 thousand (€3,647 thousand). In 2011, sales amounted to BRL 158,571 thousand (€68,176 thousand) and net income was BRL 7,245 thousand (€3,115 thousand).

The workforce at 31 December 2012 numbered 367, compared to 358 at the end of the previous year.

BREMBO JAPAN CO. LTD.

TOKYO (JAPAN)

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

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

Net sales for 2012 amounted to JPY 626,794 thousand (€6,108 thousand), compared to JPY 530,611 thousand (€4,779 thousand) in 2011. Net income for the reporting year amounted to JPY 68,217 thousand (€665 thousand), compared to JPY 40,213 thousand (€362 thousand) in 2011.

At 31 December 2012, the workforce numbered 17, unchanged compared to the figure at the end of 2011.

BREMBO MÉXICO S.A. DE C.V.

APODACA (MEXICO)

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

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

In 2012, net sales amounted to USD 69,406 thousand (€53,987 thousand), with a net income of USD 4,190 thousand for the year (€3,259 thousand).

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

At 31 December 2012, the workforce numbered 220, compared to 196 at the end of 2011.

BREMBO NANJING BRAKE SYSTEMS CO. LTD.

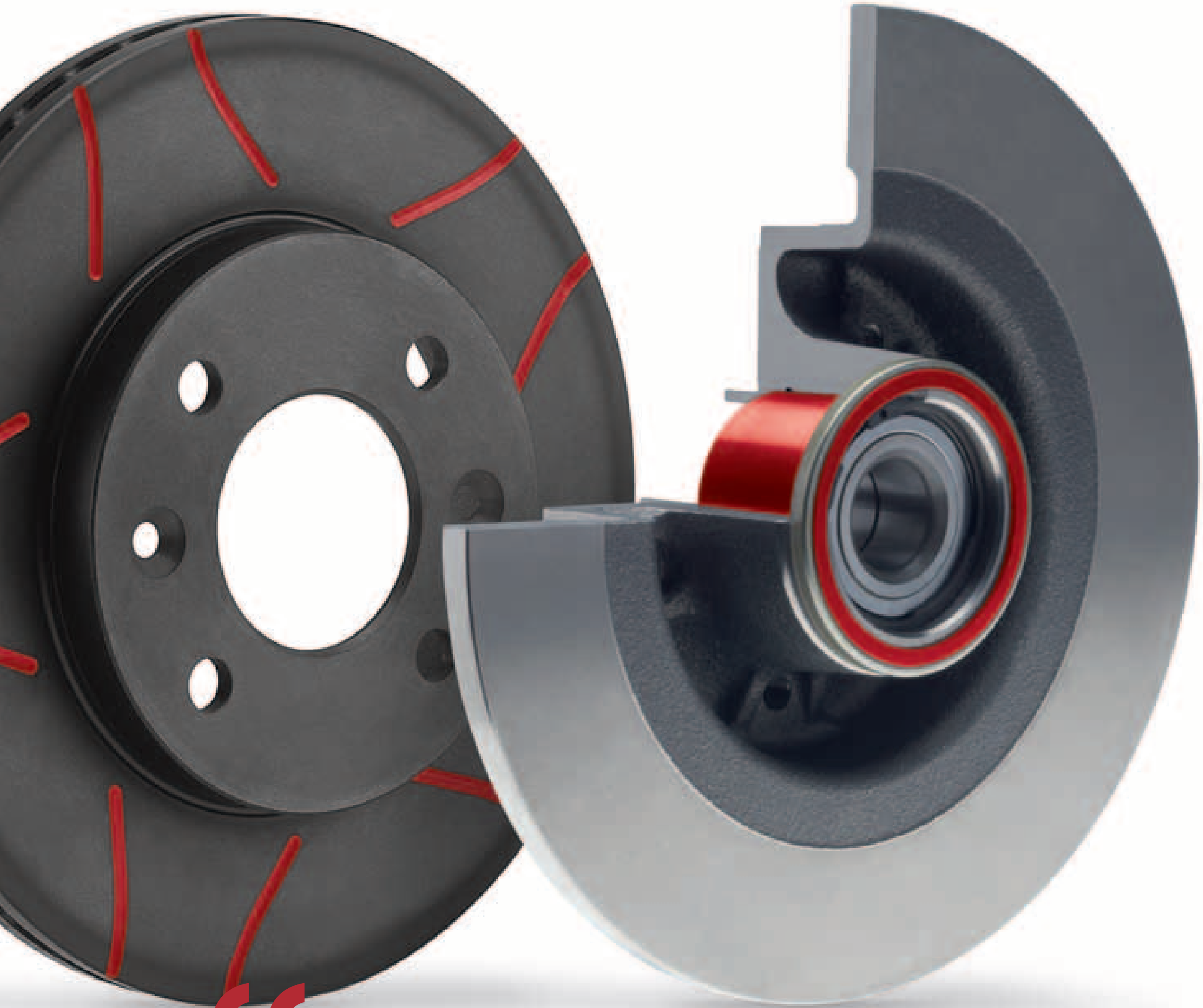
NANJING (CHINA)

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

The company, a joint venture between Brembo S.p.A. and the Chinese group Nanjing Automobile Corp., was formed in 2001. The Brembo Group acquired control over the company in 2008. In 2009, the company changed its name from Nanjing Yuejin Automotive Brake System Co. Ltd. to Brembo Nanjing Brake Systems Co. Ltd.

At 31 December 2012, net sales amounted to CNY 423,504 thousand (€52,224 thousand) and net income was CNY 6,881 thousand (€849 thousand); in 2011, net sales amounted to CNY 380,755 thousand (€42,325 thousand) and net income was CNY 25,069 thousand (€2,787 thousand).

At 31 December 2012, the workforce numbered 235 persons, compared to 244 at the end of 2011.



"Brembo has been present in China for over ten years and this past April it inaugurated the new integrated manufacturing hub in Nanjing, complete with a technical centre for research and development."

BREMBO NANJING FOUNDRY CO. LTD.
NANJING (CHINA)

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

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

The project envisages the gradual development of an integrated industrial hub, including foundry and manufacture of brake callipers and discs for the car and commercial vehicle markets.

Net sales amounted to CNY 226,244 thousand at 31 December 2012 (€27,899 thousand), with a net loss of CNY 53,936 thousand (€6,651 thousand), compared to net sales of CNY 184,075 thousand (€20,462 thousand) and a net loss of CNY 69,973 thousand (€7,778 thousand) in 2011.

At 31 December 2012, the workforce numbered 131, down from 136 at the end of 2011.

BREMBO NORTH AMERICA INC.
WILMINGTON-DELAWARE (USA)

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

Brembo North America Inc. is based in Homer, Michigan. It produces and sells OEM and aftermarket brake discs, as well as high-performance car braking systems. At its facilities in Plymouth, Michigan, the company, backed by Brembo S.p.A. and local technical staff, develops and markets new solutions in terms of materials and design for the U.S. market.

The products are manufactured for the main carmakers and several component manufacturers operating in the United States.

Net sales for 2012 amounted to USD 229,515 thousand (€178,527 thousand); in the previous year, the company reported net sales amounting to USD 173,581 thousand (€124,725 thousand).

The company reported a net income of USD 19,433 thousand at 31 December 2012 (€15,116 thousand), compared to net income of USD 8,384 thousand (€6,024 thousand) in 2011.

At the end of the year, the workforce numbered 364, an increase of 78 compared to the end of 2011.

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

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

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

In 2012, net sales amounted to PLN 739,765 thousand (€176,794 thousand), compared to PLN 657,926 thousand (€159,741 thousand) in 2011. At 31 December 2012, net income was PLN 222,517 thousand (€53,179 thousand), compared to PLN 134,847 thousand (€32,740 thousand) for the previous year.

At the end of the year, the workforce numbered 972, compared to 887 at the end of 2011.

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 8,425 thousand (€968 thousand), with a net income of SEK 3,009 thousand (€346 thousand), compared to net sales of SEK 6,649 thousand (€736 thousand) and net income of SEK 1,713 thousand (€190 thousand) for 2011.

At 31 December 2012, the workforce numbered 1, unchanged compared to the same date of the previous year

BREMBO SPOLKA ZO.O.
CZESTOCHOWA (POLAND)

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

The plant located in Czestochowa produces brake discs and braking systems for the original equipment of commercial vehicles. Net sales for 2012 amounted to PLN 397,360 thousand (€94,964 thousand), compared to PLN 430,387 thousand (€104,496 thousand) in 2011.

Net income at 31 December 2012 amounted to PLN 32,617 thousand (€7,795 thousand) compared to a net income of PLN 44,730 thousand (€10,860 thousand) in the previous year.

At the end of the year, the workforce numbered 424, increasing compared to 416 at the end of 2011.

BREMBO UK LTD.
LONDON (UNITED KINGDOM)

Activities: sale of brake discs for the aftermarket.

The company sells aftermarket discs in the United Kingdom.

Net sales went from GBP 2,019 thousand (€2,327 thousand) in 2011 to GBP 2,151 thousand (€2,652 thousand) in 2012. Net loss was GBP 58 thousand (€72 thousand), compared to net income of GBP 151 thousand (€174 thousand) in the previous year.

At the end of the year the company had no employees, whereas the workforce numbered two at 31 December 2011.

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

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

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

Net sales for 2012 amounted to €19,703 thousand, compared to €22,365 thousand for 2011. Net income amounted to €135 thousand compared to €652 thousand for 2011.

At 31 December 2012, the workforce numbered 76, compared to 87 at the end of 2011.

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

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

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

On 13 July 2012, La.Cam acquired Immc's business line. The lease of Iral continued until 28 December 2012, when the deed of purchase was signed.

In 2012, net sales amounted to €31,821 thousand, compared to 34,175 thousand in 2011, mainly to companies of the Brembo Group. Net loss was €22 thousand, compared to a net loss of €1 thousand at the end of 2011.

At 31 December 2012 the workforce numbered 208, compared to 211 for the previous year.

QINGDAO BREMBO TRADING CO. LTD.
QINGDAO (CHINA)

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

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

In 2012, net sales amounted to CNY 116,234 thousand (€14,333 thousand), compared to CNY 201,015 thousand (€22,345 thousand) for the previous year. Net income was CNY 7,191 thousand (€887 thousand), a decrease compared to net income of CNY 12,546 thousand (€1,395 thousand) in 2011.

At 31 December 2012, the workforce numbered 14, one less than at the same date of 2011.

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. It is 65% owned by Brembo S.p.A. and has operating offices in Moncalieri, Turin.

At 31 December 2012, net sales amounted to €25,316 thousand and net loss was €360 thousand, compared to €26,693 thousand and €1,514 thousand, respectively, for 2011.

At 31 December 2012, workforce numbered 77, compared to 74 in 2011.

Companies Valued Using the Equity Method

BREMBO SGL CARBON CERAMIC BRAKES GMBH
MEITINGEN (GERMANY)

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

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

Net sales for 2012 amounted to €40,258 thousand, up compared to €38,131 thousand for the previous year. At 31 December 2012, net loss amounted to €1,503 thousand, compared to net loss of €4,144 thousand for the previous year.

At 31 December 2012, the workforce numbered 226, compared to 225 at the end of 2011.

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

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

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

Net sales at 31 December 2012 amounted to €28,162 thousand, down compared to €31,962 thousand for 2011. In 2012 net income amounted to €1,203 compared to net loss of €5,482 thousand for 2011 (due to the €7,170 thousand write-down of its equity investment in the German subsidiary).

At 31 December 2012, the workforce numbered 108, unchanged compared to 2011.

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

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

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

Net loss for 2012 was €188 thousand, compared to net loss of €270 thousand for the previous year.

PETROCERAMICS S.R.L.
MILAN (ITALY)

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

Brembo S.p.A. acquired 20% of this company by subscribing a capital increase in 2006.

Net sales for 2012 amounted to €1,497 thousand, with a net income of €220 thousand. In 2011, net sales were €1,432 thousand and net income amounted to €40 thousand.

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 S.p.A. Its business targets the distribution of products for cars and motorbikes in the racing sector on the French market.

RELATED PARTY TRANSACTIONS

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

Detailed information on the Company's Related Party Transactions is provided in a special section of the Explanatory Notes to the Consolidated Financial Statements (Note 31). During the reporting year, no atypical or unusual transactions were carried out with Related Parties. Furthermore, commercial transactions with Related Parties, also other than the Group companies, were carried out at fair market conditions. The financing transactions undertaken during the year with Related Parties are also discussed in Note 31 to the Consolidated Financial Statements.

83rd F1 Italian Grand Prix.
Alberto and Cristina Bombassei with Bernie Ecclestone give Luca Cordero di Montezemolo the 2012 Bernie Ecclestone Award.

FURTHER INFORMATION

Significant Events During the Year

Starting January 2012, as a further sign of Brembo's commitment to the North American market that began with the inauguration in June 2010 of its new headquarters and research centre in Plymouth, Michigan, Brembo commenced production of its first brake discs in the United States at the Brembo North America Inc. plant in Homer, Michigan. The brake callipers for the Cadillac XTS and ATS were Brembo's very first brake callipers to have been produced in the United States, strengthening the partnership between Brembo and Cadillac formed in 2004.

In March 2012, Brembo received the Daimler Supplier Award 2011, the most prestigious recognition bestowed by the German group each year to a supplier of excellence, chosen from among the thousands that supply components on the five continents on which the Daimler group operates. The award, acknowledging the technological leadership and industrial capacity that Brembo provides the Daimler Group, reaffirms and strengthens the partnership that began in the early Nineties.

Brembo's General Shareholders' Meeting, which was held on 20 April 2012, approved the Financial Statements for the year ended 31 December 2011 and the distribution of a gross dividend of €0.30 per share outstanding at ex-coupon date, with the exclusion of the Company's own shares. Payment was made on 10 May 2012 with an ex-coupon date of 7 May 2012.

On 25 April the new production hub in Nanjing was officially inaugurated, with Chairman Alberto Bombassei and authoritative representatives from Italian and Chinese institutions in attendance. After more than ten years of presence on the Chinese market, Brembo has concentrated all of the Group's production into a single area of 95,000 square metres outside the major industrial city of Nanjing. Within the new facility, the Group has integrated all phases of production in the value chain, from the arrival of raw materials to the shipping of finished products, for a total investment of €70 million. The facilities will employ a staff of 850 (approximately 1,000 when fully operational) and their 41 production lines and foundry will yield an output of approximately six million discs a year.

On 13 July 2012, the company La.Cam S.p.A., in which Brembo S.p.A. holds a 100% stake, signed a deed to purchase the IMMC business unit, for an amount of €4.9 million. Consideration for the above purchase was partly paid in cash (€2.3 million) and partly settled by novating debts carried by IMMC, chiefly to staff and leasing companies. On 28 December 2012, La.Cam S.r.l. also signed a deed to purchase the IRAL business unit, for an amount of €220 thousand. Consideration for this transaction was fully paid in cash. The La Cam revenues have already been fully consolidated in the Brembo Group's financial statements since 22 October 2010, the date on which La.Cam had signed two lease contracts for the IRAL and IMMC companies, owned by one of Brembo's important suppliers of mechanical parts manufactured using high-tech processing techniques. The transaction was required in order to respond to the financial difficulties faced by the companies and safeguard their know-how. The acquisition has been fully accounted for in the reporting year as a business combination pursuant to the revised version of IFRS 3. The measurement of the fair

The 2011 Daimler Supplier Award trophy.

value of the net assets acquired and liabilities assumed — to be considered final at the date of publication of this report — yields an overall net value of €2.8 million.

On 2 August 2012, Brembo S.p.A. acquired Simest's 32.26% equity investment in Brembo China Brake Systems Co. Ltd., a company incorporated in 2005, whose activities focus on the promotion and development of the Chinese market. Under to the contractual clauses set forth in the agreement entered into with Simest in July 2005, the transfer price was €4.1 million. As a result of this acquisition, Brembo S.p.A. now owns 100% of the shares in Brembo China Brake Systems Co. Ltd.

Opt-out from the Obligations to Publish Disclosure Documents

On 17 December 2012, the Board of Directors resolved to adopt the opt-out system envisaged by Article 70, paragraph 8, and Article 71, paragraph 1-*bis* of the Rules for Issuers, thus choosing to opt out from the obligation to publish the required disclosure documents in the case of significant mergers, de-mergers, capital increase by way of contributions in kind, acquisitions and disposals.

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

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

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

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

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

The reconciliation of equity and result for the year, as reported in the Parent Company's financial statements, and the equity and result for the year recognised in the Consolidated Financial Statements reveals that the Group's equity at 31 December 2012 was €178,935 thousand higher than the figure reported in the Brembo S.p.A. Financial Statements. Consolidated net result for the year, amounting to €77,770 thousand, was €42,501 thousand higher than that of Brembo S.p.A.

(euro thousand)	Net income 2012	Equity at 31.12.2012	Net income 2011	Equity at 31.12.2011
Brembo S.p.A	**35,269**	**209,688**	**21,582**	**194,204**
Consolidation adjustments:				
Equity of consolidated companies and allocation of their result	77,826	405,936	52,824	332,126
Goodwill and other allocated surplus	0	10,886	(1,904)	11,320
Elimination of intra-Group dividends	(36,318)	0	(26,325)	0
Book value of consolidated shareholdings	0	(226,400)	0	(197,021)
Valuation of shareholdings in associate companies and joint ventures using the equity method	(214)	(3,171)	(1,493)	(2,816)
Elimination of intra-Group income	316	(4,892)	(249)	(5,066)
Other consolidation adjustments	811	7,076	(1,092)	1,187
Equity and result for the year attributable to minority interests	80	(10,500)	(406)	(10,340)
Total consolidation adjustments	**42,501**	**178,935**	**21,355**	**129,390**
CONSOLIDATED EQUITY AND RESULT	**77,770**	**388,623**	**42,937**	**323,594**

Cadillac CTS-V, racing version.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2012

In February 2013, Giorgio Ascanelli joined the Brembo Group as Chief Technical Officer (CTO) and head of the Advanced Research and Technical Development areas. Giorgio Ascanelli has long-standing experience in the four-wheel racing world.

With Ascanelli's arrival, Brembo is seeking to provide new stimuli and expertise to an area that has always been the company's main driver.

FORESEEABLE EVOLUTION

Order book projections confirm a good upward trend of sales also for the first part of 2013.

The full operation of plants achieved in the period 2010-2012 will contribute positively to the recovery of margins, in accordance with previous announcements.

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

pursuant to Article 123-*bis* of the Consolidated Law on Finance

Approved by the Board of Directors of Brembo S.p.A. on 5 March 2013

GLOSSARY

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

Code 2011/Corporate Governance Code 2011: the Code of Corporate Governance for Listed Companies, approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime e Confindustria. The recommendations of Code 2011 have been fully adopted by Brembo during the year 2011.

Civil Code: the Italian Civil Code.

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

CoSO Report: 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 2012.

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 2011. It includes all the documents defining Brembo S.p.A.'s corporate governance rules consistently with the applicable regulations. The Sixth edition (December 2012) is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Brembo's 231 Model: the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 of Brembo S.p.A. – Fourth Edition (updated November 2012), which is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

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

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

SC: Supervisory Committee.

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

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

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

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

By-laws: the By-laws of Brembo S.p.A., brought in line with the provisions of Law 120/2011 (Regulation on equal access to the management and supervisory bodies of listed companies) by the Board of Directors on 12 November 2012, as far as allowed by Article 16 e) of the same. The By-laws are available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

ICS: Internal Control System

ICRMS: Internal Control and Risk Management System.

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

Introduction

Brembo S.p.A. is a world leader in the design, development and manufacture of braking systems and components for automobiles, motorbikes and industrial vehicles in the original equipment, the aftermarket and racing sectors. A few years ago, the Group entered also the passive safety design and manufacture segment.

Brembo operates on national and international markets in accordance with best practices, and in compliance with applicable regulations and the principles of Italian governance, which also take into account the Group's listing on the STAR segment of Borsa Italiana.

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.

Pursuant to the By-laws, Brembo S.p.A. has adopted the so-called "traditional" form of administration; therefore, the company's management is attributed to the Board of Directors, the supervisory functions to the Board of Statutory Auditors while the statutory and accounting audit of the company's accounts is entrusted to the independent auditors appointed by the General Shareholders' Meeting.

The Brembo S.p.A. Corporate Governance System is based on a set of rules that reflect the company's Corporate Governance Code, which fully implements the Corporate Governance Code issued by Borsa Italiana S.p.A., the Italian Stock Exchange, in the December 2011 edition.

This report provides a general description of the corporate governance system adopted by the Group and information on its ownership structure, as required by current legislation. This report was filed with Borsa Italiana in the manner and within the timeframe required

Industrial vehicles. The Star Pillar self-venting brake disc for the Iveco Starlis.

by law and is available on Brembo's website (www.brembo.com - Investors section, Corporate Governance).

1. INFORMATION ON OWNERSHIP STRUCTURE (at 31 December 2012)

Structure of share capital

Brembo's subscribed and fully paid up share capital amounts to €34,727,914 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

Significant shareholdings in the share capital, based on communications received pursuant to Article 120 of TUF and the Shareholders' Register as of 31 December 2012, are listed on the table below.

Securities carrying special rights

No securities have been issued that carry special rights with regard to control of the company.

Employee share ownership scheme: exercise of voting rights

There are no employee share ownership schemes in place.

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholders' agreements

There are no syndicate agreements or other shareholders' agreements pursuant to Article 122 of TUF.

Change of control clauses

In carrying out its business, Brembo has in place several joint venture agreements or supply and cooperation or financing agreements, which contain clauses entitling each party to terminate or modify such agreements in case of resolution and/or withdrawal and/or modification of such agreements in case of change of direct and/or indirect control of one of the parties to the agreement.

Power to increase the share capital

No capital increases were authorised pursuant to Article 2443 of the Civil Code, nor were powers granted to issue equity instruments.

Authorisation to repurchase own shares

The General Shareholders' Meeting of

Declarant	Direct shareholder	No. of shares	% on share capital bearing voting rights
BOMBASSEI ALBERTO	NUOVA FOURB SRL	37,744,753	56.517
BREMBO SPA	BREMBO SPA	1,747,000	2.616
GOODMAN & COMPANY INVESTMENT COUNSEL LTD	DYNAMIC GLOBAL VALUE FUND	1,391,090	2.083
	DYNAMIC GLOBAL VALUE CLASS	267,000	0.400
	TOTAL	**1,658,090**	**2.483**
GAMCO INVESTORS INC.	GABELLI FUNDS LLC	1,225,000	1.834
	GAMCO ASSET MANAGEMENT INC.	330,000	0.494
	GAMCO INVESTORS INC.	10,000	0.015
	TOTAL	**1,565,000**	**2.343**

Brembo S.p.A. held on 20 April 2012 approved a plan for the buy-back of own shares under which Brembo can buy up to 2,680,000 of its own shares (4.01% of share capital), in one or more tranches. The authorisation is valid for a maximum of 18 months from 20 April 2012 (i.e., until 20 October 2013). The purchase price per share has been set from a minimum of €0.52 to a maximum of €12.00. The only condition that applies to the disposal of the 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:

- undertaking investments, also with the aim of supporting the liquidity of Company's stock, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance;
- giving effect to any share-based incentive plans for the Directors, employees and collaborators of the company and/or its subsidiaries; and
- pursuing any swap transactions with equity investments as part of industrial projects.

At its meeting on 20 April 2012, the Board of Directors granted the powers necessary to implement the plan. No purchase or sale transactions were carried out in the context of the above-mentioned plan.

At 31 December 2012, the Company held a total of 1,747,000 own shares, representing 2.616% of the share capital, at an average book value of €7.71 per share and for an overall value of €13,475,897.

Direction and coordination

Brembo S.p.A. is not subject to the direction and coordination of any other company or entity pursuant to Article 2497-*bis* of the Italian Civil Code, despite it being controlled by another company. This is because, in accordance with the provisions of the 2011 Corporate Governance Code, all significant strategic and financial transactions carried out by Brembo S.p.A. and the Group are subject to the collective examination and exclusive approval of the Brembo S.p.A. Board of Directors which, *inter alia*, includes five independent Directors pursuant to Article 3 of the 2011 Corporate Governance Code. The professional competence and authority of non-executive and independent Directors are an additional guarantee that all Board's decisions are taken in the sole interest of Brembo S.p.A. without being subject to any direction or interference from third parties representing interests other than those of Brembo S.p.A. and the Group.

On the other hand, Brembo S.p.A. has power of direction, coordination and control on its subsidiaries pursuant to Article 2497 of the Civil Code. The requirements pursuant to Article 2497-*bis* of the Civil Code have been complied with.

The information required by Article 123-*bis*, first paragraph, letter i) of TUF *("agreements between the company and the Directors ... providing for compensation in case of resignation or dismissal without just cause or if their employment ceases as a result of a public tender offer")* are contained in the 2013 Remuneration Report in accordance with Article 123-*ter* of TUF; the Report is available on Brembo's Website (www.brembo.com, Investors section, Corporate Governance, Remuneration Policies).

The information required by Article 123-*bis*, first paragraph, letter l) of TUF *("the rules governing the appointment and replacement of Directors ... and amendments to the By-laws, if different from the otherwise applicable laws* *and regulations")* are illustrated in the section of the Report concerning the Board of Directors (Section 3).

2. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE 2011 (pursuant to Article 123-*bis*, paragraph 2, letter a of TUF)

Brembo endorses and complies with the Corporate Governance Code issued by Borsa Italiana. In 2012 the company began and completed a program at the outcome of which the Board of Directors, on 17 December 2012, resolved the full endorsement of the 2011 Corporate Governance Code; most of the changes introduced concerned principles and criteria already implemented in practice within the Brembo S.p.A Governance system.

The endorsement of the Code was implemented, *inter alia*, by updating Brembo's Corporate Governance Code and the Committees' Regulations which form an integral part of the Brembo S.p.A. Corporate Governance Manual.

Marchesini motorbike wheels. Manual polish.

3. BOARD OF DIRECTORS

3.1 Appointment and replacement of Company Directors

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

- 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;
- Lists may be submitted by Shareholders who, on their own or jointly with other Shareholders, represent at least 2.5% of the Company's share capital.
- each shareholder, as well as: (i) shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party, or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and regulatory framework may submit, either on their own or jointly with other shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list;
- the lists containing a number of candidates equal to or greater than three must include candidates of both genders (male or female); these lists must include a number of candidates of the under-represented gender such as to ensure that the composition of the Board of Directors complies with the laws and regulations on gender balance from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non integer number, this must be rounded up to the next higher unit;
- the lists of candidates, duly signed by the shareholders submitting the same, or the shareholder delegated to make the submission, together with all the other related documents as required under the By-laws, must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General

Meeting at first calling and public disclosure must be made both at its registered offices and on the Company's website, in the manner and form specified under applicable statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Meeting. The filing of voting lists pursuant to the provisions of Article 15-*bis* of the By-laws shall also be valid for General Meetings held at subsequent callings, if any.

3.2 Succession plans

On 6 June 2011, the Board of Directors of Brembo S.p.A. approved the Brembo Group's new organisational structure with the aim of reinforcing the Company's governance model, strengthening the top management team and gradually initiating internal succession mechanisms. As a result, Matteo Tiraboschi was appointed Executive Deputy Chairman and Andrea Abbati Marescotti Managing Director. Within the revamped management structure, Chairman Alberto Bombassei has gradually taken on a more strategic and less operational role.

For each major managerial role, Brembo also established guidelines for the relevant succession plan, summarized in specific documents shared with the persons concerned and approved by the top management team.

3.3 Composition

The composition of the Board of Directors is governed by Article 15 of the By-laws, which provides as follows. The Board consists of:

- a minimum of 5 and a maximum of 11 members (executive and non-executive Directors), who may be re-elected and, unless otherwise resolved by the General Shareholders' Meeting, shall hold office for the period specified in the Shareholders' Meeting appointment resolution, up to a maximum of three years; they shall expire at the date set for the Shareholders' Meeting called to approve the Financial Statements for their last year of office, without prejudice to the causes for termination and forfeiture provided for by law and the By-laws;
- at least one of the members of the Board of Directors, or 2 (two) members if the Board is made up of more than seven directors, must meet the independence criteria set forth by Article 148, paragraph 3 of TUF;
- the composition of the Board of Directors must reflect gender balance, in accordance with the laws and regulations from time to time in force.

In 2012, Brembo initiated and completed a process of amendment of its By-laws in order to comply with Law 120/2011 (regulation concerning equal access to the management and control bodies of listed companies) introducing the mandatory principle of both gender representation in its Corporate Bodies. As a result of these amendments, at the first full re-election of Brembo S.p.A. Corporate Bodies (General Shareholders' Meeting for the approval of the Financial Statements for the year ending 31 December 2013), the quota reserved for the under-represented gender shall be equal to 1/5 and for the next two renewals it will be equal to 1/3.

The General Shareholders' Meeting held on 29 April 2011 appointed the current Board of Directors, based on the one sole list submitted by the majority shareholder New FourB S.r.l., confirming the number of eleven members and setting the term of office to coincide with the General Shareholders' Meeting called to approve the Financial Statements for financial year 2013.

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

The General Shareholders' Meeting of 20 April 2012 confirmed Andrea Abbati Marescotti as a member of the Board of Directors (as per proposal of the Administrative Body) until the expiration of office of the current Board of Directors. On 20 April 2012, in line with the top management macro organizational structure approved on 6 June 2011, the Board of Directors also appointed Andrea Abbati Marescotti as Managing Director and General Manager of the company, granting him the relevant management powers.

At 31 December 2012, the Board of Directors was made up of the following members.

A profile of each Director is included hereinafter.

Alberto Bombassei

Company founder and Chairman of the Board of Directors since 1993. In 2004 he was granted the Italian honorary title of "Cavaliere del Lavoro". From 2001 to 2004 he served as President of Federmeccanica. From 2004 to 2012 he held the position of Vice President of Confindustria for Industrial Relations, Social Affairs and Social Security. In 2003, the President of the Republic Carlo Azeglio Ciampi awarded him the Leonardo Prize "Italian Quality" for his contribution to exporting Italian products worldwide. Over the

Board of Directors

Office held	Name and surname	In office from	In office until	Lenght of term *	Exec.	Non-exec.	Indep. as per Coprorate Governance Code	Indep. as per TUF	(%) **	Other offices held ***	Audit & Risk Committee ****	Audit & Risk Committee **	Remuneration & Nomination Committee ****	Remuneration & Nomination Committee **
Chairman	Alberto Bombassei	29.04.2011	(1)	21.12.1984	x				100%	4				
Executive Deputy Chairman	Matteo Tiraboschi	29.04.2011	(1)	24.04.2002	x				100%	-				
Managing Director	Andrea Abbati Marescotti	20.04.2012	(1)	06.06.2011 (co-opted)	x				100%	-				
Director	Cristina Bombassei	29.04.2011	(1)	16.12.1997 (co-opted)	x	x			71%	1				
Director	Giovanni Cavallini	29.04.2011	(1)	14.11.2005 (co-opted)		x	x	x	86%	3	x	100%	x	100%
Director	Giancarlo Dallera	29.04.2011	(1)	28.04.2003		x	x	x	100%	-	x	60%		
Director	Giovanna Dossena	29.04.2011	(1)	18.11.1994 (co-opted)		x		x	100%	-				
Director	Umberto Nicodano	29.04.2011	(1)	03.05.2000		x			100%	3			x	100%
Director (LID)	Pasquale Pistorio	29.04.2011	(1)	29.04.2008		x	x	x	86%	-	x	60%		
Director	Gianfelice Rocca	29.04.2011	(1)	29.04.2011		x	x	x	43%	7				
Director	Pierfrancesco Saviotti	29.04.2011	(1)	29.04.2008		x	x	x	14%	4			x	100%

Number of meetings held during the financial year: Board of Directors: 7
Audit & Risk Committee:: 5
Remuneration & Nomination Committee: 2

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

* This column shows the date on which the Director was appointed by the General Shareholders' Meeting as a Director of Brembo for the first time; co-option means the date of co-option by the Board of Directors.

** These column shows the percentage of Board of Directors' meetings and Committee meetings, respectively, attended by Directors (No. of times attended/No. of meetings held during the Director's term of office).

*** This column shows the number of Directorships or Auditorships held in other companies listed on regulated markets, including foreign markets, financial companies, banks, insurance companies and large companies.

**** The "X" in this column means that the Director is a member of the relevant Committee.

years he received several awards, including: the Prize "Eurostar 2004" for outstanding achievements at the helm of Brembo, and in 2007 the Prize "Amerigo Vespucci" for his contribution to the development of relations between Italy and Brazil; in 2008, he received the prize "ASFOR 2008 for career achievements" for his contribution to Italian economic and social development; in October 2012 the "Tiepolo Prize 2012" granted by the Italian Chamber of Commerce and Industry in Spain and the Chamber of Commerce and Industry of Madrid, and most recently, in November 2012, he was awarded the Ernst & Young Entrepreneur of the Year prize. He is a Director of Fiat Industrial S.p.A., Italcementi S.p.A., Pirelli & C. S.p.A., Atlantia S.p.A. and Nuovo Trasporto Viaggiatori S.p.A.

Matteo Tiraboschi

He has been a Director of the company since 2002 and in June 2011 he was appointed Executive Deputy Chairman. He graduated in Economics and Business at the University of Bergamo; from 1993 to 1996 he worked at a leading auditing firm and from 1996 to 2005 he practised as a Certified Public Accountant. In 2005 he was appointed executive at Brembo.

Andrea Abbati Marescotti

Managing Director and General Manager of the company since 6 June 2011. Born in Modena in 1964, he graduated in 1989 with honours and recommendation for publication in Electronic Engineering at the University of Bologna. In 1991 he joined the Fiat Group, where he held the position of Chief Operating Officer of Fiat-GM Powertrain Italy from 2002 to 2003; Vice-President Planning Strategies & Sales of Fiat-GM Powertrain from 2003 to 2005; Chief Restructuring Officer of Fiat Powertrain Technologies from 2005 to 2006 and Senior Vice-President Operations Construction Equipment of CNH from 2007 to 2009. From 2009 to 2011 he served as Chief Executive Officer of UFI Filters.

Cristina Bombassei

Director of the company since 1997. She has been Corporate Development Manager since 2003 and since April 2008 she has held the position of executive Director in charge of overseeing the Internal Control System; this position has been renamed Director in charge of establishing and maintaining the Internal Control and Risk Management System. She is member of the Board of Directors of Banca Popolare di Bergamo, Kilometrorosso S.p.A. and Fondazione Cariplo Comunità Bergamasca. She is a member of the Steering Committee of Confindustria Bergamo.

Giovanni Cavallini

Giovanni Cavallini has been a Director since 2005 and a member of the Audit & Risk Committee and the Remuneration & Appointments Committee of the company. After graduating in 1974 in Civil Engineering from the Polytechnic of Milan, in the years 1975-76 he became a Reserve Officer of the Italian Air Force; in the years 1976-78 he was in Boston where he obtained a Master in Business Administration from the Harvard Business School. In 1984 he was appointed Vice President and Partner of The Boston Consulting Group. He was founder and Managing Director of S.I.C. (Società Iniziative Commerciali) and co-founder and Director of S.S.C. (Società Sviluppo Commerciale). From 1994 to 1996 he served as President of OBI Italia, from 1996 to 2005 he held the position of Managing Director in Interpump Group S.p.A. where he is currently Chairman of the Board of Directors. From 2008 to 2011, he served as an independent Director for Management & Capitali and Director of Metrologic S.A. Since 2009 he has been a Director in Migros Turk TSA and Ansaldo STS S.p.A.

Giancarlo Dallera

Giancarlo Dallera has been a Director since 2003 and a member of the Audit & Risk Committee and the Supervisory Committee of the company. He serves as a member of the Board

The racing plant in Curno. Checks of the first caliper workmanship phase with a three-dimensional machine.

of Directors of CRE-LO.VE. S.p.A., President of the Industrial Entrepreneur Association of Brescia, Vice President of Federmeccanica, President of CROMODORA WHEELS S.p.A., a leading company in the production of light alloy wheels for original equipment and a supplier of major European manufacturers. From 1991 to 2003 he was President of Hayes Lemmerz International Inc., a multinational company in the automotive sector.

Giovanna Dossena

Director of the company since 1994. She is Professor of Economics and Business Administration at the University of Bergamo and practises as a Certified Public Accountant. She is the director of the Centre E-Lab - Entrepreneurial Lab at the University of Bergamo, which is engaged in research, training and experimentation on the subject of entrepreneurship with the aim of studying the role of entrepreneurs and entrepreneurship as a tool for economic development. She is the author of several international monographs on these issues and has extensive experience in private equity. She sits on the Board of Directors of Barovier & Toso Srl, B-Soft Group Srl. and Goccia of Carnia S.p.A.

Umberto Nicodano

Umberto Nicodano has been a Director since 2000 and a member of the Remunerations & Appointments Committee of the company. He is a Partner in the law firm Bonelli Erede and Pappalardo where he is mainly engaged in M&As. He is President of the Valentino Fashion Group, and a member of the Board of Directors of several other companies, including Industrie Ilpea S.p.A. and Roberto Cavalli S.p.A.

Pasquale Pistorio

Pasquale Pistorio has been a Director of the company since 2008, is a member of the Remunerations & Appointments Committee and serves as Lead Independent Director of the company. He graduated in 1963 in Electrical Engineering with a specialization in electronics from the Polytechnic of Turin. He received honorary degrees from the University of Genoa, Malta, Pavia, Catania, Palermo, University of Sannio, University Milan Bicocca and Bristol. In 1978 he was appointed General Manager of Motorola's Semiconductor Division; in 1980 he became President and Chief Executive Officer of the SGS Group, and in March 2005 was appointed Honorary Chairman of the Board of Directors of the Company. He served as a member of the ICT Task Force set up by the United Nations. He was a member of the Board of Directors of Fiat Auto S.p.A. from December 2004 to March 2012. He was also a member of the Board of Directors of Telecom Italia from May 2004 to December 2007 and Chairman of the Board of Directors of that Company from April to December 2007. He was Vice President of Confindustria for innovation and research from May 2004 to May 2008. During his influential career, he received several awards and honours both nationally — including that of "Commendatore al Merito" of the Italian Republic in 1974, "Cavaliere del Lavoro" by the President of the Italian Republic in 1997 — and internationally (France, Morocco, Singapore). He currently holds the Director's position in the companies Accent (Luxembourg), Atos (France), Stats ChipPac (listed company in Singapore), XiD (Singapore).

Gianfelice Rocca

Director of the company since 2011. He graduated with honours in Physics from the University of Milan and completed his studies at the Harvard Business School in Boston. In 2007 he was granted the Italian honorary title of Cavaliere del Lavoro and in 2009 he was awarded an honorary degree in Management Engineering from the Polytechnic of Milan. In 2010 the President of the Italian Republic Giorgio Napolitano awarded him the "2009 Leonardo Prize" for his contribution to the strengthening of the Italian international expansion in the steel, energy and infrastructure industries. He is Chairman of the Techint Group, a global leader operating in these three areas. He also sits on the Boards of Directors of Allianz S.p.A. and Buzzi Unicem S.p.A. In the '90s he founded the Istituto Clinico Humanitas in Milan, a general hospital among the most renowned in Europe, an international centre of research and teaching and case management partner of Harvard University. He is Chairman of the Board of IIT (Italian Institute of Technology) and member of EIT (European Institute of Innovation and Technology) Steering Committee. From 2004 to 2012 he was Vice President of Confindustria (Italian Manufacturers' Association) responsible for Education. In the international arena he is a member of the Advisory Board of Allianz Group, the Aspen Institute Executive Committee, the Harvard Business School European Advisory Board and the Trilateral Commission.

Pierfrancesco Saviotti

Pierfrancesco Saviotti has been a Director since 2008 and is also a member of the Remuneration & Appointments Committee of the company. Since 2008 he has also served as Director in Banco Popolare S.p.A. and Nuovo Trasporto Viaggiatori S.p.A. Since 2009, he has been a Director of Moncler S.r.l. and member of the Executive Committee and the Board of Directors of the Italian Banking Association (ABI). Since 2004 he has held the position of Director in F.C. Internazionale Milano S.p.A. and since 2000 in Tod's S.p.A. and Stefanel S.p.A. Previously, he held top management positions in many other companies.

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

The non-executive directors and those who can qualify as independent directors, meet the requirements set by the 2011 Corporate Governance Code and by Article 148, paragraph 3 of TUF, as indicated in the table above. The table also specifies the directors' respective roles within the company, their attendance rate at the Board of Directors' meetings held in 2012 and the number of positions held with other companies that are relevant for the purposes of Brembo's Corporate Governance Manual.

At the meetings of 2 March 2012 and 5 March 2013 the Board of Directors assessed the independence of the Directors taking into account the application criteria contained in the 2011 Corporate Governance Code and also giving due consideration to substantive as well as formal aspects. In the same meeting, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors.

3.4 Maximum number of positions held at other companies

At the time of appointment and annually thereafter the Board of Directors verifies the compatibility of positions held in other companies by the Directors.

At the meeting of the Board of Directors of 17 December 2012 the Board of Directors considered it appropriate, in light of the results of the 2012 Board Performance Evaluation, not to define a specific numerical criterion, with regard to the maximum number of offices held in other companies. The Board thus confirmed the approach so far adopted (at least until the end of the current office of the Board of Statutory Auditors, i.e. until the General Shareholders' Meeting for the approval of the Financial Statements at 31 December 2013). The periodic assessment is therefore based on the statements prepared by the Directors and on the basis of the following elements:

- professional competence and independence of judgment expressed by the Directors;
- verification of Directors' commitment, active and constant participation in the meetings of the Board, Committees and various management activities of the Company also

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in light of their professional commitments;
- any relationship that may be or appear such as to compromise the independence of judgment of the Director.

This assessment was carried out at the meetings of 2 March 2012 and 5 March 2013. The result is shown in the above table on the members of the Board of Directors.

Induction Program

The roles, authority, professional qualifications and seniority of service, as well as the experience gained in other Boards of Directors and/or senior management roles of other listed companies are such that training plans and/or induction programs are not a priority.

3.5 Role of the Board of Directors

Tasks

In accordance with the law and pursuant to the By-laws, the Administrative Body is responsible for managing the company, except for the matters reserved to the General Shareholders' Meeting. In line with the recommendations of the 2011 Corporate Governance Code, the Board of Directors is also responsible for the functions and tasks defined in Article 1 of the Corporate Governance Code of Brembo S.p.A., including the analysis and sharing of the annual budgets and the strategic, industrial and financial plans of Brembo S.p.A. and the Group, as well as periodically monitoring their implementation; the establishment of the system of corporate governance and Group structure; the assessment of the nature and level of risk which is consistent with Brembo's strategic objectives.

Meetings

The Board of Directors met seven times in 2012 (of which, four based on the corporate calendar issued to the public and three in extraordinary sessions) at the company's registered office and/or administrative office; the meetings lasted 3 hours, on average. The Directors' rate of attendance during the year is shown in the table above.

For the year 2013 five meetings have been scheduled, whose calendar was approved by the Board of Directors on 12 November 2012 and then disclosed to the public. At the date of publication of this Report, two meetings have already been held, one according to the corporate calendar and one extraordinary meeting.

Pursuant to the By-laws:
- Board of Directors' meetings are called by registered letter, telegram, facsimile transmission or e-mail with confirmation of receipt, to be sent to all Board members and all the members of the Board of Auditors, at least five days, or in the cases of particular urgency, at least two days prior to the scheduled date of the Board meeting;
- Board meetings are valid, as well as their resolutions, even without a formal call, when all the Directors and Statutory Auditors in office are present;
- Board meetings may be held by telecommunication means that allow participation in the discussion and provide the same information to all those in attendance.

As provided for by Article 1.C.5 of Brembo's Corporate Governance Code, except in cases of particular urgency or confidentiality, each Director and Statutory Auditor is informed sufficiently in advance (five days before the meeting) on the items on the Agenda by means of a detailed and analytical report describing the various aspects to be evaluated (in narrative and quantitative terms) in order to take the relevant resolutions on an informed basis; this report is usually accompanied by summary schedules for each topic.

To provide the necessary insights on specific issues referred for examination and approval by the Board of Directors, the Board's meetings are attended, in addition to the Secretary, by some Executives of the company or Group companies, involved in the various projects or topics under discussion by the Administrative Body.

During Board meetings and with the support of the Secretary, the Chairman makes sure that the necessary time is devoted to the items in the agenda in order to allow discussion between the members of the Board.

Activities carried out

Pursuant to legal and regulatory provisions and the By-laws, at the meetings of 12 January 2012, 2 March 2012, 14 May 2012, 31 July 2012 and 12 November 2012 the Board of Directors examined and evaluated:

- the general performance and foreseeable evolution, including through information received from the Delegated Bodies, when approving the interim results
- the adequacy of the organisational, administrative and accounting structure of Brembo;
- the implementation of specific plans for transactions having significant strategic, economic, or financial impact on Brembo S.p.A. and the Group companies, constantly monitoring their progress;
- the main aspects of internal control, risk management and compliance on the basis of periodic reports prepared by the Director in charge for establishing and maintaining the Internal Control & Risk Management System, the Audit & Risk Committee as well as the internal audit functions and the Supervisory Committee.

The Board was consistently and periodically informed on the exercise of delegated powers and on significant transactions or transactions involving potential conflict of interest.

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At its meetings of 12 January 2012 and 17 December 2012, the Board examined and approved, respectively, the data relating to the 2012 Budget and 2013 Budget. The agenda for the meeting of 18 March 2013 includes the analysis and approval of the three-year 2013-2015 Strategic Plan and the assessment of the nature and level of risk which is consistent with the strategic objectives.

In the plenary meeting of 20 April 2012 and on the basis of resolutions passed by the General Shareholders' Meeting held on the same day, the Board of Directors:

- confirmed and appointed Director Andrea Abbati Marescotti Managing Director of the Company, granting him special powers to manage the Company, as well as the power, pursuant to Article 2381 of the Italian Civil Code, to manage occupational health and safety (provisions of Legislative Decree No. 81/2008, as amended by Legislative Decree No. 106/2009), environmental protection and waste management.
- granted the Chairman, Alberto Bombassei, and the Executive Deputy Chairman, Matteo Tiraboschi, the powers, to be exercised severally, to implement the plan for the purchase of treasury shares approved by the General Shareholders' Meeting on 20 April 2012.

By virtue of its powers under article 16 e) of the By-laws, on 12 November 2012, the Board of Directors updated Brembo S.p.A.'s By-laws to reflect the mandatory provisions introduced by Law 120/2011 (regulation on equal access to the management and control bodies of listed companies). As a result of the amendments to the By-laws, at the first full re-election of Brembo S.p.A. Corporate Bodies (April 2014), the quota reserved for the under-represented gender shall be equal to 1/5 and for the next two renewals it will be equal to 1/3.

The updated By-laws were made available to the public and reproduced in the Corporate Governance section of the website of Brembo S.p.A. after they were filed with the Companies Register.

In order to fully implement the provisions of Article 7 of the 2011 Corporate Governance Code concerning the Internal Control and Risk Management System, at its meeting on 17 December 2012, the Board of Directors, after hearing the opinions of the relevant Board Committees and the Board of Statutory Auditors:

- approved the organisational structure of the Internal Control and Risk Management System, revised in line with the principles set out in Article 7 of the 2011 Corporate Governance Code;
- attributed the Risk Committee function to the Audit Committee currently in office, accordingly changing its name to "Audit & Risk Committee[1]";
- confirmed the appointment of the Director in charge of overseeing the Internal Control System, Cristina Bombassei, appointed by the Board on 29 April 2011, accordingly changing the position name to "Director in charge of establishing and maintaining the Internal Control and Risk Management System (abbreviated as "ICRMS");
- confirmed the position of Alessandra Ramorino as Head of Internal Audit, approving the organisational structure which was deemed appropriate to carry out the tasks provided for by Article 7.C.5 of the Corporate Governance Code;
- approved the policies relating to the remuneration of the Head of Internal Audit and

1 Maintaining the function of Related Party Transactions Committee and the related tasks as specified in the Related Party Transactions Procedure adopted pursuant to Article 4 of CONSOB Regulation 17221 of 12 March 2010 (as amended) and, available on Brembo's Website [www.brembo.com, section Investors, Corporate Governance, Codes and Manuals].

the incentive mechanisms considering them consistent with the assigned tasks;
- approved the 2013-2015 Audit Plan, the 2013 Budget of the Internal Audit function and the guidelines applicable to Risk Management.

The Board also reviewed and endorsed the conclusions and recommendations made by the Audit & Risk Committee with regard to the Management Letter content for financial year 2011, issued by the auditing firm Pricewaterhouse Coopers S.p.A. in July 2012.

At the meeting of 14 May 2012, the Board reviewed the activities carried out in 2011 by the Internal Audit function, whose objectives included:
- standardising controls at a global level;
- developing and sharing a methodology in accordance with "best practices";
- carrying out all the checks and audits in a rigorous and timely manner;
- monitoring management flows in relation to the Group's complex organisation.

During the meetings of 31 July 2012 and 5 March 2013, the Report of the Executive Director in charge for the Internal Control and Risk Management System and the periodic reports by the Control and Supervisory Bodies were submitted to the Board of Directors for the appropriate evaluation on the adequacy of the Internal Control and Risk Management System.

In keeping with the aim of constant and ongoing improvement of its Compliance 231 system, the Board of Directors:
- on 12 November 2012, approved the new Special Section to the Organisational, Management and Control Model of Brembo S.p.A. in accordance with Legislative Decree No. 231/2001 dedicated to the protocols implemented with a view to preventing the risks of offences under Article 25-*duodecies* "Employment of illegally staying third-country nationals";
- at its meeting of 17 December 2012, received information on the changes introduced by the Anti-Corruption Law (190/2012), and examined its impact on the Relevant Offences under Legislative Decree 231 and Brembo's Model 231. The Board noted that most of the sensitive processes, including with respect to the new offences, had already been mapped in Brembo's model, both during the risk assessment of offences against the Public Administration, and, last year, when Brembo's Model was updated to reflect the English Bribery Act of 2010.

With regard to the remuneration of executive Directors, the other Directors holding special positions and Key Management Personnel, at the meeting of 2 March 2012 the Board of Directors examined and approved the proposals of the Remuneration & Appointments Committee in relation to:
- the 2012 General Policies for the remuneration of executive Directors, other Directors holding special positions and Key Management Personnel included in the Remuneration Report, in accordance with Article 123-*ter* of TUF - Section I;
- the 2012 Remuneration Report in accordance with Article 123-*ter* of the Italian Consolidated Finance Law (Section I and Section II);
- the amendment to the Information Document pursuant to Article 84-*bis*, paragraph 1, of the Rules for Issuers relating to the 2010-2012 Incentive Plan for executive Directors and the Top Management; this Amendment concerned the following aspects:
  (i) change in the indication of the Plan beneficiaries, which became necessary in order to update the plan in accordance with the new top management Corporate Governance structure approved by the Board of Directors at its meeting on 6 June 2011;
  (ii) related inclusion of a new group of Plan beneficiaries and subsequent specifica-

tion, for each level, of the bonus (i.e. the monetary incentive) to which the beneficiaries may be entitled in due course, at the terms and conditions set out in the Plan itself (the “Amendment”);

- the main changes introduced by the 2011 Corporate Governance Code and their impact on Brembo’s Governance.

In accordance with the recommendations of the Corporate Governance Code, the Board of Directors carried out the 2012 Board Performance Evaluation of the size, composition and functioning of the Board and its Committees, instructing the Lead Independent Director, Pasquale Pistorio, to carry it out. The results of this activity were examined during the meeting of Independent Directors on 12 November 2012 and, subsequently, during the Board of Directors’ plenary meeting held on the same day. For details on the evaluation process and results, see paragraph 3.9.

At the meetings of 2 March 2012 and 5 March 2013, based on the statements received from the Directors, the Board:

- identified the Directorships or Auditorships of Directors at other companies pursuant to Article 1.C. 2 of Brembo’s Corporate Governance Code, judging them appropriate on the basis of the professionalism and independent judgment demonstrated and a verification of the individual Directors’ and Statutory Auditors’ active and constant participation at Board’s meetings and at the various management activities of the company.
- periodically verified that the requirements of integrity, professionalism and independence were met and continued to be met, giving prompt public disclosure thereof; the outcome of this self-assessment activity is disclosed in this Report in the table above.

No Directors notified circumstances warranting the submission of a report by them under Article 1 of Brembo’s Corporate Governance Manual (Departure from the competition principle).

As part of a corporate streamlining, the Board of Directors, in its ordinary meetings on 14 May 2012, 31 July 2012 and 12 November 2012, approved the following transactions:

- closure of Brembo S.p.A.’s branch office in India (Pune)[2];
- the purchase of the shares of Brembo China Brake Systems Co.Ltd. held by Simest (32.26%), bringing the stake held to 100%;
- voluntary winding up of Brembo UK Ltd.

With regard to the Related Party Transactions Procedure, during the year, based on proposals of the Audit & Risk Committee (in its capacity as the Related Party Transactions Committee), the Board of Directors:

- at the meeting of 14 May, 2012 updated the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2011 Financial Statements, and confirmed the amount of €250,000.00 as “threshold” for determining Low Value Transactions;
- at the meeting of 31 July 2012, having heard the opinion of the Audit & Risk Committee, approved an amendment to Brembo S.p.A.’s Related Party Transactions Procedure, which restricts the scope of exemptions with regard to “Intercompany Transactions” as defined in Article 4.3. of the Procedure; as a result of this amendment, transactions with subsidiaries or associate companies whose activities included in their corporate purpose are not similar to those of Brembo S.p.A., are now subject to the application of the procedure.

With regard to significant transactions, the company acts in accordance with the instructions

2 Brembo S.p.A.’s branch office was established in 2006.

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

On 17 December 2012, the Board of Directors resolved to adopt the opt-out system envisaged by Article 70, paragraph 8, and Article 71, paragraph 1-*bis* of the Rules for Issuers, thus choosing to opt out from the obligation to publish the required disclosure documents in the case of significant mergers, de-mergers, capital increase by way of contributions in kind, acquisitions and disposals.

In the meeting held on 18 March 2013, the Board prepared the proposals to be submitted to the 2013 General Shareholders' Meeting.

3.6 Delegated Bodies

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

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

The Chairman is the legal representative of the company pursuant to the law and the By-laws, and he is also the Issuer's major shareholder.

Following a full review of the top management Governance structure (including with a view to succession planning) approved on 6 June 2011, the Board granted the Chairman, Executive Deputy Chairman and the Managing Director and General Manager the management powers as specified below.

The Chairman, in addition to the legal representation pursuant to the law and the By-laws, was granted the widest powers of direction, coordination and control according to his office, and the powers of ordinary administration, subject to the limitations established by law and some specific limitations concerning real estate leases and leases of companies and/or business units, purchase and sale of real estate, including registered real estate, companies and business units and, generally, any transactions on movable or unmovable property, purchase and sale of equity investments in Italy and abroad; the incorporation of new companies in Italy and abroad, having the power to choose the organizational system of the new company, as well as the issuance of letters of patronage, comfort letters, sureties and guarantees (subject always to the periodic reporting to the Board of Directors) and taking out mortgage loans, loans or finance leases in the various existing forms.

The Executive Deputy Chairman was granted the authority to legally represent the company and, in addition to the tasks of direction, guidance, communication and control, he was granted extensive powers for the Group strategic direction, the development and proposal of guidelines concerning its international development and its financial and re-organisation policies. Subject to specific limitations, he was also granted powers, for the purchase and sale of real estate, representation in trade union matters, the issuance of letters of patronage, comfort letters, sureties and guarantees (subject always to the periodic reporting to the Board of Directors), taking out mortgage loans, loans or finance leases in the different existing forms and the management of the company.

The Managing Director and General Manager has been given specific powers to manage the company and its business, powers relating to organisation, representation in trade union matters and the mandate pursuant to Article 2381 of the Italian Civil Code for the implementation, improvement and supervision of safety in the workplace, accident prevention and the protection of workers' health (environmental protection inside and outside the company, waste management, including the power to identify the person/s who is/are to be considered as Employer pursuant to article 2, paragraph 1, letter B) of Legislative Decree 81/2008 for Brembo's different manufacturing units.

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

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

With the favourable opinion of the Remuneration & Appointments Committee, in addition to the Directors not holding special positions and the Acting Auditors, the following were identified as Key Management Personnel of the company: the Chairman, the Executive Deputy Chairman, the Manager in Charge pursuant to Law 262, the Managing Director and General Manager, as the only individuals, together with the Directors and the Acting Auditors, having the powers to influence and/or affect the development, future prospects and overall performance of the company and/or the Group.

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

3.7 Other Executive Directors

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

- Matteo Tiraboschi, who holds the position of Executive Deputy Chairman;
- Andrea Abbati Marescotti, who holds the position of Managing Director and General Manager of the company;
- Cristina Bombassei, who was confirmed as "Director in charge of the Internal Control and Risk Management System"[3] during the meeting of the Board of Directors on 17 December 2012.

3.8 Independent Directors

Brembo's Board of Directors adopted the independence criteria for assessing the Directors' independence contained in the 2011 Corporate Governance Code.

At the meeting of the Board of Directors on 17 December 2012, however, a number of clarifications were introduced with respect to point m) "if he/she has been a Director of Brembo S.p.A. for more than nine years in the last twelve years," as specified below:

(i) if a Director, previously classified as independent, should exceed nine years in office over the last twelve years, the Board of Directors will carefully evaluate, on an annual basis, whether such a qualification continues to be satisfied also in the light of substantial compliance with the other requirements laid

3 the Executive Director in charge of overseeing the Internal Control System;

down by Article 3.C.1, the Director's conduct and the independence of judgment expressed in carrying out his/her assignment. However, even where such independence were to be confirmed, that independent Director will no longer be able to serve as Chairman in Board Committees.

(ii) if a Director, previously classified as independent, should exceed twelve years in office, he/she:
   - may no longer be qualified as independent pursuant to Brembo S.p.A. Corporate Governance Code;
   - may not be a member of the Committees set up within the Board.

These clarifications are contained in Brembo Corporate Governance Code (Article 3.C.1).

At the time of appointment (meeting of 29 April 2011) and thereafter (meetings of 2 March 2012 and 5 March 2013) the Board of Directors verified the continued satisfaction of the Directors' independence requirements laid down in the Corporate Governance Code and those set forth in TUF (see also section 3.2) giving due consideration to substantive aspects in addition to formal ones. In the same meeting, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors.

The following Directors are considered to be independent and non executive: Giovanni Cavallini, Giancarlo Dallera, Giovanna Dossena[4], Pasquale Pistorio, Gianfelice Rocca, Pierfrancesco Saviotti.

Director Umberto Nicodano was deemed as a non-independent director.

The Independent Directors meet at least once a year without the other Directors at a meeting coordinated by the Lead Independent Director.

During the year under review they met twice (the average length of the meetings was approximately 1 hour), on the following dates:

- on 31 July 2012, to assess the position of Brembo in light of the current financial and market situation;
- on 12 November 2012 to review results from the 2012 Board Performance Evaluation. Minutes were taken for all the meetings.

3.9 Lead Independent Director

At the meeting on 29 April 2011, the Board of Directors confirmed the non-executive and independent Director Pasquale Pistorio as Lead Independent Director; he shall remain in office until the General Shareholders' Meeting for the approval of the Financial Statements at 31 December 2013.

The Lead Independent Director carries out his duties according to the Rules approved by the Board of Directors on 17 December 2012 (contained in Brembo's Corporate Governance Manual) that fully implement the recommendations of the 2011 Corporate Governance Code. According to these regulations, the Lead Independent Director:

- is as a point of reference and coordinator of the petitions and contributions of Non-executive Directors and, in particular, Independent Directors, within the Board of Directors;
- collaborates with the Chairman of the Board of Directors in order to ensure that members of the latter receive complete and timely information flows regarding operations;
- at least once a year, convenes the Independent Directors to discuss issues deemed of interest in regards to the functioning of the Board of Directors or the company's management.
- carries out any additional duties that may be assigned from time to time by the Board of Directors and the Chairman;
- at the request of the Chairman, carries out the Board Performance Evaluation on the operation, size and composition of the Board

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

"Economic recovery in the United States and the solidity of Germany in Europe have helped paint an essentially positive picture, allowing the Group to consolidate its market leadership."


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of Directors and its Committees pursuant to the provisions of the Corporate Governance Code of Brembo S.p.A.

Upon request by the Board of Directors, the Lead Independent Director coordinated the 2012 Board Performance Evaluation of the size, composition and functioning of the Board of Directors and its Committees.

The 2012 Board Performance Evaluation was conducted by requesting all Directors to:
- report any changes of opinion and/or comments in respect of those expressed in last year questionnaires as regards the Board's composition, operation and number of members;
- fill in an additional questionnaire on a number of indicators concerning, in particular, the composition of the Board and its Committees.

The results of this activity, received and processed at the end of October 2012, were summarised in a special document provided to the Directors and were examined during the meeting of the Independent Directors on 12 November 2012 and, subsequently, during the Board of Directors' plenary meeting held on the same day.

On both occasions, a unanimous very positive opinion was expressed on the overall functioning of Brembo's Board of Directors and Committees. In particular the opportunity for each Director to participate in the discussions and to request further information during the meetings was positively emphasised as a practice that is well accepted by the executive Directors themselves.

With regard to the professional and managerial skills of the Directors, suggestions have been made which shall require due reflection when the Board is next renewed, in consideration of the Group's international profile, length of office of some members and the need for a more balanced gender presence within the Board.

4. HANDLING OF CORPORATE INFORMATION

4.1 Procedure for Handling Inside Information

Brembo has adopted a procedure for handling inside or price sensitive information, which includes the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market and international best practices. The By-laws are available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

The purpose of this procedure is to define the terms and procedures for the disclosure of Inside Information and at the same establish adequate corporate control procedures for the prevention of offences envisaged in the Market Abuse Decree, Legislative Decree 231/2001 (Insider Dealing Offence as per Article 184 of TUF, and Market Manipulation Offence as per Article 185 of TUF).

It must be observed by any person afforded access to Inside Information pertaining to Brembo by virtue of his/her professional activity, in particular by its Directors, Statutory Auditors, Company Executives and all employees of Brembo S.p.A. and its subsidiaries.

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.

4.2 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.

- Insiders must report to the market all transactions involving the Company's shares

that have a cumulative value of over €5,000 per year;
- Insiders are not allowed to carry out such transactions during the 15 days prior to Board meetings called to approve the results for the period (black-out period).

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

Four notices were given under the Internal Dealing Regulations in 2012.

5. BOARD COMMITTEES

In accordance with the 2011 Corporate Governance Code, in 2012 Brembo adopted the recommendation for the establishment of an Appointments Committee in addition to the Audit & Risk Committee and the Remuneration Committee.

In detail, with a view to rationalise and optimise activities and based on the specific expertise of the members of the various Committees, at its meeting on 17 December 2012, the Board of Directors granted:
- the Appointments Committee function to the Remuneration Committee (appointed 29 April 2011), accordingly changing its name to "Remuneration & Appointments Committee";
- the Risk Committee function to the Audit Committee currently in office, accordingly changing its name to Audit & Risk Committee[5].

The composition, duties and functioning of all Committees are defined in specific Regulations,

5 The Audit & Risk Committee performs the function of the Related Party Transactions Committee and the related duties as specified in the Related Party Transactions Procedure, adopted pursuant to Article 4 of CONSOB Regulation 17221 dated 12 March 2010 (as amended) and is available on Brembo's website [www.brembo.com, Investors, Corporate Governance, Codes and Manuals].

The No Limits brake disc that won the "Art is a disc" competition.

which were amended by the Board of Directors on 17 December 2012, fully implementing the principles and criteria of the 2011 Corporate Governance Code. These Regulations are contained in Brembo's Corporate Governance Manual.

6. REMUNERATION & APPOINTMENTS COMMITTEE

At the Board of Director's meeting on 17 December 2012, the Remuneration Committee (appointed by the Board of Directors on 29 April 2011) was assigned the function of the Appointments Committee, changing its name to Remuneration & Appointments Committee. The Committee will remain in office until the General Shareholders' Meeting held to approve the Financial Statements for the year ending 31 December 2013 and is made up of the following members:

– Non-executive Director Umberto Nicodano[6] (Chairman);
– Non-executive and independent Directors, Giovanni Cavallini[7] and Pierfrancesco Saviotti[7].

The Remuneration & Appointments Committee operates in accordance with the Regulations (contained in Brembo's Corporate Governance Manual), which were updated by the Board of Directors on 17 December 2012 as recommended by the 2011 Corporate Governance Code in order to:

- ensure that the remuneration policies applicable to the Chairman, the Executive Deputy Chairman, the Managing Director and General Manager, the executive Directors, the Directors holding special offices and Key Management Personnel, as well as the non-executive Directors, are formulated by a Body in the absence of conflicts of interest;
- identify the optimal composition of the Board, by indicating the professional roles that may promote its proper and effective functioning and possibly contributing to the preparation of the succession plan for executive Directors.

The meetings of the Remuneration & Appointments Committee:

- are always attended by the Chairman of the Board of Statutory Auditors or another Statutory Auditor as required by the Chairman; the other members of the Board of Statutory Auditors may also attend;
- the meetings may also be attended by persons, other than Committee members, who have been specifically invited and are part of the company's management and/or management structures, in relation to specific needs or items on the Agenda.

During 2012, the Committee operated regularly and met twice (the average length of the meeting, duly recorded in the minutes, was about one and a half hours) to examine issues falling within its competence and make appropriate proposals to the Board of Directors. In addition to the Secretary, the Head of Human Resources and Organisation, was invited to the meetings, to present the subjects falling within his responsibility.

At its meeting on 2 March 2012, the Committee examined and expressed a favourable opinion on:

- the 2012 General Policies (included in the Remuneration Report in accordance with Article 123-*ter* of the CFA - Section I) for the remuneration of executive Directors, the other Directors holding special offices and Key Management Personnel, which were considered consistent with the policies adopted the previous year;

6 The provision of the 2011 Corporate Governance Code envisages for the Remuneration Committee to made up exclusively of Independent Directors shall be applied only as of the next election of the Corporate Boards, i.e., as of the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2013.

7 Member of the Committee with adequate financial knowledge and experience.

- the content of the 2012 Remuneration Report in accordance with Article 123-*ter* of the CFA (Section I and Section II);
- the proposal for the amendment to the Information Document pursuant to Article 84-*bis*, paragraph 1, of the Rules for Issuers relating to the 2010-2012 Incentive Plan for executive Directors and the Top Management; this Amendment concerned the following aspects:
  (iii) change in the indication of the Plan beneficiaries, which became necessary in order to update the plan in accordance with the new top management Corporate Governance structure approved by the Board of Directors at its meeting on 6 June 2011;
  (iv) related inclusion of a new group of Plan beneficiaries and subsequent specification, for each level, of the bonus (i.e. the monetary incentive) to which the beneficiaries may be entitled in due course, at the terms and conditions set out in the Plan itself (the "Amendment");
- the changes introduced by the 2011 Corporate Governance Code and their impact on Brembo S.p.A. Corporate Governance;
- the short-term incentives policies "MBO 2012" for Key Management Personnel (Executive Deputy Chairman and Managing Director) and the management.

At its meeting of 12 December 2012, in order to make appropriate proposals to the Board of Directors, the Committee:

- carried out a prior review of the new organisational structure of the Internal Control and Risk Management System, revised by Brembo in accordance with the principles set out in Article 7 of the 2011 Corporate Governance Code;
- carried out a prior assessment, expressing its consent, of the Head of Internal Audit remuneration and the criteria for assigning her MBO non-financial targets in line with corporate policies;
- acknowledged the proposal to grant the Remuneration Committee the function of Appointments Committee, with advisory and recommendatory tasks in line with the provisions of Article 5.C.1 of the 2011 Corporate Governance Code.

The Board of Directors has then implemented the Recommendations of the Remuneration & Appointments Committee.

The Remuneration Report drawn up pursuant to Article 123-*ter* of TUF provides further information regarding the remuneration policies. The Report is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Remuneration Policies).

7. REMUNERATION OF DIRECTORS

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

8. AUDIT AND RISK COMMITTEE

In order to fully implement the recommendations of the Corporate Governance Code, the Board of Directors, at its meeting on 17 December 2012, changed the name of the Audit Committee (appointed on 29 April 2011) to Audit & Risk Committee. The Committee shall remain in office until the approval of the Financial Statements for the year ending 31 December 2013 and is made up of three non-executive and independent Directors: Giovanni Cavallini[8] (Chairman), Pasquale Pistorio, Giancarlo Dallera.

8 Member of the Committee with adequate financial knowledge and experience.

The Floating Green brake disc that won the "Art is a disc" competition.

The Audit & Risk Committee performs the function of the Related Party Transactions Committee and the related duties as specified in the Related Party Transactions Procedure.

The composition, duties and functioning of the Committee are defined in the Audit & Risk Committee Regulations, updated by the Board of Directors on 17 December 2012 (and contained in Brembo's Corporate Governance Manual) to fully implement the principles and criteria of the 2011 Corporate Governance Code.

The following persons are always invited to the Committee meetings:

- The Chairman of the Board of Statutory Auditors or another Acting Auditor delegated by him;
- the Executive Director in charge of the Internal Control and Risk Management System;
- the Chief Executive Officer;
- the Internal Audit Director;
- the Legal & Corporate Director.

Other persons may attend the Committee meetings, other than Committee members, who have been specifically invited and are part of the company's management and/or the Risk Management or compliance structures, in relation to specific internal control and risk management needs or specific items on the Agenda.

In 2012, the Audit & Risk Committee held five meetings, duly recorded in the minutes, lasting about 3 hours each, on the following dates: on 23 February 2012, 10 May 2012, 19 July 2012, 16 October 2012, 12 December 2012. One meeting was held on 4 March 2013, in which the 2012 final interim reports were presented.

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

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

- it assisted the Board of Directors in carrying out the internal control duties assigned to it;
- it assessed and 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 their consistency for purposes of preparing the Financial Statements;
- it expressed opinions on specific issues regarding the identification of key business risks, and the design, implementation and management of the Internal Control and Risk Management System and examined the report submitted at the meeting for the approval of the 2012 Financial Statements by the Director in charge of overseeing the Internal Control and Risk Management System and the Internal Audit Director;
- it oversaw the effectiveness of the audit process;
- through reports presented by the Audit Committee Chairman on 31 July 2012 and 5 March 2013, it informed the Board of Directors of the activities carried out and the adequacy of the Internal Control and Risk Management System in 2012;

In its function as a support to the Board, the Audit & Risk Committee also held a meeting with the Executive Deputy Chairman, in the presence of the Statutory Auditors, to examine the content of the Management Letter for the financial year 2011 issued by the auditing firm PricewaterhouseCoopers S.p.A. in July 2012, assessing its content and subsequently reporting its conclusions and recommendations to the Board of Directors.

In its meetings, the Committee was constantly kept informed by the Internal Audit Director on the following topics:

- the progress of the Audit Plan (resources, timing, scope of the activities carried out and verification of their alignment to planned course);
- main risks arising from assurance and monitoring activities and progress of the plans for their mitigation;
- reports of infringements of rules, procedures and regulations, which were consistently analysed and investigated;
- the progress of the work concerning Law No. 262/05 in Brembo S.p.A. and its extension to Group companies;
- compliance-related activities.

The Committee also periodically received the Chief Financial Officer's report on significant transactions and transactions that might create a conflict of interest under Brembo's current rules.

With the aim of assisting the Board of Directors in supervising the Internal Control and Risk Management System and in particular in identifying specific risks and monitoring the progress of ongoing improvement plans, the Committee has been constantly updated, meeting with the company's management involved in the different projects on specific topics such as:

- organisational changes and internal authorisation — system of delegation and powers;
- new regulations regarding the 231/2001 Legislative Decree (environmental offences) and Corporate Governance;
- 2011 Corporate Governance Code and the Internal Control and Risk Management System, as well as their impact on Brembo;
- safety and environmental management system;
- monitoring processes of single supplier situations, strategic supplies and suppliers in crisis;
- projects related to the implementation of the IT Disaster Recovery Plan and AX System;
- methods and procedures for the use of electronic mail, Intranet and the Internet within the company;
- methods for managing Intellectual Property Rights.

At its meeting on 12 December 2012, the Audit & Risk Committee, together with the Board of Statutory Auditors, examined and evaluated:

- the proposed changes to the organisational structure of the Internal Control and Risk Management System to reflect the principles laid down in the 2011 Corporate Governance Code, deeming it consistent with the recommendations laid down in Article 7 of the said Code;
- the proposed confirmation of Alessandra Ramorino's position as Internal Audit Director and the relevant organisational structure, which was deemed appropriate to carry out the tasks provided for by Article 7.C.5 of the 2011 Corporate Governance Code;
- the Audit Plan for 2013-2015 and the 2013 Budget of the Internal Audit function;
- the guidelines on risk management, based on the general principles and guidelines (CoSO and/or ISO 31000) applicable to the Brembo Group, as a support for the implementation of a risk management process aimed at analysing, assessing and mitigating business risks.

In its capacity as Related Party Transactions Committee, the Audit & Risk Committee examined the company's proposals and delivered a favourable opinion on the following topics:

- updating the significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2011 Financial Statements, and confirmed the amount of

€250,000.00 as "threshold" for determining Low Value Transactions;

- proposal to amend the Related Party Transactions Procedure of Brembo S.p.A. with reference to the definition of "Intercompany Transactions" specified in Article 4.3. This change made it possible to narrow the scope of exemptions as transactions with subsidiaries or associated companies whose activities included in the corporate purpose are not similar to those of Brembo S.p.A. have been subjected to the application of the Procedure.

The Committee also received information on "Ordinary" Related Party Transactions carried out both at arm's length and not at arm's length, with Brembo Group companies and considered as "Exempt" from the application of the procedural arrangements provided for in the Brembo Procedure.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Internal Control System was updated during 2012, to formally and fully implement the principles set out in Article 7 of the 2011 Corporate Governance Code and was integrated with the Risk Management System (which was also already an integral part of the corporate governance system), by better defining the structure and role of the main players involved.

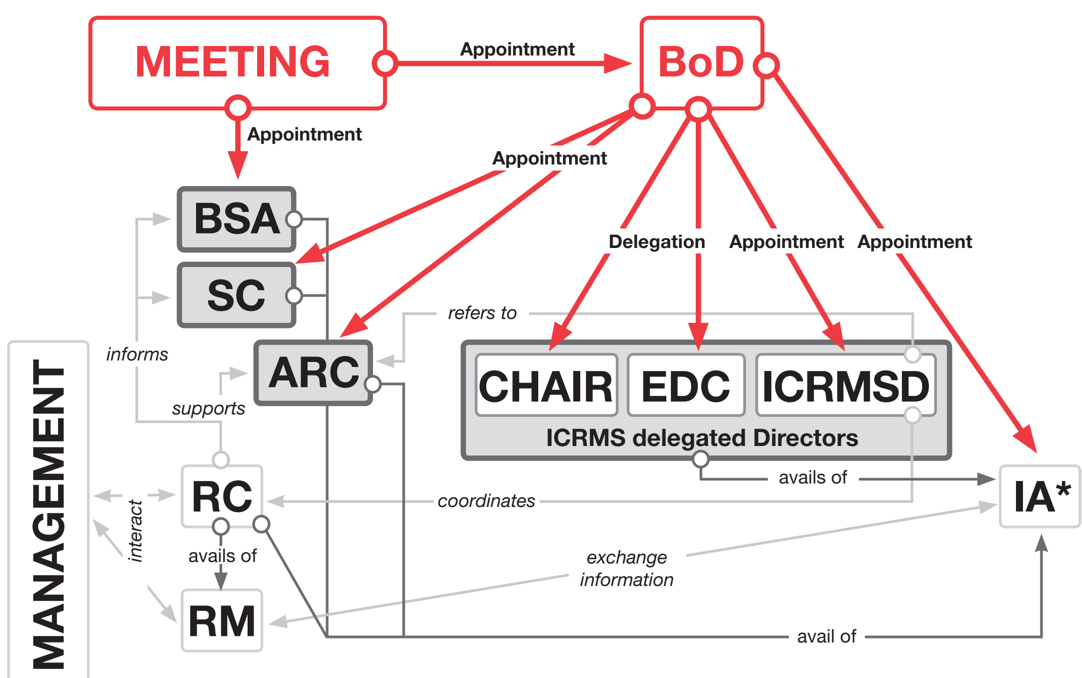
The Internal Control and Risk Management System (hereinafter for brevity the "System") is structured as shown in the following diagram:

The main changes relating to the organisation are:

a. the new name of the Audit Committee as Audit & Risk Committee, with the task of supporting the Board of Directors' decisions and evaluations on issues relating to internal control and risk management in line with the provisions of Article 7.C.2 of the 2011 Corporate Governance Code;

LEGEND

BoD = Board of Directors
BSA = Board of Statutory Auditors
SC = Supervisory Committee
ARC = Audit & Risk Committee
CHAIR = Chairman
EDC = Executive Deputy Chairman
ICRMSD = Director in charge of overseeing the Internal Control and Risk Management System
RC = Risk Committee
RM = Risk Manager
IA = Internal Audit Director



* = Reports directly to the Board of Directors (cf. 7.C.5 letter b), through the role of Chairman of the Board of Directors, and from an operative standpoint to the Executive Deputy Chairman.

b. the new name of the Executive Director charged with overseeing the Internal Control System (Cristina Bombassei) as Executive Director in charge for the Internal Control and Risk Management System (abbreviated as ICRMSD) who, by implementing the guidelines issued by the Board of Directors, is responsible for the identification of the main risks, periodically checking the adequacy of the System;
c. the evolution of the company's Self-assessment and Risk Prevention Committee (CAPRI) into a Risk Committee, with the task of identifying and weighing the macro risks in view of their mitigation and control and to assist the players involved in the System;
d. assigning the Risk Manager the task to ensure, together with the management, that the main risks inherent in Brembo and its subsidiaries are correctly identified and adequately measured, managed and monitored, as well as integrated through a management of the company consistent with its strategic objectives. The Risk Manager reports directly to the Executive Deputy Chairman;
e. the reporting of Internal Audit directly to the Board of Directors; on 17 December 2012 the Board of Directors confirmed Alessandra Ramorino as Internal Audit Director, approving the relevant organisational structure which was deemed adequate for carrying out the tasks set out by Article 7.C.5 of the Corporate Governance Code.

In accordance with the provisions of Article 7.C1 of the 2011 Corporate Governance Code, the Board of Directors:

- defined 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.
- approved the Risk Management guidelines which, based on the general principles and guidelines (CoSO and/or ISO 31000) applicable to the Brembo Group, constitute the support for the implementation of a risk management process aimed at analysing, assessing and mitigating business risks, in order to:
  - improve the identification of opportunities and threats;
  - improve Governance;
  - provide a reliable basis for decision-making and planning;
  - improve reporting;
  - improve loss prevention and incident management.
  - improve organisational resilience;
- carried out an annual appraisal that the Internal Control and Risk Management System is adequate and effective and operates efficiently.

The items on the Agenda for the meeting of 18 March 2013 include the examination and approval of the 2013-2015 Three-Year Strategic Plan and the assessment of the nature and level of risk which is consistent with the strategic objectives.

Within the Board of Directors, the following specific powers were also assigned:
- to the Chairman, the responsibility for defining the general guidelines of compliance and Internal Control System within the broader powers of direction, coordination or control granted to him in relation to his office;
- to the Executive Deputy Chairman, the tasks of ensuring the implementation and constant updating of the Brembo 231 Model, as well as the implementation of regulations in foreign countries where the investee companies operate, including all necessary training and awareness-building activities necessary to create a compliance culture in Italy and in all investee companies;

- to the Managing Director/General Manager, within the powers attributed to him, the task of implementing and enforcing at all levels in Italy and abroad, the provisions set forth by the Law, the By-laws, the internal procedures and the Self-regulation and Corporate Governance Manuals, the Code of Ethics and, more generally, the compliance in force in the company and its investee companies; in this regard, specific reference is made to the provisions of Legislative Decree 231/2001 and similar provisions in force in foreign countries where the investee companies carry out their operations.
- to the Executive Director Cristina Bombassei the power to oversee the Internal Control and Risk Management System so that, by implementing the guidelines issued by the Board of Directors, she ensures the identification of key risks, periodically checks the System adequacy and performs the duties provided for in Article 7.C.4 of the 2011 Corporate Governance Code.

9.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 19 July 2012 and 4 March 2013, the Chairman of the Audit & Risk Committee informed the Board of Directors of the activities carried out by the Committee and expressed a favourable opinion as to the adequacy of the Internal Control and Risk Management System, leaving the final opinion to the Board of the Directors.

The Board of Directors, taking into account the reports of the Chairman of the Audit & Risk Committee and the executive Director in charge of the Internal Control and Risk Management System, the activities undertaken and planned by the company's Internal Audit function, the meetings conducted by the Internal Audit Director with the Chairman of the Board of Directors, the Executive Director in charge of overseeing the Internal Control and Risk Management System and the Manager in charge of the company's financial reports, who also holds the position of CFO, shared the opinion expressed by the Chairman of the Audit & Risk Committee and acknowledged that the Internal Control and Risk Management System is substantially appropriate for the Group structure and type of business and that, for the purposes of preparing the periodic financial reports, the accounting principles and procedures are properly applied.

On the basis of the recommendations made by the Chairman of the Audit & Risk Committee, the Board of Directors has also noted that:

- the activities for identifying the main risks and monitoring the improvement plans continued in a structured and consistent manner including according to the Audit Plan presented by the Internal Audit Director and that, at the same time, a project has been started to strengthen the risk measurement and weighting process, in view of an early definition of the major short-term improvement measures;
- the process for strengthening the planning, coordination and control activities by the Corporate in respect of Group companies continued and in particular the process to standardise the information system worldwide;
- the procurement process is constantly monitored in order to prevent the risks associated with single supplier situations and suppliers with financial difficulties and great attention is being paid to processes aimed at ensuring that the Brembo worldwide Safety and Environment system complies with applicable rules, international standards and best practices;
- supervisory activities are made possible thanks to the commitment and reports prepared by the internal control functions and in particular the Internal Audit function;
- work to design Brembo's Internal Control and Risk Management System continues with participation in institutional meetings, calling attention to the guidelines ratified during meetings of the Board of Directors.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9.2 The Internal Control and Risk Management System as it Relates to the Financial Reporting Process

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

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

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

In determining whether the administrative and accounting procedures are being effectively applied, the Manager in charge of the Company's financial reports relies on the support of Internal Audit function, which, together with the Compliance Officer, prepares an annual Test Plan for the aforementioned control measures. Based on the Test Plan results, the Manager in charge of the Company's financial reports and the Compliance Officer evaluate the need for corrective actions and develop a corrective plan which is used to address any missing key control measures, existing control measures that are not being effectively applied and existing control measures that are not entirely adequate.

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

When this process is complete, Internal Audit evaluates whether the Corrective Plan was effectively implemented.

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

The Process Contact Persons are responsible for identifying all events within their processes that could potentially change the above framework and promptly reporting them to the Manager in charge of the Company's financial reports, through the Compliance Officer. Every six months, if no specific events have occurred that could impact the processes or control measures for which they are responsible, the Process Contact Persons must provide a formal communication to that effect.

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.

9.3 Executive Director charged with overseeing the Internal Control and Risk Management System

The Director Cristina Bombassei, appointed on 29 April 2011 as "Executive Director in charge of overseeing the ICS" (ICSED), was confirmed on 17 December 2012 in her role as "Executive Director in charge of the Internal Control and Risk Management System" by the Board of Directors which also assigned her the tasks provided for by Article 7.C.4 of the 2011 Corporate Governance Code.

This Director submitted its annual report to the Board of Directors at the meeting held on 5 March 2013.

9.4 Internal Audit

On 17 December 2012 the Board of Directors, at the proposal of the Audit & Risk Committee and the Executive Director in charge of the Internal Control and Risk Management System, confirmed Alessandra Ramorino, already appointed as Person in Charge of Internal Control, as Internal Audit Director, by approving the relevant organisational structure which was considered adequate in respect of the duties provided for by Article 7.C.5 of the Corporate Governance Code.

The Board of Directors pointed out that the Internal Audit Director will report directly to the Board of Directors, through the Chairman of the Board, and the Executive Deputy Chairman was assigned operational responsibility for the Internal Audit function and the coordination of its activities.

On the same date, the Board approved:

- the policies relating to the remuneration of the Head of Internal Audit and the incentive mechanisms considering them consistent with the assigned tasks;
- the Audit Plan for 2013-2015 and the 2013 Budget of the Internal Audit function;
- the guidelines on Risk Management.

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 to support the Group in the pursuit of preset operating targets.

During 2012, Internal Audit operated based on the approved Audit Plan, in line with the actions agreed during the year with the Chairman and Audit & Risk Committee. The Audit Plan provides for: risk assessments, using the Control Risk Self Assessment method, organisational audits of Group companies, audits of compliance with Law No. 262/05 and Legislative Decree No. 231/01, operating audits on specific areas of activity and ethics audits on the basis of specific reports received.

As part of the Audit Plan, the Internal Audit Director verified the accounting systems with a view to improving the reliability of information systems.

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

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

In 2012, Internal Audit continued its monitoring of management of the main risks, including through follow-ups of the improvement plans defined by the management; it also provided information and training regarding the Internal Control System to Brembo's management.

In 2012 Internal Audit continued its internationalisation process, monitoring, through local auditors, the activities in the countries where Brembo's presence is particularly significant, also including China, after having included Poland in 2011.

The Internal Audit Director is not responsible for any operational areas; she has had direct access to the information required to perform her duties, reported on her work at each meeting of the Audit & Risk Committee and Supervisory Committee and attended the meetings of the Board of Statutory Auditors.

At its meeting on 4 March 2013, the Audit & Risk Committee was provided with appropriate information on the results of Internal Audit Director's activities for 2012, through the annual report on the adequacy of the Internal Control and Risk Management System.

The Manager in charge of the Company's financial reports was also given due notice of activities carried out by the Internal Audit Director relating to Law No. 262/05 for 2012, 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 18 July 2012, the Internal Audit Director issued a favourable opinion for the Audit & Risk Committee concerning the adequacy of the second revision of the Related Party Transactions Procedure.

The Report of the Internal Audit Director was examined by the Board of Directors during its meeting of 5 March 2013.

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

By adopting Model 231, Brembo intends to:

- fulfil all the legal requirements and adopt the principles that inspired the Legislative Decree by formalising a structured and organic system, which already exists within the company and is responsible for control procedures and activities (preventive and ex post facto) designed to prevent and monitor the risk that Offences will be committed, through the identification of Sensitive Activities;
- constitute an effective instrument of corporate management, also acknowledging the Model's function of creating and protecting the value of the company.

In order to ensure that Brembo's Model 231 is constantly updated and reflects the changes in legislation and the evolution of the business mission and the organisational structure:

- on 12 November 2012, the Board of Directors approved the new Special Section to the Organisational, Management and Control Model of Brembo S.p.A. in accordance with Legislative Decree No. 231/2001 dedicated to the protocols implemented with a view to preventing the risks of offences under Article 25-*duodecies* "Employment of illegally staying third-country nationals";
- at its meeting of 17 December 2012 the Board of Directors received information on the changes introduced by the Anti-Corruption Act (190/2012), and examined its impact on the Relevant Offences under Legislative Decree 231 and Brembo's Model 231, noting that most of the sensitive processes, including with respect to the new offences, had already been mapped in Brembo's model, both during the risk assessment of offences against the Public Administration, and, last year, when Brembo's model was updated to reflect the Bribery Act.

During the current financial year the various 231 Contact Persons updated the different Sensitive Activities Cards. The update was aimed at adopting the new procedures introduced in the meantime and updating on the progress of ongoing plans.

The system of delegation and authorities was strengthened with regard to Safety in the Workplace in line with the latest guidelines in legal theory and case law (both with regard to safety and environmental matters and with reference to Legislative Decree 231/01), in order to increase its consistency with best practices. In addition, as part of the project for the Review of Brembo's System of Powers and Delegation, a number of guidelines were introduced.

By implementing the suggestions of the Supervisory Committee, an internal document intended for the Human Resources and Organisation Department personnel was defined, which describes the way in which the Supervisory Committee should be involved in the event of disciplinary complaints under Model 231.

During the year, training activities on Model 231 continued through online courses dedicated to all employees and specific classroom sessions for the persons involved in sensitive processes; the latter were aimed at gaining further insight on the relevant control protocols and Brembo Compliance Guidelines, which summarise the main rules (specified in the Special Sections of Model 231) adopted by Brembo in order to prevent the commission of Offences and contribute to making the content of the individual Special Sections more accessible and straightforward for the recipients of Brembo Model 231.

The Supervisory Committee also received updates on the progress of compliance activities by the Group companies.

The updated edition (Brembo Model 231) is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

The Supervisory Committee at Brembo is a collegial Body composed of at least three members, of which one is the Internal Audit Director and the others are entities complying with the requirements of autonomy, independence, integrity, professionalism, competence and continuity of action required by Legislative Decree 231/01. After the appointment of the Administrative Body by the General Shareholders' Meeting on 29 April 2011, the Board of Directors, on the same day, appointed the new Supervisory Committee consisting of three members in the persons of:

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

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

The company decided not to exercise the option of assigning the Supervisory Committee functions to the Board of Statutory Auditors and to preserve the current three body structure, until the expiration of the current office (Audit & Risk Committee, Supervisory Committee and Board of Statutory Auditors); the company will re-examine the situation when appointing the new Corporate Bodies, on the basis of the trends and best practices prevailing at that time.

On 14 May 2012, 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).

As regards the specific activities within the remit of the Supervisory Committee, it should be noted that in 2012 the Committee operated on a regular basis, meeting on 23 February 2012, 10 May 2012, 19 July 2012, 16 October 2012 and 12 December 2012. The Chairman of the Committee also attended the Audit & Risk Committee meetings for the matters within his responsibility and interest.

In 2013, one meeting was held on 5 March 2013, in which the final reports of 2012 were presented.


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"In the enduring worldwide economic crisis, Brembo views its results positively. Aware of its resources, the company is ready to set new objectives and look towards other goals to achieve."

The Chairman of the Supervisory Committee also met separately with the Internal Audit Director for further discussion of several risk-assessment analyses conducted by personnel of the Law No. 231 team and to examine the assessments carried out in response to some reports received.

In the course of meetings held during the year, the Supervisory Committee verified that the model was constantly updated according to legislation, analysed the soundness and functionality requirements as well as the mode of application of the model and verified the supervisory activities carried out by the Internal Audit on behalf of the Supervisory Committee. More specifically:

- as part of its analysis of the Model soundness and functionality requirements, the Supervisory Committee took part in updating the special sections of the Model, suggesting improvements to improve the Organisation, Management and Control Model functionality and soundness.
- audit activities were carried out in order to check that the Model is being implemented effectively, with the support of the Internal Audit function, based on the Supervisory Committee's action plan;

oversight of the Model entailed an analysis of:

- the reports received by the Supervisory Committee;
- the flow of information contained in the Supervisory Committee's half-yearly report by the internal functions of Brembo S.p.A. and relevant personnel for Group companies;
- findings reached through meetings with the managers of sensitive areas and/or functions within the meaning of Legislative Decree No. 231/01.

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

9.6 Auditing Company

The Shareholders' resolution of 26 April 2004 appointed PricewaterhouseCoopers S.p.A. as the Company's Independent Auditor. The appointment was renewed on 27 April 2007 through to the approval of the Financial Statements for the year ended 31 December 2012.

As the PricewaterhouseCoopers S.p.A. appointment has reached the maximum term permitted by law, the General Shareholders' Meeting convened for 23 April 2013 (first call) will be called to appoint, upon proposal of the Board of Statutory Auditors, the new independent auditors in accordance with Legislative Decree No. 39/2010.

9.7 Manager in charge of the Company's financial reports

Pursuant to article 27-*bis* of the By-laws and in light of the non-binding opinion of the Board of Statutory Auditors, on 29 April 2011 the Board of Directors appointed Matteo Tiraboschi as Manager in charge of the Company's financial reports[9], granting him the relevant powers. He also holds the position of Executive Deputy Chairman of Brembo S.p.A. and Group CFO.

The Manager in Charge of the Company's Financial Reports must meet the 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

9 Matteo Tiraboschi has held this position since 2009.

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.

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

9.8 Coordination between parties involved in the Internal Control and Risk Management System

The organizational structure of the Internal Control and Risk Management System approved by the Board on 17 December 2012 was revised with the aim of ensuring coordination between the various parties and functions involved in the System.

In detail, the coordination is ensured through the company's internal committee called Risk Committee, whose duty is to assist the various parties involved in the System in the performance of their respective activities as described below:

- adopting, promoting and disseminating a systematic and structured process for identifying and measuring risks;
- examining the information on existing and potential risks, both internal and external, to which the Group is exposed;
- propose risk response strategies to stakeholders and the management, in relation to the total and specific exposure to the various risk categories;
- proposing the application of risk policies to stakeholders and the management in order to ensure that risk is reduced to "acceptable" levels;
- monitoring the implementation of defined risk response strategies and compliance with risk policies adopted by the management.

The Risk Committee also supports the Executive Director in charge of the Internal Control and Risk Management System, who coordinates the Committee, in identifying business risks and implementing the guidelines issued by the Board of Directors, relying on the technical support of the Risk Manager.

The Internal Audit Director is always present at the Risk Committee meetings as an independent member.

From a strictly operative point of view, coordination is also ensured through:

- a constant information flow between the different parties involved in the ICRS;
- participation of the various parties concerned in joint meetings for discussion of ICRS related issues;
- dissemination of the Internal Audit reports to the various ICRS parties;
- dissemination of the minutes, the work files and reports of the Chairman of the Audit & Risk Committee to all Governance Committees and the Board of Statutory Auditors.

10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

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

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

The RPT Procedure governs the following aspects, among others:

- it assigns the function of Related Party Transactions Committee to the Audit & Risk Committee, as it comprises three independent non-executive directors;
- it does not extend the scope of the RPT Procedure to parties other than those set forth in Annex 1 to the CONSOB Regulations (which referred to IAS 24 at the date of publication of the Regulations);
- it sets the threshold for Low Value Transactions outside the scope of the new Procedure at €250,000.00, to be revised annually, inasmuch as it was decided that transactions below said threshold cannot constitute a risk for the company;
- it sets the amounts of the thresholds for the significance indices for Highly Significant Transactions on the basis of the previous year's Financial Statement figures and states that they are to be revised annually according to each year's results;
- it excludes resolutions (other than resolutions passed pursuant to Article 2389, paragraph 3, of the Civil Code) concerning the remuneration of Directors with special tasks and Key Management Personnel from the scope of the new procedure, inasmuch as such resolutions also involve the Remuneration & Appointments Committee, which consists solely of non-executive Directors and a majority of independent Directors;
- it exercises the option to exempt ordinary transactions and intra-Group transactions;
- it lays down the rules for the assessment of moderately and Highly Significant Transactions, carried out either directly by Brembo or through its subsidiaries;
- it identifies the organisational structures and information flows deemed appropriate to ensure that the competent bodies are provided all useful information to evaluate such transactions in a timely manner.

The Board of Directors decided not to use the whitewash mechanism in the event of unfavourable opinion for Highly Significant Transactions and did not provide for exceptions in case of urgency.

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

During the year, based on proposals of the Audit & Risk Committee (serving as the Related Party Transactions Committee), the Board of Directors:

- at the meeting of 14 May 2012 updated the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2011 Financial Statements, and confirmed the amount of €250,000.00 as "threshold" for determining Low Value Transactions;
- At its meeting of 31 July 2012 it amended the definition of "Intercompany Transactions" (laid down in Article 4.3. of the Related Party Transactions Procedure of Brembo S.p.A.) in order to limit exemptions from the Procedure application only to transactions with or between subsidiaries or associates performing activities (as specified in their respective corporate purpose) similar to those of Brembo S.p.A. As a result, the transactions with subsidiaries or associates

whose activities, as specified in the corporate purpose, are not similar to those of Brembo S.p.A. will be subject to the application of the procedure.

11. APPOINTMENT OF STATUTORY AUDITORS

In accordance with the provisions of Article 22 of the By-laws, as well as existing provisions of law and the implementing rules issued by CONSOB:

- 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.
- those who are not in possession of the eligibility, integrity and professionalism requirements laid down by law cannot be appointed as Auditors (and if already appointed shall be removed from their office); the acting Statutory Auditors shall be chosen from persons who qualify as independent under the provisions of the 2011 Corporate Governance Code;
- auditors are appointed for a term of three years and are eligible for re-appointment; their emoluments is determined by the General Shareholders' Meeting;
- the lists for the appointment of Statutory Auditors:
  (i) must include at least one candidate for the office of standing Statutory Auditor and, in any case, a number of candidates not exceeding the Statutory Auditors to be elected, progressively numbered; each person may be a candidate in one list only, under penalty of ineligibility;
  (ii) the lists containing a number of candidates equal to or greater than 3 (three), considering both sections, must include a number of candidates in the standing Statutory Auditors' section such as to ensure that the composition of the Board of Statutory Auditors, in respect of it's acting members, complies with the laws and regulations on gender balance from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non integer number, this must be rounded up to the next higher unit;
- shareholders who, on the date on which the lists are filed with the Company, individually or collectively represent at least 2.5% of the share capital are entitled to submit the lists. Each shareholder, as well as: (i) shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party, or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF, or (iii) shareholders who are otherwise associated with one another 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.

12. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The General Shareholders' Meeting held on 29 April 2011 appointed the current Board of Statutory Auditors for the 2011-2013 period, based on the one sole list presented by the majority shareholder New FourB Ltd, and also confirmed Sergio Pivato as Chairman of the Board of Statutory Auditors. The Board of Statutory Auditors' office will expire with the General Shareholders' Meeting called for the approval of the Financial Statements for the year ending 31 December 2013.

The following is a profile of the Chairman and the Acting Auditors.

Sergio Pivato
Chairman of the Board of Statutory Auditors of Brembo S.p.A. since 2008. He has been a Certified Public Accountant since 1977 and Certified Auditor since 1984. In addition to Brembo S.p.A., he holds corporate offices in: Ubi Banca S.c.p.a., Auchan S.p.A., Sma S.p.A. and Società Editoriale Vita S.p.A. He is a consultant for large and medium companies, expert of the Court and retired Professor of Economics and Business Administration at Bocconi University in Milan.

Enrico Maria Colombo
Member of the company's Board of Statutory Auditors since 2008. He graduated with honours in Economics and Business Administration in 1983 at the Bocconi University of Milan, has been a member of the Certified Public Accountants Register of Milan since 1986 as well as the Auditors Register. He carries out his professional activity as partner at the firm Studio per il Controllo Contabile Analisi and the law firm Studio Legale e Tributario Biscozzi Nobili. He is Chairman of the Board of Statutory Auditors of several listed companies.

Mario Tagliaferri
Mario Tagliaferri has been a member of the company's Board of Statutory Auditors since 2011. He graduated in 1987 in Economics and Business from the University Institute of Bergamo. In 1990 he registered in the Certified Public Accountants Register and in 1995 in the Certified Auditors Register. He is currently President of the Association of Certified Public Accountants and Accounting Experts of Crema and practices as a Certified Accountant and Auditor, as a partner in the firm LEXIS — Dottori

Board of Statutory Auditors

Office held	Name and surname	In office from	In office until	Length of term	Indep. as per Corporate Governance Code	% of attendance**	Other offices held***
Chairman	Sergio Pivato	29.04.2011	(1)	29.04.2008	x	100%	No. 5 weight 2.80
Acting Auditor	Enrico Maria Colombo	29.04.2011	(1)	29.04.2008	x	86%	No. 11 weight 4.52
Acting Auditor	Mario Tagliaferri	29.04.2011	(1)	29.04.2011	x	100%	No. 16 weight 3.45
Aternate Auditor	Gerardo Gibellini	29.04.2011	(1)	29.04.2008	—	—	—
Aternate Auditor	Marco Salvatore	29.04.2011	(1)	29.04.2011	—	—	—

Quorum **required to present lists for the most recent appointments: 2.5%**

NOTES
(1) Appointed for a term expiring on the date of approval of the financial statements for the year ending 31 December 2013.
* This column shows the date on which the Statutory Auditor was appointed Chairman of the Board of Statutory Auditors or Acting Auditor of Brembo for the first time.
** This column shows the attendance rates at meetings of the Statutory Auditors to the Board of Statutory Auditors, which in 2012 were seven (number of meetings attended/ number of meetings held during the term of office of the Statutory Auditor).
*** This column shows the number of Directorships or Auditorships held by the Statutory Auditor within the meaning of Article 148-*bis* of TUF. The full list of Directorships and Auditorships held is published on the CONSOB website pursuant to Article 144-*quinquiesdecies* of the CONSOB Rules for Issuers.

Commercialisti Associati in Crema, mainly providing tax and corporate advisory services. He is Chairman of the Board of Statutory Auditors of several companies, including listed companies. He collaborated in the writing of several publications on tax and corporate matters.

The remuneration of the Board of Statutory Auditors was established by the General Shareholders' Meeting on 29 April 2011 in the gross amount of Euro 196,000.00 per annum, to be distributed among all the members.

All members of the Board of Statutory Auditors satisfy the integrity, professionalism and independence requirements laid down by law and Brembo's Corporate Governance Code, which has adopted the independence requirements set forth in the 2011 Corporate Governance Code. This check was conducted on the basis of statements made by the Statutory Auditors at the time of their appointment (29 April 2011) and thereafter at the Board of Directors meeting of 5 March 2012.

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

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 and verifying the independence of the independent auditors.

The company decided not to exercise the option of assigning the Supervisory Committee functions to the Board of Statutory Auditors and to preserve the current three body structure, until the expiration of the current term of office (Audit & Risk Committee, Supervisory Committee and Board of Statutory Auditors); the company will re-examine the situation when appointing the new corporate bodies, on the basis of the trends and best practices prevailing at that time.

As part of its activities, the Statutory Auditors may call upon the Internal Audit function to audit specific operating areas or company transactions.

In 2012, the Board of Statutory Auditors held seven meetings and most members of the Board of Statutory Auditors participated in all meetings of the Board of Directors. The meetings of the Board of Statutory Auditors lasted about 2 hours on average.

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

The Board of Statutory Auditors and the Audit & Risk Committee shall exchange information material to the performance of their respective duties in a timely manner. The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the aforementioned Chairman, also attended all Audit & Risk Committee's meetings and those of the Remuneration & Appointments Committee.

13. RELATIONS WITH SHAREHOLDERS

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

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

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

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

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

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

14. GENERAL SHAREHOLDERS' MEETINGS

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

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

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

- under Article 10-*bis* (ADDITION OF ITEMS TO THE AGENDA), that shareholders individually or collectively representing at least 1/40th of share capital may submit a written application, according to the terms and conditions set forth in applicable laws and regulations, to add items to the agenda for the General Shareholders' Meeting, indicating the proposed additional items of business in the application;[10]

10 Pursuant to Article 126-*bis* of TUF (as amended by Legislative Decree No. 91 of 18 June 2012), within ten days following the publication of the notice of calling of the Shareholders' Meeting or within five days following a calling in accordance with Articles 125-*bis*, paragraph 3, and 104, paragraph 2, Shareholders who, even jointly, represent at least 1/40th of the share capital may apply for additional items to be placed on the agenda or submit motions to be raised on items already on the agenda.

- under Article 11 (PARTICIPATION IN AND REPRESENTATION AT GENERAL SHAREHOLDERS' MEETINGS), that vote-holders 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 day of market operation prior to the date for which the Shareholders' Meeting is scheduled (without prejudice to the terms established 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. In summary, during the Shareholders' Meeting, entitled attendees are provided not only the information included in the filings made with Stock Market and Securities Services institutions, but also all the documents regarding the Annual Financial Statements and any resolutions proposed to the Shareholders' Meeting (which reproduce the recommendations placed on the Agenda by the Board of Directors, as disclosed to the public and forwarded to Borsa Italiana and CONSOB, pursuant to applicable laws and regulations). As a general rule, entitled attendees shall also be provided with a summary of the Company's stock price trends.

The General Shareholders' Meeting held on 20 April 2012 was attended by eight Directors out of 11 and all the members of the Board of Statutory Auditors.

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

15. CHANGES SINCE THE END OF 2012

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


brembo

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 2012, 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 €35,269,017.83, as follows:

- to the Shareholders a gross dividend of €0.40 per ordinary share outstanding at ex-coupon date, consequently excluding own shares;
- the remaining amount carried forward.

It is also proposed that dividends should be paid as of 16 May 2013, ex-coupon 13 May 2013.

Stezzano, 5 March 2013

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

BREMBO S.P.A. STOCK PERFORMANCE

Source: Bloomberg

Brembo stock closed 2012 at €9.755, with an increase of 42.72% compared to the beginning of the year. After a weak start, with a minimum for the period of €6.835 on 2 January, in the last months of 2012 the stock performed positively reaching an all time high for the year of €9.80 on 27 December.

During the year, Brembo stock outperformed the Ftse Mib index, which was up 5.30%, the Italian Star segment index (+15.05%), and the European Euro Stoxx index Total Market Value Small (the index of small cap European companies), which scored +11.86%. For the same period, Brembo's performance was in line with the BBG EMEA Automobiles Parts.

During 2012, the most representative stock indices' performance showed a general recovery, despite the ongoing crisis in the Eurozone and weak global economic conditions. This can be explained on the one hand by the fact that worst case scenarios forecasting a default did not materialise and, on the other hand, by the establishment of a "contingency plan" by the ECB. These two factors greatly reduced the risk of further deterioration of the global economic and financial crisis.

From year-start to 22 February 2013, Brembo stock continued to grow, reaching a further 4.6% increase.

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

	31.12.2012	31.12.2011
Share capital (euro)	34,727,914	34,727,914
N. Ordinary shares	66,784,450	66,784,450
Equity (excluding net income for the year) (euro)	174,419,103	172,622,382
Net income for the year (euro)	35,269,018	21,581,566
Trading price (euro)		
Minimum	6.565	6.075
Maximum	9.800	10.310
Year end	9.755	6.620
Market capitalisation (milioni di euro)		
Minimum	438	406
Maximum	654	689
Year end	651	442
Gross dividend per share	0.4 (*)	0.30

(*) To be approved by the Shareholders' Meeting convened on 23 April 2013

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

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

PALMARES
2012

“Raising the bar ever higher.
Believing that improvement is always possible.
This is performance.
The aim of every test and every check, like the entire production process, is excellent performance.”


aprilia
SBK
SONY
MARSH
cobra
aprilia
eni

BREMBO Braking Systems

CARS

Open Wheel Championships

F1		
	Drivers	Sebastian Vettel - Red Bull Racing
	Manufacturers	Red Bull Racing
GP2		
	Drivers	Davide Valsecchi - DAMS
	Teams	DAMS
GP3		
	Drivers	Mitchell Evans - MW Arden
	Teams	MW Arden
World Series by Renault		
	Drivers	Robin Frijns - Tech 1 Racing
	Teams	Tech 1 Racing
F3 Euroseries		
	Drivers	Daniel Juncadella - Prema Powerteam
	Teams	Prema Powerteam
FIA World Endurance Championship		
	LMP1	Fässler, Lotterer, Tréluyer - Audi Sport Team Joest- R18 e-tron quattro
		Manufacturers: Audi Sport Team Joest
	LMGTE Pro	AF Corse

Closed Wheel Championships

24 Hours of Le Mans		
	LMP1 Class	Fässler, Lotterer, Tréluyer - Audi Sport Team Joest- R18 e-tron quattro
European Le Mans Series		
	LMP2 Class	Drivers Thiriet, Beche - Oreca - Team Thiriet by TDS Racing
	LMPC Class	Drivers Hartshorne - Oreca FLM - Team Boutsen Ginion Racing
	LM GTE Pro Class	Drivers Cocker - Ferrari 458 - Team JMW Motorsport
	LM GTE Am Class	Drivers Pons, Armindo, Narac - Porsche 997 - Team IMSA Performance
FIA GT		
	GT1 World Championship	Drivers Basseng, Winkelhock - Mercedes SLS GT3 Team All-Inkl.com Münnich Motorsport
	GT3 European Championship	Drivers Baumann, Buhk - Mercedes SLS AMG GT3 Team Heico Gravity-Charouz Team
Blancpain Endurance Series		
	GT3 Pro CUP	Ortelli, Mies, Haase - Audi R8 LMS - Team Belgian Audi Club WRT
	GT3 Pro/Am CUP	Hommerson, Machiels - Ferrari 458 - Team AF Corse
International GT Open		
	Super GT	Leo, Bruni - Ferrari 458 - Team AF Corse
	GTS	Zampieri, Dalle Stelle - Ferrari 458 - Team Kessel Racing
Ferrari 458 Challenge Europa		
	Pirelli Cup	A. Balzan - Dealer Ferrari Moscow
	Shell Cup	A. Basov - Dealer Ferrari Moscow

CARS

Ferrari 458 Challenge Asia Pacific	
Pirelli Cup	P. Prette
Shell Cup	A. Au
Lamborghini Blancpain Super Trofeo	
Europe	Geraci - Gallardo - Team Autocarrozzeria Imperiale SRL
Trofeo Maserati Gran Turismo MC	
World Series Cup	R. Kuppens
Middle East Cup	J. Ghanem

Rally Championship

SWRC – WRC Classe S2000	C. Breen, P. Nagle - Ford Fiesta S2000
WRC - Production Car	B. Guerra, B. Rozada - Mitsubishi EVO X R4
IRC - Intercontinental Rally Challenge	
Drivers	Mikkelsen, O. Floene - Skoda Fabia S2000
ERC - European Rally Championship	
	Hänninen, M. Markkula - Skoda Fabia S2000
Italian Rally Championship	P. Andreucci, A. Andreussi - Peugeot 207 S2000

American Championships

ALMS Sebring	
LMP1 Class	Capello, Kristensen, McNish - Audi R18- Audi Sport Team Joest
IZOD IndyCar Series	Ryan Hunter-Reay - Andretti Autosport DHL Chevrolet-Dallara
World Challenge GT Series	Johnny O’Connell - Cadillac Racing CTS-V
World Challenge GTS Series	Peter Cunningham - RealTime Racing Acura TSX
Ferrari 458 Challenge North America	
Pirelli Cup	O. Triarsi - Dealer Ferrari of Central Florida
Shell Cup	D. Ockey - Dealer Ferrari of Ontario
LMGTE Pro	AF Corse
GRAND-AM Rolex Sports Car Series	
Rolex 24 GT	Lally, Lietz, Potter, Rast - Magnus Racing Porsche
GT	Assentato & Segal - AIM Autosport Team FXDD Ferrari 458 Italia
IRC - Intercontinental Rally Challenge	
Drivers	Mikkelsen, O. Floene - Skoda Fabia S2000
NASCAR Nationwide Series	Ricky Stenhouse - Roush Fenway Racing Ford
NASCAR Craftsman Truck Series	James Buescher, Owner, Steve Turner - Chevrolet

Off-road Championships

Baja 1000	BJ Baldwin - Chevy Silverado

AP RACING Braking Systems and Clutches

CARS

Closed Wheel Championships

		Brakes	Clutch
F1			
Drivers	Sebastian Vettel - Red Bull Racing		•
Manufacturers	Red Bull Racing		•
GP2			
Drivers	Valsecchi - Dams		•
F2	Batcheta - Comma Team	•	•
Formula Nippon	Nakajima - Petronas Team Tom's		•
Formula3 British	Harvey - Carlin Motorsport	•	•
Formula3 European	Juncadella - Prema Motorsport		•

Closed Wheel Championships

		Brakes	Clutch
24 Hours of Le Mans			
LMP2	Potolicchio, Dalziel, Kimber-Smith Starworks Motorsports-Honda	•	•
GTE AM	Bornhauser, Canal, Lamy - Larbre Competition Corvette	•	•
Japanese Super GT 500 Class			
Drivers	Yanagida, Quintarelli, Mola - Nissan GT-R	•	•
Teams	S Road Reito Mola	•	•
Touring Car			
British			
Drivers	Sheddon - Honda Yuasa Racing Team	•	•
Teams	Dynamics Honda Yuasa Racing Team	•	•
DTM			
Drivers	Spengler - Schnitzer BMW	•	
WTC			
Drivers	Huff, RML Chevrolet Cruze	•	•
FIA WORLD ENDURANCE CHAMPIONSHIP			
LMP1 Independents	Team - Jani, Prost, Belicchi, Rebellion Lola	•	•
LMP2	Potolicchio, Dalziel, Kimber-Smith Starworks Motorsport Honda	•	•
GTE AM	Bornhauser, Canal, Lamy - Larbre Competition Corvette	•	•

American Championships

		Brakes	Clutch
Nascar			
Sprint Cup	Keselowski - Penske	•	
IZOD IndyCar Series	Hunter-Reay - Andretti Autosport DHL Chevrolet-Dallara		•
Late Model			
PASS North Series	Benjamin - Chevrolet	•	
ASA Mid-West Series	Eilen - Chevrolet	•	
SRL Series	Thorn - Chevrolet	•	

CARS

		Brakes	Clutch
ALMS			
LMP1	Luhr, Graf - Muscle Milk Pickett Racing HPD ARX 03A	•	•
LMP2	Tucker, Boucut, Level 5- HPD ARX-03B	•	•
GT	Gavin, Milner - Corvette Racing – C6 ZR1	•	•

Rally Championships

		Brakes	Clutch
WRC			
Drivers	Loeb - Citroën DS3 Total World Rally Team		•
Manufacturers	Citroën DS3 Total World Rally Team		•
FIA Academy F2 Cars	Evans - Ford Fiesta	•	•
FIA Rally Raid	AL Mutaiwei - Mini ALL4 Racing X Raid	•	•
2012 Dakar - South America	Peterhansel - Mini ALL4 Racing - Monster Energy X Raid	•	•
IRC	Mikkelsen - Skoda Fabia S2000		•
SWRC	Breen - Craig Breen Rallying Ford Fiesta S2000		•

SABELT Safety belts

CARS

F1	
Drivers	Sebastian Vettel - Red Bull Racing
Manufacturers	Red Bull Racing
FIA WORLD ENDURANCE CHAMPIONSHIP	
GTE AM	Bornhauser, Canal, Lamy - Larbre Competition Corvette
LMP1	Audi Sport - Team Joest

Rally

WRC	
Drivers	Loeb - Citroën DS3 Total World Rally Team
Manufacturers	Citroën Racing

BREMBO Braking Systems

MOTORBIKES

MotoGP World Championships

MotoGP	
Drivers	Jorge Lorenzo - Yamaha
Manufacturers	Honda
Moto2	
Drivers	Marc Marquez - Suter
Manufacturers	Suter
Moto3	
Drivers	Sandro Cortese, KTM
Manufacturers	KTM

Superbike Championships

World Superbike	
Drivers	Max Biaggi - Aprilia Racing Team RSV4
Manufacturers	Aprilia Racing Team RSV4
Supersport	
Drivers	Kenan Sofuoglu - Kawasaki
Manufacturers	Honda
Supermoto	
S1 Drivers	Thomas Chareyre - TM
Manufacturers	TM
Superstock 1000	
Drivers	Sylvain Barrier - BMW
Manufacturers	Kawasaki
Campionato AMA Superbike	Josh Hayes - Monster Energy Graves Motorsports Yamaha
British Superbike BSB	
Drivers	Shane Byrne - Kawasaki
Manufacturers	Kawasaki
British Supersport BSB	Glen Richards - Smiths Team
Japan Superbike JSB	
Drivers	Katsuyuki Nakasuga - Yamaha YSP racing Team
Manufacturers	YAMAHA YSP Racing Team
Japan GP2	Kazuki Watanabe - RS-ITOH & ASIA (Kawasaki)
Spanish Speed Championship Moto2 (CEV)	
Drivers	Jordi Torres - Suter
Spanish Speed Championship Moto3 (CEV)	
Drivers	Alex Marquez - Honda
Spanish Speed Championship Extreme (CEV)	
Drivers	Carmelo Morales Gomez - Kawasaki

MOTORBIKES

Motocross

MX1	
Drivers	Antonio Cairoli - KTM
Manufacturers	KTM
MX2	
Drivers	Jeffrey Herlings - KTM
Manufacturers	KTM

Enduro

E1	
Drivers	Antoine Meo - KTM
Manufacturers	KTM
E2	
Drivers	Pierre Alezandre Renet - Husaberg
Manufacturers	KTM
E3	
Drivers	Christophe Nambotin - KTM
Manufacturers	KTM

Italian Speed Championships (CIV)

125 GP	
Drivers	Lorenzo Dalla Porta - O.R. by 2B Corse Zack Motorsport
Moto2	
Drivers	Ferruccio Lamborgini - Honda
Moto3	
Drivers	Kevin Calia – Honda
1000 STK	
Drivers	Ivan Goi - Ducati
SBK	
Drivers	Matteo Baiocco - Barni Racing Team

European Speed Championships

125 GP	
Drivers	Matteo Ferrari - Honda
1000 STK	
Drivers	Carmelo Morales - Kawasaki

MARCHESINI Wheels

MOTORBIKES

MotoGP World Championships

MotoGP	
Manufacturers	Honda

SBK

World Superbike	
Drivers	Max Biaggi - Aprilia Racing Team
British Superbike BSB	
Drivers	Shane Byrne - Rapid Solicitors Kawasaki

Italian Speed Championships (CIV)

Superbike	
Drivers	Matteo Baiocco - Barni Racing Team
125 GP	
Drivers	Lorenzo Dalla Porta - O.R. by 2B Corse Zack Motorsport
1000 STK	
Drivers	Ivan Goi - Ducati
Japan Superbike JSB	
Drivers	Katsuyuki Nakasuga - YSP Racing Team

Supermotard

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


MOTUL
P.Lamy
J.Canal
P.Bornhauser
McDonald's
demeco
LE MANS
24 HEURES DU MANS
50
WEC
AM
MICHELIN
MOTUL

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER **2012**

"From the fledgling idea to braking at the end of a straightaway. Research and design, production and assembly: one of the benchmarks of the Brembo philosophy is **control over the chain of value.**"

BREMBO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

Consolidated Balance Sheet at 31 December 2012

ASSETS

(euro thousand)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*	*Change*
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	475,390		406,562		68,828
Development costs	2	43,806		41,372		2,434
Goodwill and other indefinite useful life assets	2	41,793		42,285		(492)
Other intangible assets	2	17,616		19,144		(1,528)
Shareholdings valued using the equity method	3	20,515		20,813		(298)
Other financial assets (Including Investments in other companies and derivatives)	4	177		154		23
Receivables and other non-current assets	5	3,957		2,840		1,117
Deferred tax assets	6	35,533		23,474		12,059
TOTAL NON-CURRENT ASSETS		**638,787**		**556,644**		**82,143**
CURRENT ASSETS						
Inventories	7	207,087		225,028		(17,941)
Trade receivables	8	202,315	*18,059*	208,287	*24,039*	(5,972)
Other receivables and current assets	9	44,461	*101*	37,229		7,232
Current financial assets and derivatives	10	9,852	*9,252*	9,784	*9,000*	68
Cash and cash equivalents	11	115,602	*63,709*	95,749	*16,184*	19,853
TOTAL CURRENT ASSETS		**579,317**		**576,077**		**3,240**
TOTAL ASSETS		**1,218,104**		**1,132,721**		**85,383**

EQUITY AND LIABILITIES

(euro thousand)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*	Change
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	109,437		101,791		7,646
Retained earnings/(losses)	12	166,688		144,138		22,550
Profit/(loss) for the year	12	77,770		42,937		34,833
TOTAL GROUP EQUITY		**388,623**		**323,594**		**65,029**
TOTAL MINORITY INTERESTS		**10,500**		**10,340**		**160**
TOTAL EQUITY		**399,123**		**333,934**		**65,189**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	255,320	*29,837*	230,840	*10,062*	24,480
Other non-current financial payables and derivatives	13	15,159		23,805		(8,646)
Other non-current liabilities	14	591		6,553	*1,480*	(5,962)
Provisions	15	8,082		5,642		2,440
Provisions for employee benefits	16	19,619	*285*	19,562	*492*	57
Deferred tax liabilities	6	8,303		8,576		(273)
TOTAL NON-CURRENT LIABILITIES		**307,074**		**294,978**		**12,096**
CURRENT LIABILITIES						
Current payables to banks	13	170,771	*37,482*	158,810	*24,861*	11,961
Other current financial payables and derivatives	13	4,898		7,081		(2,183)
Trade payables	17	247,263	*6,221*	266,573	*9,087*	(19,310)
Tax payables	18	4,849		5,668		(819)
Other current payables	19	84,126	*7,253*	65,677	*1,223*	18,449
TOTAL CURRENT LIABILITIES		**511,907**		**503,809**		**8,098**
TOTAL LIABILITIES		**818,981**		**798,787**		**20,194**
TOTAL EQUITY AND LIABILITIES		**1,218,104**		**1,132,721**		**85,383**

Consolidated Income Statement at 31 December 2012

(euro thousand)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*	Change
Sales of goods and services	20	**1,388,637**	***55,141***	**1,254,513**	***60,794***	**134,124**
Other revenues and income	21	14,885	*3,380*	14,751	*3,917*	134
Costs for capitalised internal works	22	11,499		11,861		(362)
Raw materials, consumables and goods	23	(715,384)	*(34,812)*	(640,312)	*(45,744)*	(75,072)
Other operating costs	24	(250,102)	*(4,504)*	(237,706)	*(5,661)*	(12,396)
Personnel expenses	25	(277,944)	*(2,949)*	(254,322)	*(2,089)*	(23,622)
GROSS OPERATING INCOME		**171,591**		**148,785**		**22,806**
Depreciation, amortisation and impairment losses	26	(82,166)		(75,438)		(6,728)
NET OPERATING INCOME		**89,425**		**73,347**		**16,078**
Interest income	27	*67,066*		*24,123*		*42,943*
Interest expense	27	*(73,522)*		*(41,281)*		*(32,241)*
Net interest income (expense)	27	(6,456)	*(64)*	(17,158)	*(605)*	10,702
Interest income (expense) from investments	28	(214)		(1,493)		1,279
RESULT BEFORE TAXES		**82,755**		**54,696**		**28,059**
Taxes	29	(5,065)		(11,353)		6,288
RESULT BEFORE MINORITY INTERESTS		**77,690**		**43,343**		**34,347**
Minority interests		80		(406)		486
GROUP NET RESULT		**77,770**		**42,937**		**34,833**
BASIC/DILUTED EARNINGS PER SHARE (euro)	30	**1.19**		**0.66**		

Comprehensive Consolidated Income Statement at 31 December 2012

(euro thousand)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*	Change
RESULT BEFORE MINORITY INTERESTS		**77,690**		**43,343**		**34,347**
Effect of hedge accounting (cash flow hedge) of derivatives		(378)		0		(378)
Effect of valuation of shareholdings using the equity method	12	(140)		0		(140)
Change in translation adjustment reserve		6,989		(15,226)		22,215
Tax effects on other components of comprehensive income		104		0		104
COMPREHENSIVE RESULT FOR THE YEAR		**84,265**		**28,117**		**56,148**
Of which attributable to:						
- the Group		*84,540*		*27,218*		*57,322*
- Minority Interests		*(275)*		*899*		*(1,174)*

Consolidated Cash-Flow Statement at 31 December 2012

(euro thousand)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11	**26,601**	***16,184***	**40,584**	
Result before taxes		**82,755**		**54,696**	
Depreciation, amortisation/impairment losses		82,166		75,438	
Capital gains/losses		(2,636)		(1,372)	
Write-ups/Write-downs of shareholdings		214		1,492	
Financial portion of provisions for defined benefits and payables for personnel		1,043		834	
Long-term provisions for employee benefits		1,071	*(207)*	855	
Other provisions net of utilisations		4,030		1,498	*(387)*
Cash flows generated by operating activities		**168,643**		**133,441**	
Paid current taxes		(23,452)		(15,018)	
Uses of long-term provisions for employee benefits		(2,480)		(2,327)	
(Increase) reduction in current assets:					
inventories		16,760		(44,408)	
financial assets		(23)		(4)	
trade receivables		4,925	*5,980*	(3,880)	*(20,169)*
receivables from others and other assets		(649)	*(252)*	(4,686)	
Increase (reduction) in current liabilities:					
trade payables		(19,310)	*(2,866)*	40,110	*2,773*
payables to others and other liabilities		7,132	*4,476*	20,146	*1,535*
Translation differences on current assets		(6,141)		(2,498)	
Net cash flows from / (for) operating activities		**145,405**		**120,876**	

(euro thousand)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*
Investments in:					
intangible assets		(19,154)		(19,006)	
property, plant and equipment		(121,447)		(146,320)	
financial assets (shareholdings)		0		(30)	
Business Combination La.Cam S.r.l.	34	(2,508)		0	
Business Combination Brembo Argentina S.A.		0		(787)	
Sale of Softia S.r.l.		0		290	
Capital contributions to consolidated companies by minority shareholders		435		501	
Price for disposal, or reimbursement value of fixed assets		7,602		2,189	
Net cash flows from / (for) investing activities		**(135,072)**		**(163,163)**	
Dividends paid in the period		(19,511)	*(11,335)*	(19,603)	*(11,365)*
Acquisition of own shares		0		(2,040)	
Disbursal of loans		0		(9,000)	*(9,000)*
Change in fair value of derivatives		131		280	
Loans and financing granted by banks and other financial institutions in the period		121,268		122,178	
Repayment of long-term loans		(97,677)	*(20,367)*	(63,511)	*(9,938)*
Net cash flows from / (for) financing activities		**4,211**		**28,304**	
Total cash flows		**14,544**		**(13,983)**	
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	**41,145**	***47,975***	**26,601**	***16,184***

Statement of Changes in Consolidated Equity at 31 December 2012

(euro thousand)	Share capital	Other reserves	Hedging reserve (*)	Retained earnings (losses)
Balance at 1 January 2011	**34,728**	**120,892**	**0**	**130,128**
Allocation of profit for the previous year		1,604		11,064
Payment of dividends				
Capital increase of consolidated companies by minority shareholders				
Reclassification of merger surplus		(2,946)		2,946
Business Combination Brembo Argentina S.A.				
Acquisition of own shares		(2,040)		
Components of comprehensive income:				
Change in translation adjustment reserve		(15,719)		
Net result				
Balance at 1 January 2012	**34,728**	**101,791**	**0**	**144,138**
Allocation of profit for the previous year		736		22,690
Payment of dividends				
Capital increase of consolidated companies by minority shareholders				
Components of comprehensive income:				
Valuation of shareholding using the equity method				(140)
Change in translation adjustment reserve		7,184		
Effect of hedge accounting (cash flow hedge) of derivatives (*)			(274)	
Net result				
Balance at 31 December 2012	**34,728**	**109,711**	**(274)**	**166,688**

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

Net result	Group equity	Result of Minority Interests	Share capital and reserves of Minority Interests	Equity of Minority Interests	Equity
32,271	318,019	(458)	8,298	7,840	325,859
(12,668)	0	458	(458)	0	0
(19,603)	(19,603)			0	(19,603)
	0		501	501	501
	0			0	0
	0		1,100	1,100	1,100
	(2,040)			0	(2,040)
	(15,719)		493	493	(15,226)
42,937	42,937	406		406	43,343
42,937	323,594	406	9,934	10,340	333,934
(23,426)	0	(406)	406	0	0
(19,511)	(19,511)			0	(19,511)
	0		435	435	435
	(140)			0	(140)
	7,184		(195)	(195)	6,989
	(274)			0	(274)
77,770	77,770	(80)		(80)	77,690
77,770	388,623	(80)	10,580	10,500	399,123

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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 Górnicza), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabova), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Apodaca), Brazil (Betim and São Paulo), Argentina (Buenos Aires), 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 (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 2012

Introduction

The Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2012 have been prepared in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2012, 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 2012, 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 2012, 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 companies. The Consolidated Financial Statements are presented in euro, which is the functional currency of the Parent Company, Brembo S.p.A., and all amounts are rounded to the nearest thousand unless otherwise indicated.

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

The fair value of financial instruments traded in active markets is based on price quotations at the reporting date. The fair value of financial instruments that are not traded in active markets (such as derivative contracts) is determined using specific valuation techniques. In detail, as indicated below, the fair value of Interest Rate Swaps (IRS) is determined using the discounted cash flow technique, and the fair value of forward foreign exchange contracts is determined by reference to projected forward exchange rate curves applicable to such financial instruments. The fair value of other derivatives is determined using the forward curves of the indexes specified in the related contracts. The Group made the following choices in relation to the presentation of the financial statements:
- for the balance sheet, there is separate disclosure of the current and non-current assets and the current and non-current liabilities. Current assets, which include cash and cash equivalents, are those assets which will be realised, sold or consumed within the Group's normal operating cycle; current liabilities are obligations that will be liquidated within the Group's normal operating cycle or within twelve months of the close of the accounting period;
- in the Income Statement, expense and income items are stated based on their nature;
- for the Cash Flow Statement, the indirect method was used, as indicated in IAS 7.

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

Changes in Accounting Standards

The valuation and measurement criteria used are based on IFRS in force as of 31 December 2012 and endorsed by the European Union.

Accounting Standards, Amendments and Interpretations Effective 1 January 2012

The following amendments, improvements and interpretations, effective 1 January 2012, regulate situations and circumstances currently not found within the Group on the reporting date, but which could have accounting implications for future transactions or agreements:
- Amendment to IFRS 7 – *Financial Instruments: Disclosures*
- Amendment to IAS 12 – *Income Taxes.*

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

On 12 November 2009, the IASB published the IFRS 9 – *Financial Instruments*: this standard was amended on 28 October 2010 and 16 December 2011. The standard represents the first part of a process by phases, aimed at fully replacing IAS 39. It introduces new criteria for the classification and measurement of financial assets and liabilities and the derecognition of financial assets. The endorsement process, expected to enter into force on 1 January 2013, has been currently suspended.

On 28 June 2012, the IASB published IFRSs 10, 11 and 12 and updated IAS 27 and 28, with the aim of redrafting group reporting rules. The IASB had indicated that the above standards would come into force on 1 January 2013, but the European Commission, in its endorsement of 11 December 2012, postponed the date until 1 January 2014.

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

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

In accordance with the transitional provisions in paragraph 173 of IAS 19, the Group will apply this principle retrospectively with effect from 1 January 2013, adjusting the opening balance sheet at 1 January 2012 and income figures for 2012, as if the IAS 19 amendments had always been applied. On the date of these Consolidated Financial Statements, the Group estimated that the adoption of the new standard on 1 January 2012 would have resulted in the recognition of higher liabilities for employee benefits of €4.3 million and of €3.3 million at 31 December 2011 and 31 December 2012, respectively, and a reduction in equity (other comprehensive profits and losses) on the same dates, of €4.3 million and €3.3 million in the balance sheet. The impact on the income statement was not material.

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

On 11 December 2012, the IASB issued amendments to IFRS 7 and IAS 32, which will enter into force, respectively, on 1 January 2013 and 1 January 2014.

Consolidation Criteria

Subsidiary companies

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

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

Associate companies

Associate companies are entities over which the Group has significant influence but does not have control. Generally, the Group is presumed to have a considerable influence when it acquires, directly or indirectly, from 20% to 50% of the company's voting rights. Equity investments in associate companies are accounted for using the equity method. Based on this method, equity investments are initially stated at cost and then adjusted to reflect changes in the Group's share of Equity in the associated 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 (revised).

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

Intragroup Transactions

All balances and transactions among consolidated companies, including unrealised income, are eliminated.

Unrealised losses on intragroup transactions are eliminated unless they indicate an impairment of the asset transferred. Unrealised gains and losses on transactions with associate companies or joint ventures are eliminated in proportion to the Group's interest in such entities. Transactions relating to acquisitions and disposals of minority interests in consolidated subsidiaries are considered to be transactions with shareholders, and therefore the related effects are recognised in equity.

Conversion of the Financial Statements of Foreign Companies

The financial statements of the Group Companies included in the Consolidated Financial Statements are denominated in the currency used in the primary market in which they operate (functional currency). The Group Consolidated Financial Statements are denominated in euro, which is the functional currency of the Parent Company Brembo S.p.A.

At year end, the assets and liabilities of subsidiaries, associate companies and joint ventures whose functional currency is not the euro are translated into the currency used to prepare the consolidated Group accounts at the exchange rate prevailing at that date. Income Statement items are translated at the average exchange rate for the period (as it is considered to represent the average of the exchange rates prevailing on the dates of the individual transactions). The differences arising from the translation of initial equity at end-of-period exchange rates, and the differences arising as a result of the different method used for translating the result for the period are recognised under a specific heading of equity. If consolidated foreign companies are subsequently sold, accumulated conversion differences are recognised in the Income Statement.

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

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

Euro against other currencies	31.12.2012	2012 average	31.12.2011	2011 average
US Dollar	1.319400	1.285602	1.293900	1.391710
Japanese Yen	113.610000	102.621210	100.200000	111.021074
Swedish Krona	8.582000	8.706721	8.912000	9.027589
Polish Zloty	4.074000	4.184331	4.458000	4.118704
Czech Koruna	25.151000	25.145665	25.787000	24.589012
Mexican Peso	17.184500	16.908675	18.051200	17.279067
Pound Sterling	0.816100	0.811096	0.835300	0.867768
Brazil Real	2.703600	2.509703	2.415900	2.325915
Indian Rupee	72.560000	68.629474	68.713000	64.866873
Argentine Peso	6.486410	5.845457	5.567690	5.722463
Chinese Renminbi	8.220700	8.109418	8.158800	8.996062

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 and the Explanatory Notes. Corporate transactions carried out in 2012 are listed below:

- as indicated above, during 2012 the consolidated company La.Cam acquired two business units previously managed under a business lease agreement. The transaction did not change the consolidation area, as La.Cam was already fully consolidated.
- on 2 August 2012, Simest sold Brembo S.p.A. its 32.26% equity interest in Brembo China Brake Systems Co. Ltd., a company incorporated in 2005; its business consists of promotion and development of the Chinese market. Under to the contractual clauses set forth in the agreement entered into with Simest in July 2005, the transfer price was €4.1 million. As a result of this acquisition, Brembo S.p.A. now owns 100% of the shares in Brembo China Brake Systems Co. Ltd. The above transaction did not impact the consolidation area, as the company was already fully consolidated.

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 written off in the year in which they are incurred, where they relate to maintenance or repair and do not lead to any significant and measurable increase in productive capacity or in the useful life of the relevant asset.

Depreciation and Amortisation

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

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

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

The useful life of individual assets is reviewed periodically, so as to ascertain that it is consistent with its economic and technical deterioration.

Leases

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

Leasehold improvements

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

Development Costs, Goodwill and Other Intangible Assets

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

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

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

Development costs – An intangible asset generated in the development phase of an internal project is recorded 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" 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 recognised at cost. It represents the excess of purchase cost over the acquired share of net fair value attributed to the identifiable assets, liabilities, and contingent liabilities at the purchase date. After the acquisition date, goodwill is no longer amortised and is allocated to the "cash-generating units" that are expected to benefit from the synergies deriving from the acquisition. Each cash-generating unit is tested for impairment at least once a year, or more frequently if there are indications of impairment. If the recoverable value (as defined hereinafter) is less than the carrying value, the asset is written down to impaired value. If goodwill is allocated to a cash-generating unit that is partially transferred or discontinued, the goodwill associated with the transferred or discontinued unit is considered for the purpose of determining any gain/loss arising from the transaction. Trademarks with definite useful lives are amortised using the straight-line method over their estimated useful lives, based on strategic plans for their expected use. Trademarks with indefinite useful lives are not amortised but are tested for impairment.

Impairment of Assets

Goodwill, intangible assets with indefinite lives and development costs underway are systematically tested for impairment at least once a year, and whenever 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 value corresponds to the replacement cost. For finished products and semi-finished goods, the presumable realisable value corresponds to the estimated sales price in the ordinary course of business, less the estimated costs of completion and costs to sell.

Inventories that are obsolete or characterised by a long turnover period are written down on the basis of their possible useful life or realisable value, by creating a special inventory adjustment fund.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances, unrestricted deposits and other treasury investments with original maturities of up to three months. A treasury investment is considered as availability, when it is instantly convertible to cash with minimal risk of any fluctuation in value and, further, it is intended to meet short-term cash requirements and is not held as an investment.

For purposes of the cash flow statement, cash balances are stated net of bank overdrafts at the end of the period.

Provisions

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

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

Provisions are recognised at the present value of the expected expenditure required to settle the obligation in question. Provisions are periodically updated to reflect changes in cost estimates, timing and present value, if any; revisions to estimates are recognised under the same heading of the Income Statement under which the original provision was recognised and in the Income Statement of the period in which the change is made. When provisions are discounted to present value, the change resulting from the passage of time or interest rate fluctuations is recorded under "Net interest income (expense)". Any provisions for restructuring costs are recognised when the company involved has approved a formal detailed plan and communicated it to affected parties.

Employee Benefits

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

Defined-contribution plans

Defined-contribution plans are post-employment benefit plans under which the company pays contributions to an insurance company or pension fund and has no legal or constructive obligation to pay further contributions if, when the benefit right matures, the fund does not have sufficient assets to pay all benefits relating to employee service in the current or prior periods.

These contributions, which are paid for the services rendered by employees, are recognised in the same accounting period in which the services are rendered.

Defined-benefit plans and other long-term benefits

Defined-benefit plans are post-employment benefit plans that entail a future obligation for the company. The company assumes actuarial and investment risks in relation to the plan.

To determine the present value of its obligations relating to such plans and the related service costs, Brembo S.p.A. uses the "Projected Unit Credit Method".

This actuarial calculation method requires the use of unbiased and compatible actuarial assumptions about demographic variables (mortality rate and employee turnover rate) and financial variables (discount rates and future increases in salary and benefits). When a defined-benefit plan is wholly or partly funded by contributions paid either into a fund that is legally separate from the company or to an insurance company, any plan assets are measured at fair value. The obligation is therefore stated net of the fair value of the plan assets that will be used to directly meet such obligation.

Actuarial gains and losses are recognised according to the corridor approach; therefore, actuarial gains or losses arising from changes in actuarial assumptions that exceed the greater of 10% of the value of the plan assets or 10% of the present value of the plan obligations are recognised in the Income Statement based on the expected average remaining working lives of the employees participating in the plans.

Other long-term benefits refer to employee benefits other than post-employment benefits. They are accounted for in the same manner as defined-benefit plans.

Government Grants

Government grants are recognised at fair value, when there is reasonable assurance that all necessary conditions attached to them have been satisfied and the grants will be received.

Grants received in recognition of specific expenses are recognised as liabilities and credited to the Income Statement on a systematic basis over the periods necessary to match the grant income with the related expenditure. Grants received for defined assets that are 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 recognised at cost, which corresponds to fair value plus ancillary costs. The company classifies its financial assets as follows: financial assets at fair value in the Income Statement, loans, trade receivables, other receivables and financial assets available for sale. Financial assets that the company does not hold for trading, including trade receivables, are initially measured at fair value and subsequently at amortised cost. Trade receivables are subject to analysis and assumptions on their collectability. When a trade receivable is deemed no longer collectable, it is completely written off.

Financial assets available for sale are measured at fair value and changes are recognised in the Statement of Changes in Equity.

Financial assets are removed from the balance sheet when the right to receive cash ceases or is transferred and the company has transferred basically all risks and rewards associated with the financial asset.

Long-term receivables for which an interest rate is not specified are accounted for by discounting future cash flows at market rate, with subsequent recognition of interest in the income statement, in item “Interest income (expense)”.

Loans, payables and other financial and/or trade liabilities with a fixed or determinable maturity are initially recognised at fair value, net of the transaction costs. After initial recognition, these payables are evaluated using the criterion of amortised cost at the effective interest rate.

Long-term debts for which an interest rate is not specified are recognised by discounting future cash flows at market rate, if the increase in payables arises from the passage of time, with subsequent recognition of interest in the income statement, in item “Net interest income (expense)”.

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

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

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

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

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

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

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

If the obligation meets the definition of a financial instrument and qualifies as a contractual agreement between the guarantor and a specific party (subsidiary) for a predetermined amount and in favour of a specifically identified third party, the contract is initially recognised at fair value.

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 are 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 Report

The Group identified the following reportable operating segments based on the qualitative and quantitative criteria specified in the related standard (IFRS 8):

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

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

Financial Risk Management

The Brembo Group is exposed to market, liquidity and credit risk, all of which are tied to the use of financial instruments.

Financial risk management is the responsibility of the central Treasury Department of Brembo S.p.A., which, together with the Group CFO, evaluates the Group's main financial transactions and related hedging policies.

Market Risk

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

Interest Rate Risk

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

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

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

A sensitivity analysis is provided below to illustrate the effects of a change in interest rates of +/-50 base points compared to the rates at 31 December 2012 and 31 December 2011, with other variables held constant. The potential impacts were calculated on the variable-rate financial assets and liabilities at 31 December 2012. The above change in interest rates would result in a higher (or lower) annual pre-tax expense of approximately €1,374 thousand (€1,184 thousand at 31 December 2011), gross of the tax effect.

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

Exchange Rate Risk

Transactional exchange rate risk

Brembo deals in international markets with currencies other than the euro and is therefore exposed to exchange rate risk.

To mitigate this risk, Brembo uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged, in order to offset any unbalances; currency forward contracts are also used to hedge this risk category.

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

Starting with the exposures at 31 December 2011 and 2012, 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 2011 and 2012 to measure exchange rate volatility.

	31.12.2012			31.12.2011		
(euro thousand)	Change%	Effect of increase of exchange rate	Effect of decrease of exchange rate	Change%	Effect of increase of exchange rate	Effect of decrease of exchange rate
EUR/CNY	2.16%	(13.9)	14.5	3.76%	N/A	N/A
EUR/GBP	2.09%	0.1	(0.1)	1.92%	1.7	(1.7)
EUR/JPY	4.25%	12.9	(14.0)	4.91%	86.1	(95.0)
EUR/SEK	2.42%	0.7	(0.8)	1.51%	(1.3)	1.3
EUR/USD	2.55%	(250.8)	263.9	3.31%	(3.8)	4.0
PLN/EUR	2.30%	83.0	(86.9)	5.02%	1,522.2	(1,683.0)
PLN/GBP	2.77%	(0.5)	0.5	5.74%	(2.2)	2.5
PLN/JPY	5.51%	1.2	(1.4)	9.37%	0.3	(0.3)
PLN/SEK	2.13%	0.1	(0.1)	4.45%	0.1	(0.1)
PLN/USD	3.74%	(3.0)	3.2	7.15%	0.1	(0.1)
PLN/CHF	2.34%	2.6	(2.7)	7.69%	(13.8)	16.1
GBP/EUR	2.08%	5.2	(5.4)	1.93%	N/A	N/A
USD/EUR	2.58%	27.7	(29.2)	3.34%	5.2	(5.6)
USD/MXN	2.99%	(72.5)	76.9	6.47%	(185.5)	211.2
BRL/EUR	5.62%	110.8	(124.0)	3.26%	134.6	(143.7)
BRL/USD	6.72%	(13.9)	15.9	5.40%	(8.8)	9.8
JPY/EUR	4.19%	17.5	(19.1)	4.94%	12.3	(13.6)
JPY/USD	2.47%	(0.8)	0.9	3.16%	(1.6)	1.7
CNY/EUR	2.17%	35.5	(37.1)	3.83%	188.9	(204.0)
CNY/USD	0.71%	(9.0)	9.2	1.37%	(7.5)	7.7
INR/EUR	3.02%	(18.8)	19.9	4.05%	19.7	(21.3)
INR/USD	4.36%	20.8	(22.7)	5.44%	15.8	(17.6)
CZK/EUR	1.35%	373.3	(383.5)	1.85%	238.2	(247.2)
CZK/GBP	2.75%	0.2	(0.2)	3.22%	0.3	(0.3)
CZK/PLN	1.83%	1.0	(1.0)	3.78%	0.6	(0.6)
ARS/BRL	4.02%	30.5	(33.1)	4.53%	10.9	(12.0)
ARS/EUR	4.28%	35.4	(38.5)	3.56%	3.8	(4.1)
ARS/USD	3.89%	19.7	(21.3)	2.29%	(32.1)	33.6

Commodity Risk

The Group is exposed to changes in prices of main raw materials and commodities. In 2012, no specific hedging transactions were undertaken.

Liquidity Risk

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

To mitigate liquidity risk, the Finance & 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 2012 plus the relevant spread.

(euro thousand)	Carrying value	Contractual cash flows	Within 1 year	From 1 to 5 years	Beyond 5 years
Non-derivative financial liabilities					
Short-term credit lines and bank overdrafts	74,457	74,457	74,457		
Payables to banks (loans and bonds)	351,634	369,196	103,353	250,414	15,429
Payables to other financial institutions	8,008	9,481	799	6,092	2,590
Finance leases	11,596	11,908	4,025	6,935	948
Trade and other payables	253,389	253,389	253,389		
Derivative financial liabilities					
Derivatives	453	453	294	159	
Total	**699,537**	**718,884**	**436,317**	**263,600**	**18,967**

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

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

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

If the covenants are not met, the financial institution can request early repayment. Considering that all ratios calculated on figures as of 31 December 2012 were below the thresholds set out above, the loans have been presented in the table according to their contractual maturities.

The residual value of loans subject to covenants amounted to €202.7 million at 31 December 2012.

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 2012, unused bank credit facilities were 75.4% (a total of €303 million in credit facilities were available).

Credit Risk

Credit risk is the risk that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk for the Group arises mainly in relation to trade receivables. Most parties which the Group does business with are leading car and motorbike manufacturers with high credit standings.

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

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

	Carrying value		Fair value	
(euro thousand)	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Loans, receivables and financial liabilities valued at amortised costs				
Current and non-current financial assets (excluding derivatives)	9,897	9,646	9,897	9,646
Trade receivables	202,315	208,287	202,315	208,287
Loans and receivables	38,446	37,910	38,446	37,910
Cash and cash equivalents	115,602	95,749	115,602	95,749
Current and non-current payables to banks	(426,091)	(389,650)	(437,722)	(396,218)
Other current and non-current financial liabilities (excluding derivatives)	(19,604)	(30,782)	(19,822)	(31,040)
Trade payables	(247,263)	(266,573)	(247,263)	(266,573)
Other current payables	(84,126)	(65,677)	(84,126)	(65,677)
Other non-current liabilities	(591)	(6,553)	(591)	(6,553)
Derivatives	**(321)**	**187**	**(321)**	**187**
Total	**(411,736)**	**(407,456)**	**(423,585)**	**(414,282)**

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

- loans, payables to other lenders and intercompany loans with a duration of more than 12 months have been measured at fair value determined by applying the forward rates curve to the residual duration of the loan;
- receivables, trade payables, financial assets held to maturity and payables and receivables to and from banks due within 12 months have been measured at their carrying amounts, inasmuch as this is believed to approximate fair values;
- finance leases were valued at cost, as they are outside the scope of IAS 39;
- the fair value of derivatives was determined on the basis of valuation techniques that take into account market parameters other than the prices of the financial instrument (level 2).

ANALYSIS OF EACH ITEM

BALANCE SHEET

1. Property, Plant, Equipment and Other Equipment

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

(euro thousand)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction and payments on account	Total
Historical cost	23,538	120,729	473,457	132,098	25,413	28,942	**804,177**
Accumulated depreciation	0	(35,026)	(310,652)	(113,166)	(19,559)	0	**(478,403)**
Write-down provision	0	0	(2,715)	(13)	0	(95)	**(2,823)**
Balance at 1 January 2011	**23,538**	**85,703**	**160,090**	**18,919**	**5,854**	**28,847**	**322,951**
Changes:							
Translation differences	(142)	(2,927)	(4,746)	(258)	(30)	(2,268)	**(10,371)**
Change in consolidation area and/or business combination	0	0	3,556	35	3	88	**3,682**
Reclassification - historical cost	0	132	15,047	1,658	(149)	(10,677)	**6,011**
Reclassification - accumulated depreciation	0	14	(5,386)	(1,199)	516	0	**(6,055)**
Acquisitions	0	6,973	45,564	7,104	1,495	85,184	**146,320**
Disposals - historical cost	0	(100)	(10,141)	(777)	(483)	(70)	**(11,571)**
Disposals - accumulated depreciation	0	17	9,883	427	441	0	**10,768**
Depreciation	0	(4,348)	(38,680)	(8,624)	(2,489)	0	**(54,141)**
Impairment losses	0	0	(901)	(124)	(1)	(6)	**(1,032)**
Total changes	**(142)**	**(239)**	**14,196**	**(1,758)**	**(697)**	**72,251**	**83,611**
Historical cost	23,396	123,889	519,678	140,089	27,426	101,188	**935,666**
Accumulated depreciation	0	(38,425)	(343,346)	(122,836)	(22,269)	0	**(526,876)**
Write-down provision	0	0	(2,046)	(92)	0	(90)	**(2,228)**
Balance at 1 January 2012	**23,396**	**85,464**	**174,286**	**17,161**	**5,157**	**101,098**	**406,562**
Changes:							
Translation differences	15	2,349	2,276	117	(25)	6,785	**11,517**
Change in consolidation area and/or business combination	0	0	5,204	112	70	0	**5,386**
Reclassification - historical cost	0	35,237	79,678	3,102	752	(119,371)	**(602)**
Reclassification - accumulated depreciation	0	12	584	27	(135)	0	**488**
Acquisitions	578	12,203	59,686	8,397	1,340	39,243	**121,447**
Disposals - historical cost		0	(12,561)	(1,896)	(443)	0	**(14,900)**
Disposals - accumulated depreciation	0	0	7,532	1,690	422	0	**9,644**
Depreciation	0	(6,442)	(47,267)	(8,017)	(2,347)	0	**(64,073)**
Impairment losses	0	0	(61)	3	(9)	(12)	**(79)**
Total changes	**593**	**43,359**	**95,071**	**3,535**	**(375)**	**(73,355)**	**68,828**
Historical cost	23,989	174,377	656,404	150,352	28,906	27,854	**1,061,882**
Accumulated depreciation	0	(45,554)	(385,129)	(129,652)	(24,124)	0	**(584,459)**
Write-down provision	0	0	(1,918)	(4)	0	(111)	**(2,033)**
Balance at 31 December 2012	**23,989**	**128,823**	**269,357**	**20,696**	**4,782**	**27,743**	**475,390**

* The details of the business combination are given in Note 34.

During 2012, investments in property, plant and equipment amounted to €121,447 thousand, including €39,243 thousand on assets in course of construction.

As commented upon in the Report on Operations, the Group continued to invest in Italy and abroad, in order to strengthen its presence on the international scene. Most significant investments included those made in Poland, China and Czech Republic, in addition to North America and Italy.

Net disposals amounted to €5,256 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.

Total depreciation charges for 2012 amounted to €64,073 thousand (€54,141 thousand in 2011).

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

	31.12.2012		31.12.2011	
(euro thousand)	Leased	Not leased	Leased	Not leased
Land	2,068	21,921	2,068	21,328
Buildings	16,862	111,961	17,425	68,039
Plant and machinery	6,626	262,731	5,496	168,790
Industrial and commercial equipment	30	20,666	0	17,161
Other assets	95	4,687	131	5,026
Assets in course of construction and payments on account	432	27,311	698	100,400
Total	**26,113**	**449,277**	**25,818**	**380,744**

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

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

(euro thousand)	Development costs	Goodwill A	Intangible assets with indefinite useful lives B	Sub-total A+B	Industrial patent and similar rights C	Other intangible assets D	Total other intangible assets C+D	Total
Historical cost	**72,762**	60,559	1,030	**61,589**	26,404	55,325	**81,729**	**216,080**
Accumulated amortisation	**(33,271)**	0	0	**0**	(19,510)	(41,965)	**(61,475)**	**(94,746)**
Write-down provision	**(297)**	(16,838)	0	**(16,838)**	(6)	0	**(6)**	**(17,141)**
Balance at 1 January 2011	**39,194**	**43,721**	**1,030**	**44,751**	**6,888**	**13,360**	**20,248**	**104,193**
Changes:								
Translation differences	**0**	(562)	0	**(562)**	(47)	33	**(14)**	**(576)**
Change in consolidation area and/or business combination	**0**	0	0	**0**	0	625	**625**	**625**
Reclassification - historical cost	**39**	0	3	**3**	14	(174)	**(160)**	**(118)**
Reclassification - accumulated amortisation	**(39)**	0	0	**0**	0	(11)	**(11)**	**(50)**
Acquisitions	**12,656**	0	0	**0**	1,196	5,154	**6,350**	**19,006**
Disposals - historical cost	**0**	0	0	**0**	(12)	(4)	**(16)**	**(16)**
Disposals - accumulated amortisation	**0**	0	0	**0**	2	0	**2**	**2**
Amortisation	**(8,379)**	0	0	**0**	(2,072)	(5,737)	**(7,809)**	**(16,188)**
Impairment losses	**(2,099)**	(1,904)	(3)	**(1,907)**	1	(72)	**(71)**	**(4,077)**
Total changes	**2,178**	**(2,466)**	**0**	**(2,466)**	**(918)**	**(186)**	**(1,104)**	**(1,392)**
Historical cost	**83,650**	60,365	1,033	**61,398**	27,556	61,108	**88,664**	**233,712**
Accumulated amortisation	**(41,654)**	0	0	**0**	(21,579)	(47,934)	**(69,513)**	**(111,167)**
Write-down provision	**(624)**	(19,110)	(3)	**(19,113)**	(7)	0	**(7)**	**(19,744)**
Balance at 1 January 2012	**41,372**	**41,255**	**1,030**	**42,285**	**5,970**	**13,174**	**19,144**	**102,801**
Changes:								
Translation differences	**0**	(492)	0	**(492)**	20	(159)	**(139)**	**(631)**
Reclassification - historical cost	**(37)**	0	0	**0**	128	(120)	**8**	**(29)**
Reclassification - accumulated amortisation	**0**	0	0	**0**	0	(17)	**(17)**	**(17)**
Acquisitions	**12,656**	0	0	**0**	1,468	5,030	**6,498**	**19,154**
Disposals - historical cost	**0**	0	0	**0**	(6)	(48)	**(54)**	**(54)**
Disposals - accumulated amortisation	**0**	0	0	**0**	1	4	**5**	**5**
Amortisation	**(8,291)**	0	0	**0**	(2,112)	(5,218)	**(7,330)**	**(15,621)**
Impairment losses	**(1,894)**	0	0	**0**	(499)	0	**(499)**	**(2,393)**
Total changes	**2,434**	**(492)**	**0**	**(492)**	**(1,000)**	**(528)**	**(1,528)**	**414**
Historical cost	**94,224**	60,165	1,033	**61,198**	29,251	65,656	**94,907**	**250,329**
Accumulated amortisation	**(49,699)**	0	0	**0**	(23,775)	(53,010)	**(76,785)**	**(126,484)**
Write-down provision	**(719)**	(19,402)	(3)	**(19,405)**	(506)	0	**(506)**	**(20,630)**
Balance at 31 December 2012	**43,806**	**40,763**	**1,030**	**41,793**	**4,970**	**12,646**	**17,616**	**103,215**

Development costs

The item "Development costs" includes costs for development, internal and external, for a gross historical cost of €94,224 thousand. During the reporting year, this item changed due to higher costs incurred for jobs begun in 2012 for orders received both during the year and in previous years, for which additional development costs were incurred; amortisation was recognised for development costs associated with products that have already entered into production.

The gross amount includes development activities for projects underway totalling €22,477 thousand. The total amount of costs for capitalised internal works charged to the Income Statement in the item "Costs for capitalised internal works" during the year amounted to €11,499 thousand (€11,861 thousand in 2011).

Impairment losses totalled €1,894 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)

Corporacion Upwards'98 (Frenco S.A.)	2,006
Ap Racing Ltd.	12,719
Brembo North America Inc. (Hayes Lemmerz)	12,937
Brembo México S.A. de C.V. (Hayes Lemmerz)	787
Brembo Nanjing Brake Systems Co. Ltd.	851
Brembo Brake India Pvt. Ltd.	9,076
Gruppo Sabelt	2,387
	40,763

Recognised goodwill was tested for impairment.

Calculations used cash-flow projections for the 2013-2015 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 8.54% (WACC), which reflected the current market assessments of the time value of money and the risks specific to the asset in question.

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

The previously mentioned impairment tests did not indicate the need to recognise any impairment loss. In the event of a change in the WACC from 8.54% to 9.04% and the growth rate from 1% to 0.5% (or from 1.5% to 1%), no previously unimpaired goodwill would have become impaired. The changes in the WACC and growth rate described above are deemed reasonable. In this respect, only changes in the WACC beyond reasonable levels and the use of growth rates near zero would have resulted in further impairment.

Intangible assets with indefinite useful lives

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

Other intangible assets

Acquisitions of "Other intangible assets" totalled €6,498 thousand, consisting mainly of €1,468 thousand for the purchase of specific patents and trademarks 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 write-down of €500 thousand refers to a variation in the estimated recoverable value of a licensed technology, connected to changes in the prospects for the use of this technology.

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)	31.12.2011	Write ups/ Write downs	Reclassification	Other change	31.12.2012
Brembo SGL Carbon Ceramic Brakes S.p.A.	20,638	(149)	0	(140)	20,349
Innova Tecnologie S.r.l.	0	(56)	56	0	0
Petroceramics S.r.l.	175	(9)	0	0	166
Total	**20,813**	**(214)**	**56**	**(140)**	**20,515**

The shareholding in Innova Tecnologie S.r.l. was reduced to zero at 31 December 2011 and further written down by an additional €56 thousand as a result of losses for the year, as recognised in "Non-current provisions", for a total amount attributable to Brembo of €350 thousand.

The shareholding in Brembo SGL Carbon Ceramic Brakes S.p.A. was tested for impairment; value in use was determined for the purpose according to the free operating cash flow method. The calculation was based on the BSCCB Group's five-year plans, approved by the competent bodies, and thus using a WACC of 9.32% and a growth rate of 1.5%. The foregoing analysis did not detect any impairment loss. It should be noted that reasonable changes in the variables WACC and growth rate would not have generated any impairment.

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

Associate companies under common control

	Gruppo Brembo SGL Carbon Ceramic Brakes	
	31.12.2012	31.12.2011
Country	**Italy**	**Italy**
(euro thousand) ***% ownership***	***50%***	***50%***
Non-current assets	8,345	9,593
Current assets	19,787	19,760
Non-current liabilities	(1,332)	(1,233)
Current liabilities	(7,311)	(8,318)
Equity (including net result for the year)	(19,489)	(19,802)
Sales of goods and services	34,635	35,255
Costs	(34,774)	(36,385)

Other associate companies

	31.12.2012		31.12.2011	
	Innova Tecnologie S.r.l.	Petroceramics S.r.l.	Innova Tecnologie S.r.l.	Petroceramics S.r.l.
Country	***Italy***	***Italy***	***Italy***	***Italy***
(euro thousand) ***% ownership***	***30%***	***20%***	***30%***	***20%***
Assets	2,526	444	2,538	380
Liabilities	(2,681)	(130)	(2,637)	(110)
Equity (including net result for the year)	155	(314)	99	(270)
Sales of goods and services	77	351	52	287
Net result for the year	(56)	44	(80)	8

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

This item is broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Shareholdings in other companies	99	96
Other	78	58
Total	**177**	**154**

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

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

5. Receivables and Other Non-current Assets

This item is broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Receivables from others	3,743	2,513
Income tax receivables	180	294
Non-income tax receivables	34	33
Total	**3,957**	**2,840**

Tax receivables mostly refer to applications for tax reimbursements.

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

6. Deferred Tax Assets and Liabilities

The net balance of deferred tax assets and liabilities at 31 December 2012 is broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Deferred tax assets	35,533	23,474
Deferred tax liabilities	(8,303)	(8,576)
Total	**27,230**	**14,898**

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)	31.12.2012	31.12.2011
Balance at beginning of year	**14,898**	**9,667**
Deferred tax liabilities generated	(2,956)	(151)
Deferred tax assets generated	14,773	9,182
Use of deferred tax assets and liabilities	(1,271)	(1,732)
Exchange rate fluctuations	1,630	(1,411)
Reclassification	0	8
Other movements	156	(665)
Balance at end of year	**27,230**	**14,898**

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

	Assets		Liabilities		Net	
(euro thousand)	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Property, plant, equipment and other equipment	6,204	1,171	13,720	15,527	(7,516)	(14,356)
Development costs	0	0	215	633	(215)	(633)
Goodwill and other assets with indefinite useful lives	0	0	183	213	(183)	(213)
Other intangible assets	14	1	751	316	(737)	(315)
Other financial assets	0	0	130	130	(130)	(130)
Trade receivables	1,364	139	354	370	1,010	(231)
Inventories	5,463	4,977	0	0	5,463	4,977
Other receivables and current assets	127	89	2	17	125	72
Financial liabilities	(56)	4	0	0	(56)	4
Other financial liabilities	489	717	308	30	181	687
Provisions for contingencies and charges	2,533	1,409	3	87	2,530	1,322
Provisions for employee benefits	3,105	3,879	1,697	1,698	1,408	2,181
Trade payables	9	8	(5)	0	14	8
Other liabilities	1,950	1,061	272	0	1,678	1,061
Other	19,477	13,882	444	388	19,033	13,494
Tax losses	4,625	6,970	0	0	4,625	6,970
Compensation balance between deferred tax assets and liabilities	(9,771)	(10,833)	(9,771)	(10,833)	0	0
Total	**35,533**	**23,474**	**8,303**	**8,576**	**27,230**	**14,898**

The provision for deferred tax assets was made by assessing the existence of the prerequisites for their future recovery based on updated strategic plans; it should be noted in particular that the consolidated subsidiary Brembo Poland Spolka Zo.o. resides in a "special economic zone" and is entitled to deduct 50% of its investments from any current taxes due up to 2020. Based on the new investments made during the year, the estimate of benefit recovery for the year was calculated also on the basis of the estimate of the benefit that can be used over a three-year timeframe, which is the reference period of the plans drawn up by the company. At 31 December 2012, the company recognised deferred tax assets of €17,649 thousand (PLN 71,904 thousand) under the item "Other" in the table above. In this regard, the potential future benefit valued at 31 December 2012 and not recognised in the financial statements amounted to PLN 47.3 million (approximately €11.6 million). It should also be noted that Brembo Czech Sro. did not recognise a potential future tax benefit of CZK 368.2 million (approximately €14.6 million), valid until 2018.

On the basis of current projections, there is no certain evidence that the benefit concerned may be used before it expires for either company.

Brembo Czech Sro., Brembo México S.A. de C.V., Brembo Argentina S.A. and La.Cam. S.r.l. recognised deferred tax assets on their losses for the current and previous years for a total of €4,624 thousand, basing their assessment of the satisfaction of requirements for future recoverability of such assets on updated strategic plans.

7. Inventories

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

(euro thousand)	31.12.2012	31.12.2011
Raw materials	74,522	71,023
Work in progress	42,990	49,304
Finished products	79,033	98,066
Goods in transit	10,542	6,635
Total	**207,087**	**225,028**

The reduction in inventories is mainly linked to actions taken during the year to reduce net working capital, and partly to the higher depreciation calculated on obsolete goods.

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

(euro thousand)	31.12.2011	Provisions	Use/ Release	Exchange rate fluctuations	31.12.2012
Inventory write-down provision	18,266	7,030	(5,907)	58	19,447

8. Trade Receivables

At 31 December 2012, the balance of trade receivables compared to the previous year was as follows:

(euro thousand)	31.12.2012	31.12.2011
Trade receivables	200,336	205,662
Receivables from associate companies and joint ventures	1,979	2,625
Total	**202,315**	**208,287**

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

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

Also this year, the Parent Company Brembo S.p.A. has sold certain receivables to factoring companies under arrangements without recourse, whereby the amounts of the receivables are paid immediately by the factor and all substantial risks associated with the receivables are transferred to the factor. At the end of 2012, the factored receivables amounted to €34,253 thousand (€28,307 thousand for 2011).

Trade receivables are recognised net of the provision for bad debts, which amounted to €5,088 thousand. Movements in the provision for bad debts are shown below:

(euro thousand)	31.12.2011	Provisions	Use/Release	Exchange rate fluctuations	Reclassification	31.12.2012
Provision for bad debts	4,728	1,504	(516)	59	(687)	5,088

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

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

The approach taken to presenting the credit quality of financial assets is a distinction between listed and unlisted clients (excluding a net negative amount of €18,603 thousand in credit notes and invoices to be issued at 31 December 2012). Listed customers are customers that are listed on a stock market, directly or indirectly controlled by a listed company or closely connected to listed companies.

(euro thousand)	31.12.2012	31.12.2011
Listed clients	148,085	151,108
Unlisted clients	77,921	72,564
Total	**226,006**	**223,672**

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)	31.12.2012	Write-down 2012	31.12.2011	Write-down 2011
Current	133,275	78	134,534	2
Expired by 0 to 30 days	917	–	3,824	–
Expired by 30 to 60 days	2,955	43	5,180	8
Expired by over 60 days	10,938	1,567	7,570	516
Total	**148,085**	**1,688**	**151,108**	**526**
% Ratio of expired receivables not written down to total exposure	8.9%		10.6%	
Total expired receivables, not written down	**13,200**		**16,050**	

Unlisted clients

(euro thousand)	31.12.2012	Write-down 2012	31.12.2011	Write-down 2011
Current	71,458	17	64,607	122
Expired by 0 to 30 days	764	–	1,817	–
Expired by 30 to 60 days	809	62	1,316	163
Expired by over 60 days	4,890	3,321	4,824	3,917
Total	**77,921**	**3,400**	**72,564**	**4,202**
% Ratio of expired receivables not written down to total exposure	4.0%		5.3%	
Total expired receivables, not written down	**3,080**		**3,877**	

The item “Expired receivables from listed clients” mainly refers to leading car manufacturers, and almost all the related repayment plans were defined at the beginning of 2013.

With regard to the portion of expired receivables from unlisted clients, most of this amount has already been collected.

9. Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Income tax receivables	9,792	1,865
Non-income tax receivables	24,862	27,897
Other receivables	9,807	7,467
Total	**44,461**	**37,229**

Income tax receivables include the credit recognised by the Parent Company in relation to the request for a refund of corporate income tax (IRES), due to non-deduction of regional production tax (IRAP) pertaining to personnel costs from 2007 to 2011 (Article 2 of Legislative Decree No. 201/2011) of €4,149 thousand. The application will be made during 2013, in accordance with the terms and conditions stipulated by the above law.

The item "Non-income tax receivables" primarily includes VAT receivables and a receivable for which a refund has been requested in connection with previous years.

10. Current Financial Assets and Derivatives

This item is broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Receivables from associate companies	9,252	9,000
Derivatives	132	291
Security deposits	467	477
Other receivables	1	16
Total	**9,852**	**9,784**

The item "Receivables from associate companies" refers to the revolving line of credit granted by the Parent Company to the associate Innova Tecnologie S.r.l.

The derivatives refer to a derivative embedded in a supply contract with a top client.

11. Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	31.12.2012	31.12.2011
Bank and postal accounts	115,475	95,632
Cash-in-hand and cash equivalents	127	117
Total cash and cash equivalents	**115,602**	**95,749**
Payables to banks: ordinary current accounts and foreign currency advances (*)	(74,457)	(69,148)
Cash and cash equivalents from Cash Flow Statement	**41,145**	**26,601**

* 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 2012 increased by €65,029 thousand compared to 31 December 2011. Movements for the year are given in the relevant statement.

Share Capital

The subscribed share capital of the Parent Company is fully paid up and amounted to €34,728 thousand at 31 December 2012. It is divided into 66,784,450 ordinary 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 2011 and at 31 December 2012:

(No. of shares)	31.12.2012	31.12.2011
Ordinary shares issued	66,784,450	66,784,450
Own shares	(1,747,000)	(1,747,000)
Total shares outstanding	**65,037,450**	**65,037,450**

As part of Brembo's buy-back plan, in 2012 the Company neither purchased nor sold own shares.

Other Reserves and Retained Earnings/(Losses)

In accordance with a resolution approved by the Shareholders' Meeting of 20 April 2012, the Parent Company Brembo S.p.A. allocated €2,070 thousand of its 2011 net income to reserves, and distributed €19,511 thousand as dividends (€0.30 per share).

Share capital and Reserves of Minority Interests

The main changes in this item relate to loss replenishment and share capital increase of the consolidated company Sabelt S.p.A. by the minority shareholders and the change in the translation reserve.

13. Financial Debt and Derivatives

This item is broken down as follows:

	31.12.2012			31.12.2011		
(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	74,457	0	74,457	69,148	0	69,148
– loans	96,314	255,320	351,634	89,663	230,840	320,503
Total	**170,771**	**255,320**	**426,091**	**158,811**	**230,840**	**389,651**
Payables to other financial institutions	4,604	15,000	19,604	6,977	23,805	30,782
Derivatives	294	159	453	104	0	104
Total	**4,898**	**15,159**	**20,057**	**7,081**	**23,805**	**30,886**

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

(euro thousand)	Original amount	Amount at 31.12.2011	Amount at 31.12.2012	Portion due within one year	Portion due between 1 and 5 years	Portion due after 5 years
Payables to banks:						
San Paolo IMI loan Law 346/88 (reinforced aluminium project)	3,091	(104)	(104)	(104)	0	0
UBI loan (€25 million)	25,000	8,189	2,797	2,797	0	0
San Paolo IMI loan Law 100 (China project)	4,653	2,327	1,391	926	465	0
Centrobanca 1 loan (€25 million)	25,000	10,052	3,748	3,748	0	0
Centrobanca 2 loan (€25 million)	25,000	12,584	6,242	5,016	1,226	0
Centrobanca 3 loan (€30 million)	30,000	29,909	21,379	8,615	12,764	0
Creberg loan (€50 million)	50,000	34,922	24,961	10,038	14,923	0
Unicredit loan (€50 million)	50,000	19,978	9,994	9,994	0	0
Unicredit loan (€10 million)	10,000	8,731	6,240	2,509	3,731	0
UBI loan (€25 million)	25,000	25,096	20,044	5,130	14,914	0
Intesa San Paolo UK loan (€30 million)	30,000	29,804	24,896	10,125	14,771	0
Intesa San Paolo UK loan (€50 million)	50,000	39,672	29,805	10,136	19,669	0
Banca Popolare di Sondrio loan (€25 million)	25,000	0	24,938	3,063	21,875	0
Mediobanca loan (€35 million)	35,000	0	34,838	(162)	35,000	0
Intesa San Paolo loan (€50 million)	50,000	0	50,040	40	50,000	0
Intesa San Paolo NY credit line	7,029	0	7,586	7,586	0	0
Intesa San Paolo NY loan	16,982	8,296	5,421	2,714	2,707	0
EIB loan	20,000	4,170	833	833	0	0
807247788109 loan	1,500	453	0	0	0	0
Citibank Shanghai loan (RMB 200 million)	22,727	16,424	15,474	4,421	11,053	0
Bank Handlowy loan (€40 million)	40,000	40,000	31,111	8,889	22,222	0
EIB loan (€30 million, New Foundry Project)	30,000	30,000	30,000	0	14,758	15,242
Total payables to banks	**575,982**	**320,503**	**351,634**	**96,314**	**240,078**	**15,242**
Payables to other financial institutions:						
Production activity Ministry Law 46/82 (CCM project)	2,371	1,344	1,100	302	798	0
MICA Law 46 loan (electrical car)	221	27	0	0	0	0
Payable to Simest S.p.A.	0	102	0	0	0	0
Payable to Simest S.p.A.	4,062	5,074	0	0	0	0
Payables to factors	N,A,	2,043	0	0	0	0
MCC Law 598 Isofix	120	124	196	44	152	0
MCC Law 598/94 Research	364	170	105	79	26	0
Ministerio de Industria España	3,237	2,087	2,193	0	647	1,546
Payables to minority shareholders of Sabelt S.p.A.	3,087	3,878	3,582	0	3,582	0
Renault Argentina S.A. loan	797	938	832	270	562	0
Payables for leases	54,309	14,995	11,596	3,909	6,773	914
Total payables to other financial institutions	**68,568**	**30,782**	**19,604**	**4,604**	**12,540**	**2,460**
TOTAL	**644,550**	**351,285**	**371,238**	**100,918**	**252,618**	**17,702**

"The exchange rate used to determine the counter value in euro of the original amount of loans denominated in other currencies is the one in force on the contract execution date".

In 2012, the Company also recognised the account payable associated with the put option on a 35% interest in Sabelt S.p.A. held by minority shareholders of Sabelt, amounting to €3,582 thousand at 31 December 2012, exercisable on or after 1 January 2015 and within a maximum period of five years. The price of the option is linked to financial and operating variables of Sabelt's business.

On 2 August 2012, Brembo S.p.A. exercised its option to purchase a 32.26% equity investment in Brembo China Brake Systems Co. Ltd., following an agreement signed with Simest in July 2005. Following the acquisition, Brembo S.p.A. acquired 100% of the shares in Brembo China Brake Systems Co. Ltd. and its debt towards Simest was thus completely discharged.

It should also be noted that, with reference to the EIB loan, which was obtained in 2004 for an original amount of €20 million (€833 thousand at 31 December 2012), the consolidated subsidiary Brembo Poland Spolka Zo.o is committed to not forming liens, mortgages, or privileges on assets and revenues in guarantee of other forms of debt. Moreover, in 2011 Brembo Poland Spolka Zo.o. also contracted a second EIB loan of €30 million subject to the same types of clauses as its predecessor. Similar clauses apply to the Centrobanca loans, the Intesa Sanpaolo loans of €30 million and €50 million, the Unicredit loan of €50 million and the Mediobanca loan of €35 million. As indicated above, there are several other loans which require the compliance with certain financial covenants.

At the reporting date, all of these covenants had been met.

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

(euro thousand)	31.12.2012			31.12.2011		
	Instalment	**Interest**	**Principal**	**Instalment**	**Interest**	**Principal**
Within 1 year	4,382	473	3,909	4,905	632	4,273
Between 1 and 5 years	7,338	565	6,773	10,635	984	9,651
Beyond 5 years	997	83	914	1,209	138	1,071
Total	**12,717**	**1,121**	**11,596**	**16,749**	**1,754**	**14,995**

The following table provides a breakdown of operating lease instalments:

(euro thousand)	31.12.2012	31.12.2011
Within 1 year	15,195	14,245
Between 1 and 5 years	49,271	37,755
Beyond 5 years	41,160	39,230
Total	**105,626**	**91,230**

The following table shows the structure of debt towards other lenders and loans, broken down by annual interest rate and currency at 31 December 2012:

	Fixed rate	Variable rate	Total
Euro	65,510	275,882	341,392
US Dollar	–	13,007	13,007
Polish Zloty	365	–	365
Chinese Renmimbi	–	15,474	15,474
Argentine peso	839	146	985
Japanese Yen	15	–	15
Total	**66,729**	**304,509**	**371,238**

The average variable rate applicable to the Group's debt is 2.15% and the average fixed rate is 3.03%.

It should be noted that, at 31 December 2012, financial debts backed by collateral were repaid. From 2010 there has been an outstanding held-for-trading IRS (notional value €1,500 thousand). The contract was entered into by the consolidated company Sabelt S.p.A. and had a negative fair value of €75 thousand at 31 December 2012. As the instrument does not qualify for hedge accounting, changes in fair value are recognised in the income statement.

In 2012, the Brembo Group entered into a second IRS directly with the Parent Company, Brembo S.p.A., for a remaining notional amount of €30 million at 31 December 2012, hedging the interest rate risk associated with a specific outstanding loan. This IRS falls within the requirement set forth in the accounting standards relating to hedge accounting (cash flow hedge). The €377 thousand change in fair value at 31 December 2012 was recognised as a component of comprehensive income, net of the tax effect, given that the hedge is fully effective.

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

(euro thousand)	31.12.2012
Balance at beginning of year	**0**
Change in fair value	(491)
Movements from reserve for adjustments	114
Balance at end of year	**(377)**

Net Financial Position

The following table shows the breakdown of the net financial position at 31 December 2012 (€320,694 thousand), and at 31 December 2011 (€315,003 thousand) based on the layout prescribed by CONSOB Communication No. 6064293 of 28 July 2006.

	(euro thousand)	31.12.2012	31.12.2011
A	Cash	127	117
B	Other cash equivalents	115,475	95,632
C	Derivatives and securities held for trading	132	291
D	**LIQUIDITY (A+B+C)**	**115,734**	**96,040**
E	Current financial receivables	9,720	9,494
F	Current payables to banks	74,457	69,148
G	Current portion of non-current debt	96,314	89,663
H	Other current financial debts and derivatives	4,898	7,081
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**175,669**	**165,892**
J	**NET CURRENT FINANCIAL DEBT (I–E–D)**	**50,215**	**60,358**
K	Non-current payables to banks	255,320	230,840
L	Bonds issued	0	0
M	Other non-current financial debts and derivatives	15,159	23,805
N	**NON-CURRENT FINANCIAL DEBT (K+L+M)**	**270,479**	**254,645**
O	**NET FINANCIAL DEBT (J+N)**	**320,694**	**315,003**

The various components that gave rise to the change in net financial position during the current year are presented in the Cash Flow Statement in the Report on Operations.

14. Other Non-current Liabilities

This item is broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Social security payables	18	1,019
Payables to employees	564	4,513
Other payables	9	1,021
Total	**591**	**6,553**

The changes in the items “Payables to employees”, “Social security payables” and “Other payables” relate primarily to the reclassification to “Other current liabilities” of the liability associated with the 2010-2012 three-year incentive plan, to be settled in June 2013.

15. Provisions

This item is broken down as follows:

(euro thousand)	31.12.2011	Provisions	Use/Release	Exchange rate fluctuations	Reclassification	31.12.2012
Provisions for contingencies and charges	5,348	4,036	(1,957)	(9)	314	7,732
Provision for loss replenishment in associate companies	294	56	0	0	0	350
Total	**5,642**	**4,092**	**(1,957)**	**(9)**	**314**	**8,082**

Provisions for contingencies and charges totalled €7,732 thousand, including product guarantees, supplemental customer indemnities — in connection with the Italian agency contract — and the valuation of risks related to litigation underway, as well as an estimate of liabilities that could arise as a result of tax litigation underway. The item "Provision for loss replenishment in associate companies" includes the provision linked to the valuation of the interest in Innova Tecnologie S.r.l., using the equity method, as previously mentioned in **Note 3**.

16. Provisions for Employee Benefits

Group companies provide post-employment benefits through defined-contribution plans or defined-benefit plans.

In the case of defined-contribution plans, the Group companies pay contributions to public or private insurance institutes based on legal or contractual obligations or on a voluntary basis. Once such contributions have been paid, the companies have no further payment obligations.

The employees of the United Kingdom subsidiary AP Racing Ltd. have the benefit of a corporate pension plan (AP Racing Pension Scheme), which is made up of two sections: the first is a defined-contribution plan for employees hired after 1 April 2001 and the second is a defined-benefit plan 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 specific pension plans to their employees that qualify as a defined-benefit plan.

Unfunded defined-benefit plans include also the "Employees' leaving entitlement" provided by the Group's Italian companies, in accordance with current applicable regulations.

The value of defined-benefit plans is calculated on an actuarial basis using the "Projected Unit Credit Method". The item "Other employee provisions" refers to other employee benefits.

(euro thousand)	31.12.2011	Provisions	Use/ Release	Interest expense	Exchange rate fluctuations	Reclassification	31.12.2012
Employees' leaving entitlement	17,739	0	(1,333)	839	0	424	17,669
Defined-benefit plans and other long-term benefits	1,733	289	(652)	204	(11)	(200)	1,363
Defined-contribution plans	90	782	(815)	0	10	520	587
Total	**19,562**	**1,071**	**(2,800)**	**1,043**	**(1)**	**744**	**19,619**

The balances at 31 December 2012 are shown below:

Defined-benefit plans

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
A. Reconciliation of defined-benefit obligations												
Present value of defined-benefit obligation at beginning of year	18,572	18,700	23,460	22,326	336	299	319	363	321	287	224	202
Social security cost for current service	0	0	0	0	44	31	0	0	80	41	71	31
Interest expense	838	862	1,124	1,185	27	22	0	0	0	0	2	3
Employees' contributions	0	0	0	0	0	0	0	0	0	0	0	0
Plan changes	0	0	0	0	0	0	0	0	0	0	0	0
Net actuarial (gains) losses	2,889	133	397	(326)	(18)	11	0	0	4	(8)	0	0
Benefits paid by the plan or company	(1,333)	(1,124)	(455)	(422)	0	0	(43)	(67)	(13)	(5)	(102)	(29)
Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Insurance premiums	0	0	0	0	0	0	0	0	0	0	0	0
Net transfers (including the effect of mergers and demergers)	424	0	0	0	0	0	0	0	0	0	0	0
Decreases	0	0	0	0	0	0	0	0	0	0	0	0
Curtailment	0	0	0	0	0	0	0	0	0	0	0	0
Eliminations	0	0	0	0	0	0	0	0	0	0	0	0
Exchange rate fluctuations	0	0	546	697	16	(27)	(2)	23	4	6	(24)	17
Present value of defined-benefit obligation at end of year	21,390	18,571	25,072	23,460	405	336	274	319	396	321	171	224
B. Reconciliation of plan assets												
Fair value of plan assets at beginning of year	0	0	19,642	17,812	0	0	0	0	53	20	0	0
Expected return on plan assets	0	0	969	1,258	0	0	0	0	6	3	0	0
Net actuarial gains (losses)	0	0	417	(33)	0	0	0	0	(3)	(1)	0	0
Employer's contributions	1,333	1,124	493	436	0	0	0	0	23	37	0	0
Employees' contributions	0	0	0	0	0	0	0	0	0	0	0	0
Benefits paid	(1,333)	(1,124)	(455)	(422)	0	0	0	0	(2)	(2)	0	0
Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Insurance premiums	0	0	0	0	0	0	0	0	0	0	0	0
Eliminations	0	0	0	0	0	0	0	0	0	0	0	0
Business combinations	0	0	0	0	0	0	0	0	0	0	0	0
Exchange rate fluctuations	0	0	453	591	0	0	0	0	(5)	(4)	0	0
Fair value of plan assets at end of year	0	0	21,519	19,642	0	0	0	0	72	53	0	0

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
C. Reconciliation of assets or liabilities recognised in the Balance Sheet												
Unfunded plans/partially or fully funded plans												
Present value of funded defined-benefit obligations	0	0	25,072	23,460	54	0	0	0	396	115	0	0
Fair value of plan assets	0	0	(21,519)	(19,642)	0	0	0	0	(72)	(53)	0	0
Funded plan deficit (surplus)	0	0	3,553	3,818	405	0	0	0	324	62	0	0
Present value of unfunded defined benefit obligations	21,390	18,571	0	0	0	336	274	319	0	206	171	224
Unrealised net actuarial gains (losses)	(3,721)	(832)	(3,311)	(3,369)	(42)	(67)	0	0	(11)	(1)	0	0
Pension (cost) for unrecognised past service	0	0	0	0	0	0	0	0	0	0	0	0
Amount not recognised as an asset (as explained in Paragraph 58b)	0	0	0	0	0	0	0	0	0	0	0	0
Net liabilities / (assets)	**17,669**	**17,739**	**242**	**449**	**363**	**269**	**274**	**319**	**313**	**267**	**171**	**224**
Amounts recognised in the Balance Sheet:												
Liabilities	17,669	17,739	242	449	363	269	274	319	313	267	171	224
Assets	0	0	0	0	0	0	0	0	0	0	0	0
Net liabilities / (assets)	**17,669**	**17,739**	**242**	**449**	**363**	**269**	**274**	**319**	**313**	**267**	**171**	**224**
D. Amounts recognised in the Income Statement												
Amounts recognised in the Income Statement:												
Social security cost for current service	0	0	0	0	44	31	0	0	80	41	71	31
Interest expense	838	862	1,124	1,185	27	22	0	0	26	22	2	3
Expected return on plan assets	0	0	(969)	(1,258)	0	0	0	0	(6)	(3)	0	0
Expected return of reimbursement rights recognised as assets (paragraph 104A)	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation of social security costs for past service	0	0	0	0	0	0	0	0	0	0	0	0
Net amortisation of actuarial (net income) loss	1	1	118	110	6	2	0	0	(4)	(7)	0	0
Effect of the limit explained in Paragraph 58b	0	0	0	0	0	0	0	0	0	0	0	0
Effect of plan reductions – recognised net (income)/ loss	0	0	0	0	0	0	0	0	0	0	0	0
Effect of plan cancellation – recognised net (income)/loss	0	0	0	0	0	0	0	0	0	0	0	0
Total cost recognised in the Income Statement	**839**	**863**	**273**	**37**	**77**	**55**	**0**	**0**	**96**	**53**	**73**	**34**

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
E. Main actuarial assumptions												
Weighted average of the assumptions used for determining defined-benefit obligations												
Discount rates	3.30%	4.60%	4.60%	4.70%	7.75%	7.60%	N/A	N/A	8.20%	8.40%	1.50%	1.71%
Salary increases	N/A	N/A	N/A	N/A	4.50%	4.00%	N/A	N/A	8.00%	8.00%	N/A	N/A
Inflation rate	2.00%	2.00%	2.70%	3.00%	3.50%	3.00%	N/A	N/A	0.00%	0.00%	0.00%	0.00%
Expected rate of salary increases	N/A	N/A	2.60%	2.90%	N/A	N/A	N/A	N/A	0.00%	0.00%	1.00%	1.00%
Weighted average of the assumptions used for determining contributions												
Discount rates	4.60%	4.75%	4.60%	5.40%	0.00%	7.75%	N/A	N/A	8.40%	7.75%	N/A	N/A
Expected rate of return on plan assets	N/A	N/A	N/A	N/A	4.50%	N/A	N/A	N/A	8.00%	8.50%	N/A	N/A
Salary increases	N/A	N/A	2.70%	N/A	3.50%	4.50%	N/A	N/A	0.00%	8.00%	N/A	N/A
Inflation rate	2.00%	2.00%	2.60%	3.40%	N/A	3.50%	N/A	N/A	0.00%	0.00%	N/A	N/A
Expected rate of salary increases	N/A	N/A	0.00%	3.40%	0.00%	N/A	N/A	N/A	N/A	0.00%	N/A	N/A
F. Plan assets												
Asset categories												
Shares	0.00%	0.00%	0.00%	6.30%	0.00%	0.00%	N/A	N/A	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	3.10%	0.00%	0.00%	N/A	N/A	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.50%	0.00%	0.00%	N/A	N/A	8.50%	8.50%	0.00%	0.00%
Total	**0.00%**	**0.00%**	**0.00%**	**4.80%**	**0.00%**	**0.00%**	**N/A**	**N/A**	**0.00%**	**8.50%**	**0.00%**	**0.00%**
Amounts invested in financial instruments of the Company												
Assets allocated for the plan, invested in shares issued by the Company	0	0	0	0	0	0	0	0	0	0	0	0
Assets allocated for the plan, invested in property used by the Company	0	0	0	0	0	0	0	0	0	0	0	0
Methods used to calculate the overall expected return of plan assets												

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Nanjing Brake Systems plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
G. Past experience of actuarial gains and losses												
Funded defined-benefit obligation	21,390	18,571	0	0	0	0	0	0	0	0	172	224
Fair value of plan assets	0	0	0	0	0	0	0	0	0	0	0	0
Deficit/surplus	21,390	18,571	0	0	0	0	0	0	0	0	172	224
Differences between expected and actual return on plan assets												
a. Amount	0	0	417	(33)	0	0	0	0	(3)	1	0	0
b. Percentage of assets at reporting date	0.00%	0.00%	1.92%	0.18%	0.00%	0.00%	0.00%	0.00%	-3.98%	-2.22%	0.00%	0.00%
Experience (gains) losses on liabilities												
a. Amount	108	125	(1,556)	62	(39)	12	0	0	13	10	0	0
b. Percentage of plan liabilities at reporting date	0.00%	0.67%	6.17%	-0.28%	-14.00%-4.00%	-4.5% - 19.1%	0.0%	0.0%	2% - 5.1%	6.26%	0.0%	0.0%
I. Other amounts required for disclosure purposes												
Contributions expected to be paid in the subsequent year	1,058	1,047	519	0	0	0	0	0	0	0	0	0
J. Reconciliation of financial position												
Net liabilities / (assets)	17,739	18,023	449	838	269	237	319	363	267	267	224	202
Pension costs recognised in the Income Statement	839	863	274	36	77	55	0	0	97	53	73	34
Amount recognised in the OCI for the year	0	0	0	0	0	0	0	0	0	0	0	0
Employer's contributions	0	0	(493)	(436)	0	0	0	0	(23)	(37)	0	0
Benefits paid directly by the Company	(1,333)	(1,147)	0	0	0	0	(43)	(67)	(14)	(3)	(102)	(29)
Receivables to be reimbursed	0	0	0	0	0	0	0	0	0	0	0	0
Business combinations/disposals/ transfers	424	0	0	0	0	0	0	0	0	0	0	0
Amount recognised as a result of business combinations	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
(Gains)/losses from exchange rate adjustments	0	0	12	11	17	(23)	(2)	23	(14)	(13)	(24)	17
Net liabilities (assets) at end of year	**17,669**	**17,739**	**242**	**449**	**363**	**269**	**274**	**319**	**313**	**267**	**171**	**224**

17. Trade Payables

At 31 December 2012, trade payables were as follows:

(euro thousand)	31.12.2012	31.12.2011
Trade payables	243,252	261,182
Payables to associates and joint ventures	4,011	5,391
Total	**247,263**	**266,573**

Annex 2 provides a breakdown of payables to associates and joint ventures.

18. Tax Payables

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

(euro thousand)	31.12.2012	31.12.2011
Tax payables	4,849	5,668

19. Other Current Payables

Other current payables at 31 December 2012 are shown below:

(euro thousand)	31.12.2012	31.12.2011
Tax payables other than current taxes	6,888	6,640
Social security payables	14,650	13,374
Payables to employees	34,877	25,545
Other payables	27,711	20,118
Total	**84,126**	**65,677**

The item "Other current payables" mainly includes the liability associated with the 2010-2012 three-year incentive plan to be settled in June 2013, in addition to deferred income concerning the government grant received by Brembo Poland Spolka Zo.o. to built the new cast-iron foundry.

CONSOLIDATED INCOME STATEMENT

20. Sales of Goods and Services

Breakdown of sales of goods and services was as follows:

(euro thousand)	31.12.2012	31.12.2011
Italy	207,677	223,653
Abroad	1,180,960	1,030,860
Total	**1,388,637**	**1,254,513**

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

21. Other Revenues and Income

These are made up of:

(euro thousand)	31.12.2012	31.12.2011
Miscellaneous recharges	6,130	7,531
Gains on disposal of assets	2,777	1,525
Miscellaneous grants	1,216	1,437
Other revenues	4,762	4,258
Total	**14,885**	**14,751**

The item "Other revenues and income" includes badwill of €339 thousand deriving from the La.Cam business combination, as described in **note 34**.

22. Costs for Capitalised Internal Works

This item refers to the capitalisation of development costs incurred during the year, amounting to €11,499 thousand (€11,861 thousand in 2011).

23. Cost of Raw Materials, Consumables and Goods

The item is broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Purchase of raw materials, semi-finished and finished products	653,192	585,860
Purchase of consumables	62,192	54,452
Total	**715,384**	**640,312**

24. Other Operating Costs

These costs are broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Transports	37,681	36,505
Maintenance, repairs and utilities	71,264	64,079
Contracted work	54,498	54,748
Rent	23,270	21,383
Other operating costs	63,389	60,991
Total	**250,102**	**237,706**

This item mainly includes the costs of travels, quality-related costs, insurance costs, as well as fees for legal, technical and commercial consulting.

25. Personnel Expenses

Breakdown of personnel expenses is as follows:

(euro thousand)	31.12.2012	31.12.2011
Wages and salaries	199,005	179,819
Social security contributions	47,905	47,365
Employees' leaving entitlement and other personnel provisions	9,115	8,534
Other costs	21,919	18,604
Total	**277,944**	**254,322**

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

	Dirigenti	Impiegati	Operai	Total
2012 average	116	2,184	4,524	**6,824**
2011 average	117	2,020	4,392	**6,529**
Changes	**-1**	**164**	**132**	**295**
Total at 31 December 2012	114	2,204	4,619	**6,937**
Total at 31 December 2011	122	2,064	4,549	**6,735**
Changes	**-8**	**140**	**70**	**202**

26. Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	31.12.2012	31.12.2011
Amortisation of intangible assets:		
Development costs	8,291	8,379
Industrial patents and similar rights for original work	1,481	1,449
Licences, trademarks and similar rights	631	623
Other intangible assets	5,218	5,737
Total	**15,621**	**16,188**
Depreciation of property, plant and equipment:		
Buildings	5,880	3,786
Leased buildings	562	562
Plant and machinery	45,717	37,312
Leased plant and machinery	1,550	1,368
Industrial and commercial equipment	8,010	8,624
Leased industrial and commercial equipment	7	0
Other property, plant and equipment	2,315	2,453
Other leased property, plant and equipment	32	36
Total	**64,073**	**54,141**
Impairment losses:		
Property, plant and equipment	79	1,032
Intangible assets	2,393	4,077
Total	**2,472**	**5,109**
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	**82,166**	**75,438**

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)	31.12.2012	31.12.2011
Exchange rate gains	60,763	20,447
Interest income from employee's leaving entitlement and other personnel provisions	969	1,258
Interest income	5,334	2,418
Total interest income	**67,066**	**24,123**
Exchange rate losses	(55,649)	(26,760)
Interest expense from employees' leaving entitlement and other personnel provisions	(2,012)	(2,092)
Interest expense	(15,861)	(12,429)
Total interest expense	**(73,522)**	**(41,281)**
TOTAL NET INTEREST INCOME (EXPENSE)	**(6,456)**	**(17,158)**

"Net Interest income (expense)" also includes the effect of an adjustment to the estimate of the amount due in relation to the put option on 35% of the capital of Brembo Sabelt S.p.A., granted to the minority shareholders under the agreements in force. The amount totalled €296 thousand (in 2011 interest expense amounted to €1,016 thousand) and is recognised under "Interest income".

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)	31.12.2012	31.12.2011
Current taxes	19,176	19,835
Deferred tax assets and liabilities	(10,546)	(7,299)
Provision for taxes and tax reimbursement	(3,565)	(1,183)
Total	**5,065**	**11,353**

30. Earnings per Share

Basic earnings per share were €1.19 at 31 December 2012 (€0.66 at December 2011), and were calculated by dividing the net result for the year attributable to holders of ordinary equity instruments of the Parent Company by the weighted average number of ordinary shares outstanding in 2012, amounting to 65,231,002 (65,231,002 at December 2011). The weighted average did not change since no share capital transactions took place during the reporting year.

Diluted earnings per share are identical to base earnings per share inasmuch as no diluting transactions were undertaken.

31. Related Parties

The Group carries out transactions with parent companies, subsidiaries, associate companies, joint ventures (for a list, see Annexes 1 and 2), directors, key management personnel and other related parties. The Parent Company Brembo S.p.A. is a subsidiary of Nuova FourB S.p.A., which holds 56.52% of its share capital. Brembo did not engage in dealings with its parent in 2012, except for the dividend distribution.

Information pertaining to the remuneration paid to Directors, Statutory Auditors and General Manager (position held by the Managing Director) of Brembo S.p.A. and of other Group companies and additional information required is reported below:

	2012		2011	
(euro thousand)	Directors	Auditors	Directors	Auditors
Emoluments for the office held	1,730	196	1,565	196
Participation in committees and specific tasks	0	0	105	0
Salaries and other incentives	2,679	0	2,190	0

The item "Salaries and other incentives" includes the estimate of the cost of the 2010-2012 plan accrued in 2012, compensation paid as salaries for the function of employee and provisions for bonuses still to be paid.

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

Sales of products, supply of services and transfers of fixed assets between Group companies were carried out at prices reflecting fair market conditions, as is customary. The trading volumes reflect the internationalisation process aimed at constantly improving both operating and organisational standards and optimising synergies within the company. From a financial standpoint, the company's subsidiaries operate independently, although some benefit from various forms of centralised financing. Since 2008 a zero-balance cash-pooling system has been effective, with Brembo S.p.A. as the pool leader.

32. Segment Report

The Group identified the following reportable operating segments based on the qualitative and quantitative criteria specified in the related standard (IFRS 8):

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

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

In light of the requirements of IFRS 8 in terms of revenues earned from major customers, where a single customer is defined as all companies that belong to a given Group, Brembo had three customers in 2012 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 2012 and 31 December 2011:

	Total		Discs/Systems/Motorbikes		After Market / Performance Group.		Interdivision		Non-segment data	
(euro thousand)	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Sales	1,404,547	1,271,516	1,181,654	1,044,651	246,628	245,375	(8,090)	(2,505)	(15,645)	(16,005)
Allowances and discounts	(18,416)	(17,684)	(7,060)	(4,949)	(11,353)	(12,735)	0	0	(3)	0
Net sales	**1,386,131**	**1,253,832**	**1,174,594**	**1,039,702**	**235,275**	**232,640**	**(8,090)**	**(2,505)**	**(15,648)**	**(16,005)**
Transport costs	15,292	16,807	11,196	12,764	4,096	4,048	0	0	0	(5)
Variable production costs	931,908	847,535	802,572	715,574	152,472	151,076	(8,090)	(2,505)	(15,046)	(16,610)
Contribution margin	**438,931**	**389,490**	**360,826**	**311,364**	**78,707**	**77,516**	**0**	**0**	**(602)**	**610**
Fixed production costs	196,044	177,481	176,001	155,504	19,496	21,711	(6)	(5)	553	271
Production gross operating income	**242,887**	**212,009**	**184,825**	**155,860**	**59,211**	**55,805**	**6**	**5**	**(1,155)**	**339**
BU personnel costs	97,056	92,671	61,019	57,658	33,398	33,441	0	0	2,639	1,572
BU gross operating income	**145,831**	**119,338**	**123,806**	**98,202**	**25,813**	**22,364**	**6**	**5**	**(3,794)**	**(1,233)**
Costs for Central Functions	54,800	51,526	37,520	36,040	10,010	10,885	0	0	7,270	4,601
Operating income (loss)	**91,031**	**67,812**	**86,286**	**62,162**	**15,803**	**11,479**	**6**	**5**	**(11,064)**	**(5,834)**
Extraordinary costs and revenues	1,285	4,029	0	0	0	0	0	0	1,285	4,029
Financial costs and revenues	(7,553)	(17,697)	0	0	0	0	0	0	(7,553)	(17,697)
Income and charges from shareholdings	(214)	(1,493)	0	0	0	0	0	0	(214)	(1,493)
Non-operating costs and revenues	(1,794)	2,045	0	0	0	0	0	0	(1,794)	2,045
Result before taxes	**82,755**	**54,696**	**86,286**	**62,162**	**15,803**	**11,479**	**6**	**5**	**(19,340)**	**(18,950)**
Taxes	(5,065)	(11,353)	0	0	0	0	0	0	(5,065)	(11,353)
Result before minority interests	**77,690**	**43,343**	**86,286**	**62,162**	**15,803**	**11,479**	**6**	**5**	**(24,405)**	**(30,303)**
Minority interests	80	(406)	0	0	0	0	0	0	80	(406)
Net result	**77,770**	**42,937**	**86,286**	**62,162**	**15,803**	**11,479**	**6**	**5**	**(24,325)**	**(30,709)**

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

(euro thousand)	31.12.2012	31.12.2011
SALES OF GOODS AND SERVICES	**1,388,637**	**1,254,513**
Scrap sales (in the segment report they are subtracted from "Variable production costs")	(9,010)	(3,917)
Capital gains on sale of equipment (in the Consolidated Financial Statements they are included in "Other revenues and income")	941	363
Effect of adjustment of transactions among consolidated companies	1,338	(800)
Miscellaneous recharges (in the Consolidated Financial Statements they are included in "Other revenues and income")	3,587	5,326
Other	638	(1,653)
NET SALES	**1,386,131**	**1,253,832**

(euro thousand)	31,12,2012	31,12,2011
NET OPERATING INCOME	**89,425**	**73,347**
Differences in preparation criteria of internal and statutory reports	1,472	(3,053)
Claim compensation and subsidies	(679)	(1,929)
Capital gains/losses on disposal of assets (in the segment report they are included in "Non-operating costs and revenues")	(122)	(903)
Different classification of the provision for receivable write-downs (in the segment report it is included in "Non-operating costs and revenues")	0	32
Different classification of the provision for risks (in the segment report it is included in "Non-operating costs and revenues")	29	2
Different classification of the provision for inventory write-downs (in the segment report it is included in "Non-operating costs and revenues")	0	(333)
Different classification of banking expenses (in the segment report it is included in "Financial costs and revenues")	1,097	606
Other	(191)	43
OPERATING RESULT	**91,031**	**67,812**

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 2012 and 31 December 2011 are provided in the tables below:

	Total		Discs/Systems/Motorbikes		After Market / Performance Group.		Interdivision		Non-segment data	
(euro thousand)	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Property, plant and equipment	475,390	403,972	428,401	357,967	42,339	43,681	11	6	4,639	2,318
Intangible assets	59,409	61,430	37,880	39,506	13,821	14,160	(1,638)	(1,210)	9,346	8,974
Financial assets and other non-current assets/liabilities	59,133	38,838	354	0	0	0	(399)	42	59,178	38,796
(a) Total fixed assets	**593,932**	**504,240**	**466,635**	**397,473**	**56,160**	**57,841**	**(2,026)**	**(1,162)**	**73,163**	**50,088**
Inventories	206,976	225,012	130,704	130,368	75,276	92,163	(101)	(101)	1,097	2,582
Current assets	238,032	245,220	180,690	189,359	40,015	47,355	(20,905)	(24,066)	38,232	32,572
Current liabilities	(327,384)	(333,140)	(253,392)	(257,409)	(44,631)	(57,024)	20,905	24,066	(50,266)	(42,773)
Provisions for contingencies and charges and other provisions	(3,620)	(2,118)	0	0	0	0	0	0	(3,620)	(2,118)
(b) Net working capital	**114,004**	**134,974**	**58,002**	**62,318**	**70,660**	**82,494**	**(101)**	**(101)**	**(14,557)**	**(9,737)**
NET INVESTED WORKING CAPITAL (a+b)	**707,936**	**639,214**	**524,637**	**459,791**	**126,820**	**140,335**	**(2,127)**	**(1,263)**	**58,606**	**40,351**
IAS adjustments	31,500	29,285	43	169	2,238	776	0	0	29,219	28,340
NET INVESTED CAPITAL	**739,436**	**668,499**	**524,680**	**459,960**	**129,058**	**141,111**	**(2,127)**	**(1,263)**	**87,825**	**68,691**
Group equity	388,623	323,594	0	0	0	0	0	0	388,623	323,594
Minority interests	10,500	10,340	0	0	0	0	0	0	10,500	10,340
(d) Equity	**399,123**	**333,934**	**0**	**0**	**0**	**0**	**0**	**0**	**399,123**	**333,934**
(e) Provisions for employee benefits	**19,619**	**19,562**	**0**	**0**	**0**	**0**	**0**	**0**	**19,619**	**19,562**
Medium/long-term financial debt	270,479	254,645	0	0	0	0	0	0	270,479	254,645
Short-term financial debt	50,215	60,358	(4,480)	0	0	0	0	0	54,695	60,358
(f) Net financial debt	**320,694**	**315,003**	**(4,480)**	**0**	**0**	**0**	**0**	**0**	**325,174**	**315,003**
(g) COVERAGE (d+e+f)	**739,436**	**668,499**	**(4,480)**	**0**	**0**	**0**	**0**	**0**	**743,916**	**668,499**

The following should be noted in regard to the non-segment data:

- intangible assets mainly consist of development costs;
- financial assets mainly consist of the value of shareholdings;
- current assets and liabilities mainly consist of trade receivables and payables;
- provisions for contingencies and charges and other provisions are not allocated.

33. Commitments

The Group had no commitments on the closing date of the 2012 Financial Statements.

34. Business Combinations

On 13 July 2012, the company La.Cam S.r.l., in which Brembo S.p.A. holds a 100% stake, signed a contract to purchase the IMMC business unit, for an amount of €4.9 million. Consideration for the above purchase was partly paid in cash (€2.3 million) and partly settled by novating debts carried by IMMC, chiefly to staff and leasing companies. On 28 December 2012, La.Cam S.r.l. also signed a contract to purchase the IRAL business unit, for an amount of €220 thousand. Consideration for this transaction was fully paid in cash. The whole transaction was recognised during the year as a business combination transaction according to the revised IFRS 3, as the two business units, owned by the same transferor, make up a single production unit. The fair value measurement of the assets and liabilities acquired is as follows:

(euro thousand)

Consideration paid	(2,508)
Property, plant and equipment	5,386
Current liabilities	(750)
Employees' leaving entitlement and other provisions for personnel	(424)
Net financial debt	(1,365)
Goodwill/(Badwill)	(339)

The business combination generated a badwill of €339 thousand. The sales of La.Cam have already been fully consolidated into the Brembo Group Financial Statements with effect from 22 October 2010, the date on which La.Cam had entered into two lease contracts relating to IRAL and IMMC.

35. Significant Events After 31 December 2012

No other significant events occurred after the end of 2012 and up to 5 March 2013.

Stezzano, 5 March 2013

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annex 1

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

(euro thousand)

PURCHASING COMPANY \ SELLING COMPANY	BREMBO SPA	CORPORACION UPWARDS 98 S.A.	BREMBO POLAND SPOLKA ZO.O.	BREMBO SPOLKA ZO.O.	AP RACING LTD.	BREMBO UK LTD.	BREMBO NORTH AMERICA INC.	BREMBO MEXICO S.A. DE C.V.	BREMBO DO BRASIL LTDA.	BREMBO JAPAN CO. LTD.	BREMBO SCANDINAVIA A.B.	BREMBO CHINA BRAKE SYSTEMS CO. LTD.
BREMBO SPA		169	8,142	3,942		127	4,586	21		1,064	968	
CORPORACION UPWARDS 98 S.A.	2,482											
BREMBO POLAND SPOLKA ZO.O.	14,176	35		2,147						5		
BREMBO SPOLKA ZO.O.	4,701 [a]		6									
AP RACING LTD.	431											
BREMBO UK LTD.	1,308											
BREMBO NORTH AMERICA INC.	13,936		15					282 [c]				
BREMBO MEXICO S.A. DE C.V.	1,585						2,382		82			
BREMBO DO BRASIL LTDA.	1,106		9									
BREMBO JAPAN CO. LTD.	2,406						9					
BREMBO SCANDINAVIA A.B.												
BREMBO CHINA BRAKE SYSTEMS CO. LTD.												
BREMBO NANJING BRAKE SYSTEMS CO. LTD.	117		987	1,239			27			4		
BREMBO BRAKE INDIA LTD.	1,900											
SABELT SPA	889						165					
BELT & BUCKLE S.R.O.	10											
BREMBO DEUTSCHLAND GMBH	62											
BREMBO CZECH S.R.O.	23,401 [b]			122			26					
BREMBO NANJING FOUNDRY CO. LTD	1,825		2									
QINGDAO BREMBO TRADING CO. LTD.	445			7								
LA.CAM (LAVORAZIONI CAMUNE) SRL	761			13								
BREMBO ARGENTINA S.A.	510								1,810			
Total consolidated companies	**72,051**	**204**	**9,161**	**7,470**	**0**	**127**	**7,195**	**303**	**1,892**	**1,073**	**968**	**0**
PETROCERAMICS SRL	139											
BREMBO SGL CARBON CERAMIC BRAKES SPA	3,411											
BREMBO SGL CARBON CERAMIC BRAKES GMBH	106											
INNOVA TECNOLOGIE SRL	252											
Total associate companies	**3,908**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**75,959**	**204**	**9,161**	**7,470**	**0**	**127**	**7,195**	**303**	**1,892**	**1,073**	**968**	**0**

a) Of which €130 thousand for sales of property, plant and equipment.
b) Of which €1,896 thousand for sales of property, plant and equipment.
c) Of which €67 thousand for sales of property, plant and equipment.

BREMBO NANJING BRAKE SYSTEMS CO. LTD.	BREMBO BRAKE INDIA LTD.	SABELT SPA	BELT & BUCKLE S.R.O.	BREMBO DEUTSCHLAND GMBH	BREMBO CZECH S.R.O.	BREMBO NANJING FOUNDRY CO. LTD	QINGDAO BREMBO TRADING CO. LTD.	LA.CAM (LAVORAZIONI CAMUNE) SRL	BREMBO ARGENTINA S.A.	Total consolidated companies	PETROCERAMICS SRL	BREMBO SGL CARBON CERAMIC BRAKES SPA	BREMBO SGL CARBON CERAMIC BRAKES GMBH	INNOVA TECNOLOGIE SRL	Total associate companies	TOTAL
61	878	1		253	7,485	7,045	10,495	19,447		**64,684**	866	28,087	5,456		**34,409**	**99,093**
							7			**2,489**					**0**	**2,489**
					1	5				**16,369**					**0**	**16,369**
								9,185		**13,892**					**0**	**13,892**
								224		**655**					**0**	**655**
										1,308					**0**	**1,308**
		5			3,338		2,009			**19,585**					**0**	**19,585**
							268			**4,317**					**0**	**4,317**
										1,115					**0**	**1,115**
										2,415					**0**	**2,415**
										0					**0**	**0**
						4				**4**					**0**	**4**
						15,346				**17,720**					**0**	**17,720**
										1,900					**0**	**1,900**
			5,923							**6,977**					**0**	**6,977**
		1,067								**1,077**					**0**	**1,077**
										62					**0**	**62**
								401		**23,950**			959		**959**	**24,909**
2,280							17			**4,124**					**0**	**4,124**
						17				**469**					**0**	**469**
					1					**775**					**0**	**775**
										2,320					**0**	**2,320**
2,341	**878**	**1,073**	**5,923**	**253**	**10,825**	**22,417**	**12,796**	**29,257**	**0**	**186,207**	**866**	**28,087**	**6,415**	**0**	**35,368**	**221,575**
										139		10			**10**	**149**
								496		**3,907**	386		47		**433**	**4,340**
										106		678			**678**	**784**
										252					**0**	**252**
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**496**	**0**	**4,404**	**386**	**688**	**47**	**0**	**1,121**	**5,525**
2,341	**878**	**1,073**	**5,923**	**253**	**10,825**	**22,417**	**12,796**	**29,753**	**0**	**190,611**	**1,252**	**28,775**	**6,462**	**0**	**36,489**	**227,100**

Annex 2

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

(euro thousand)

PURCHASING COMPANY / SELLING COMPANY	BREMBO SPA	CORPORACION UPWARDS 98 S.A.	BREMBO POLAND SPOLKA ZO.O.	BREMBO SPOLKA ZO.O.	AP RACING LTD.	BREMBO UK LTD.	BREMBO NORTH AMERICA INC.	BREMBO MEXICO S.A. DE C.V.	BREMBO DO BRASIL LTDA.	BREMBO JAPAN CO. LTD.	BREMBO SCANDINAVIA A.B.	BREMBO CHINA BRAKE SYSTEMS CO. LTD.
BREMBO SPA		337 [k]	49,955 [l]	11,299 [m]		103	760	3,438 [n]	193	509	511	
CORPORACION UPWARDS 98 S.A.	599											
BREMBO POLAND SPOLKA ZO.O.	4,203			694						23		
BREMBO SPOLKA ZO.O.	2,603		1									
AP RACING LTD.	225											
BREMBO UK LTD.	822											
BREMBO NORTH AMERICA INC.	9,934 [a]							84				
BREMBO MEXICO S.A. DE C.V.	1,534 [b]						409		76			
BREMBO DO BRASIL LTDA.	1,596 [c]							1,494 [o]				
BREMBO JAPAN CO. LTD.	565						4					
BREMBO SCANDINAVIA A.B.												
BREMBO CHINA BRAKE SYSTEMS CO. LTD.	38											
BREMBO NANJING BRAKE SYSTEMS CO. LTD.	1,023		788	1,059			5			6		432
BREMBO BRAKE INDIA LTD.	1,168											
SABELT SPA	3,754 [d]						58					
BELT & BUCKLE S.R.O.	1,081 [e]											
BREMBO DEUTSCHLAND GMBH	162 [f]											
BREMBO CZECH S.R.O.	27,405 [g]			109								
BREMBO NANJING FOUNDRY CO. LTD	1,713											
QINGDAO BREMBO TRADING CO. LTD.	228			7								1,074
LA.CAM (LAVORAZIONI CAMUNE) SRL	3,955 [i]			11								
BREMBO ARGENTINA S.A.	721								1,271			
Total consolidated companies	**63,329**	**337**	**50,744**	**13,179**	**0**	**103**	**1,236**	**5,016**	**1,540**	**538**	**511**	**1,506**
PETROCERAMICS SRL	42											
BREMBO SGL CARBON CERAMIC BRAKES SPA	1,811											
BREMBO SGL CARBON CERAMIC BRAKES GMBH	9											
INNOVA TECNOLOGIE SRL	9,252 [j]											
Total associate companies	**11,114**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**74,443**	**337**	**50,744**	**13,179**	**0**	**103**	**1,236**	**5,016**	**1,540**	**538**	**511**	**1,506**

a) Of which €5,985 thousand cash pooling.
b) Of which €654 thousand finance lease.
c) Of which €654 thousand finance lease.
d) Of which €2,784 thousand cash pooling.
e) Of which €1,081 thousand cash pooling.
f) Of which €101 thousand cash pooling.
g) Of which €8,650 thousand cash pooling and €12,252 intercompany loan.
i) Of which €3,145 thousand cash pooling.
j) Of which €9,252 thousand intercompany loan.
k) Of which €337 thousand cash pooling.
l) Of which €48,981 thousand cash pooling.
m) Of which €11,162 thousand cash pooling.

	BREMBO NANJING BRAKE SYSTEMS CO. LTD.	BREMBO BRAKE INDIA LTD.	SABELT SPA	BELT & BUCKLE S.R.O.	BREMBO DEUTSCHLAND GMBH	BREMBO CZECH S.R.O.	BREMBO NANJING FOUNDRY CO. LTD	QINGDAO BREMBO TRADING CO. LTD.	LA.CAM (LAVORAZIONI CAMUNE) SRL	BREMBO ARGENTINA S.A.	Total consolidated companies	PETROCERAMICS SRL	BREMBO SGL CARBON CERAMIC BRAKES SPA	BREMBO SGL CARBON CERAMIC BRAKES GMBH	INNOVA TECNOLOGIE SRL	Total associate companies	TOTAL
		178			197	2,623 [p]	1,322	2,765	3,664		77,854	263	3,573 [q]	36		3,872	81,726
											599					0	599
						1					4,921					0	4,921
									2,727		5,331					0	5,331
									23		248					0	248
											822					0	822
			3			294		761			11,076					0	11,076
								41			2,060					0	2,060
											3,090					0	3,090
											569					0	569
											0					0	0
							4				42					0	42
							6,512				9,825					0	9,825
											1,168					0	1,168
				1,692							5,504					0	5,504
			133								1,214					0	1,214
											162					0	162
									185		27,699			269		269	27,968
	162							17			1,892					0	1,892
							18				1,327					0	1,327
						1					3,967					0	3,967
											1,992					0	1,992
	162	178	136	1,692	197	2,919	7,856	3,584	6,599	0	161,362	263	3,573	305	0	4,141	165,503
											42					0	42
									117		1,928	265		1,050 [r]		1,315	3,243
											9		332			332	341
											9,252					0	9,252
	0	0	0	0	0	0	0	0	117	0	11,231	265	332	1,050	0	1,647	12,878
	162	178	136	1,692	197	2,919	7,856	3,584	6,716	0	172,593	528	3,905	1,355	0	5,788	178,381

n) Of which €3,435 thousand cash pooling.
o) Of which €1,111 thousand finance lease.
p) Of which €1,891 thousand cash pooling.
q) Of which €130 thousand security deposit
r) Of which €1,050 thousand cash pooling.

Annex 3

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

COMPANY	HEADQUARTERS	
Brembo S.p.A.	Curno (Bergamo)	Italy
AP Racing Ltd.	Coventry	United Kingdom
Brembo Deutschland GmbH	Leinfelden-Echterdingen	Germany
Brembo North America Inc.	Wilmington, Delaware	USA
Brembo Nanjing Foundry Co. Ltd.	Nanjing	China
Brembo Czech S.r.o.	Ostrava-Hrabová	Czech Republic
La.Cam (Lavorazioni Camune) S.r.l.	Stezzano (Bergamo)	Italy
Qingdao Brembo Trading Co. Ltd.	Qingdao	China
Brembo Spolka Zo.o.	Czestochowa	Poland
Brembo Japan Co. Ltd.	Tokyo	Japan
Brembo Poland Spolka Zo.o.	Dabrowa Górnizca	Poland
Brembo Scandinavia A.B.	Göteborg	Sweden
Brembo UK Ltd.	London	United Kingdom
Brembo China Brake Systems Co. Ltd.	Beijing	China
Brembo do Brasil Ltda.	Betim	Brazil
Brembo Brake India Pvt. Ltd.	Pune	India
Brembo Argentina S.A.	Buenos Aires	Argentina
Corporacion Upwards 98 S.A.	Zaragoza	Spain
Sabelt S.p.A.	Turin	Italy
Brembo Mexico S.A. de C.V.	Apodaca	Mexico
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China
Belt & Buckle S.r.o.	Zilina	Slovak Republic
Brembo Mexico S.A. de C.V.	Apodaca	Mexico
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China

	SHARE CAPITAL	STAKE HELD BY GROUP COMPANIES	
Eur	34,727,914		
Gbp	135,935	100%	Brembo S.p.A.
Eur	25,000	100%	Brembo S.p.A.
Usd	33,798,805	100%	Brembo S.p.A.
Cny	315,007,990	100%	Brembo S.p.A.
Czk	485,850,000	100%	Brembo S.p.A.
Eur	100,000	100%	Brembo S.p.A.
Cny	1,365,700	100%	Brembo S.p.A.
Pln	15,279,546	100%	Brembo S.p.A.
Jpy	11,000,000	100%	Brembo S.p.A.
Pln	129,600,000	100%	Brembo S.p.A.
Sek	4,500,000	100%	Brembo S.p.A.
Gbp	600,000	100%	Brembo S.p.A.
Cny	125,333,701	100%	Brembo S.p.A.
Brl	17,803,201	99.99%	Brembo S.p.A.
Inr	140,000,000	99.99%	Brembo S.p.A.
Ars	15,654,600	75%	Brembo S.p.A.
Eur	498,043	68%	Brembo S.p.A.
Eur	1,000,000	65%	Brembo S.p.A.
Usd	20,428,836	49%	Brembo S.p.A.
Cny	115,768,679	27.75%	Brembo S.p.A.
Eur	265,551	100%	Sabelt S.p.A.
Usd	20,428,836	51%	Brembo North America Inc.
Cny	115,768,679	42.25%	Brembo China Brake Systems Co. Ltd.

Annex 4

List of Companies Valued Using the Equity Method

COMPANY	HEADQUARTERS	
Brembo SGL Carbon Ceramic Brakes S.p.A.	Stezzano (Bergamo)	Italy
Innova Tecnologie S.r.l.	Almenno S. Bartolomeo (Bergamo)	Italy
Petroceramics S.r.l.	Milan	Italy
Brembo SGL Carbon Ceramic Brakes GmbH	Meitingen	Germany

	SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES	
Eur	4,000,000		50%	Brembo S.p.A.
Eur	100,000		30%	Brembo S.p.A.
Eur	123,750		20%	Brembo S.p.A.
Eur	25,000		100%	Brembo SGL Carbon Ceramic Brakes S.p.A.

Annex 5

Impact of Related Party Transactions

(euro thousand)

a) Weight of transactions or positions with related parties on items of the Balance Sheet	31.12.2012					
		RELATED PARTIES				
	Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%
Trade receivables	202,315	18,059	16,080	1,938	41	*8.9%*
Other receivables and current assets	44,461	101	101	0	0	*0.2%*
Current financial assets and derivatives	9,852	9,252	0	0	9,252	*93.9%*
Cash and cash equivalents	115,602	63,709	63,709	0	0	*55.1%*
Non-current payables to banks	(255,320)	(29,837)	(29,837)	0	0	*11.7%*
Other non-current liabilities	(591)	0	0	0	0	*0.0%*
Provisions for employee benefits	(19,619)	(285)	(285)	0	0	*1.5%*
Current payables to banks	(170,771)	(37,482)	(37,482)	0	0	*21.9%*
Trade payables	(247,263)	(6,221)	(2,210)	(3,748)	(263)	*2.5%*
Other current liabilities	(84,126)	(7,253)	(7,123)	(130)	0	*8.6%*

b) Weight of transactions or positions with related parties on items of the Income Statement	31.12.2012					
		RELATED PARTIES				
	Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%
Sales of goods and services	1,388,637	55,141	54,364	770	7	*4.0%*
Other revenues and income	14,885	3,380	5	3,243	132	*22.7%*
Raw materials, consumables and goods	(715,384)	(34,812)	(35)	(34,465)	(312)	*4.9%*
Other operating costs	(250,102)	(4,504)	(3,921)	(29)	(554)	*1.8%*
Personnel expenses	(277,944)	(2,949)	(2,944)	(5)	0	*1.1%*
Net interest income (expense)	(6,456)	(64)	(313)	(3)	252	*1.0%*

31.12.2011						Change				
	RELATED PARTIES						RELATED PARTIES			
Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%	Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies
208,287	24,039	21,414	2,569	56	*11.5%*	(5,972)	(5,980)	(5,334)	(631)	(15)
37,229	0	0	0	0	*0.0%*	7,232	101	101	0	0
9,784	9,000	0	0	9,000	*92.0%*	68	252	0	0	252
95,749	16,184	16,184	0	0	*16.9%*	19,853	47,525	47,525	0	0
(230,840)	(10,062)	(10,062)	0	0	*4.4%*	(24,480)	(19,775)	(19,775)	0	0
(6,553)	(1,480)	(1,480)	0	0	*22.6%*	5,962	1,480	1,480	0	0
(19,562)	(492)	(492)	0	0	*2.5%*	(57)	207	207	0	0
(158,810)	(24,861)	(24,861)	0	0	*15.7%*	(11,961)	(12,621)	(12,621)	0	0
(266,573)	(9,087)	(3,696)	(5,132)	(259)	*3.4%*	19,310	2,866	1,486	1,384	(4)
(65,677)	(1,223)	(1,094)	(129)	0	*1.9%*	(18,449)	(6,030)	(6,029)	(1)	0

31.12.2011						Change				
	RELATED PARTIES						RELATED PARTIES			
Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies	%	Carrying value	Total	Minority interests	Joint ventures	Unconsolidated investee companies
1,254,513	60,794	59,415	1,375	4	*4.8%*	134,124	(5,653)	(5,051)	(605)	3
14,751	3,917	6	3,762	149	*26.6%*	134	(537)	(1)	(519)	(17)
(640,312)	(45,744)	(162)	(45,397)	(185)	*7.1%*	(75,072)	10,932	127	10,932	(127)
(237,706)	(5,661)	(4,911)	(187)	(563)	*2.4%*	(12,396)	1,157	990	158	9
(254,322)	(2,089)	(2,087)	(2)	0	*0.8%*	(23,622)	(860)	(857)	(3)	0
(17,158)	(605)	(743)	(2)	140	*3.5%*	10,702	541	430	(1)	112

STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors on the Consolidated Financial Statements for the Year Ended 31 December 2012

Shareholders of the Parent Company, Brembo S.p.A., the Statutory Auditors' Report concerns the Brembo Group's consolidated financial statements.

This Report acknowledges the responsibilities assigned to the Board of Statutory Auditors by Legislative Decree No. 58 of 24 February 1998 and Legislative Decree No. 39 of 27 January 2010, and in this regard, it refers to the Report on Operations accompanying the Financial Statements at 31 December 2012 of the Parent Company Brembo S.p.A.

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

- it has obtained information and monitored, within the limits of its competence, whether the organisational structure of the company complies with the principles of proper administration. It has obtained information by direct observation, from executives involved in administrative duties, and from meetings with the Independent Auditors PricewaterhouseCoopers S.p.A., focused on a mutual exchange of relevant data and information;
- it has received from the Board of Directors, within the time limit prescribed by law, the Annual Financial Report, consisting of the Report on Operations, the separate Financial Statements of the Parent Company Brembo S.p.A. for 2012 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 Independent Auditors' Report, which does not present any points of issue;
- it has verified that the Financial Statements of the main subsidiary companies have been 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 the Brembo Group for the year ended 31 December 2012 were prepared in accordance with the provisions of European Regulation No. 1606/2002 and the IFRSs effective at 31 December 2012, issued by the International Accounting Standard Board (IASB) and adopted by EC Regulations.

The comparative figures at 31 December 2011 have been restated according to the same principles as those used at 31 December 2012.

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

Balance Sheet

(euro thousand)

Non-current assets	638,787
Current assets	579,317
Non-current assets held for sale and/or disposal Groups and/or discontinued operations	–
Total assets	**1,218,104**
Equity and liabilities	
Equity	399,123
Non-current liabilities	307,074
Current liabilities	511,907
Non-current assets held for sale and/or included in discontinued operations	–
Total equity and liabilities	**1,218,104**

Income Statement

(euro thousand)

Gross operating income	171,591
Net operating income	89,425
Result before taxes	82,755
Income before minority interests	77,690
Group net result	**77,770**

In our opinion, the Consolidated Financial Statements present a fair picture of Brembo Group's equity, financial situation and operating result for the year ended 31 December 2012, in compliance with the above-mentioned regulations for the Consolidated Financial Statements.

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

Stezzano, 21 March 2013

BOARD OF STATUTORY AUDITORS
Sergio Pivato *(Chairman)*
Enrico Colombo *(Auditor)*
Mario Tagliaferri *(Auditor)*

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

To the shareholders of
Brembo SpA

1 We have audited the consolidated financial statements of Brembo SpA and its subsidiaries ("Brembo Group") as of 31 December 2012 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 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 19 March 2012.

3 In our opinion, the consolidated financial statements of Brembo Group as of 31 December 2012 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

PricewaterhouseCoopers SpA

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express an opinion on the consistency of the Directors' Report on Operations and of the specific section on corporate governance and ownership structure, solely with reference to the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Directors' Report on Operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the specific section of the aforementioned report are consistent with the consolidated financial statements of Brembo Group as of 31 December 2012.

Milan, 20 March 2013

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 according to art. 81-*ter* of Consob Resolution No. 11971 of 14 May 1999 with amendments and additions

1. We undersigned, Alberto Bombassei, in his capacity as the Chairman of the Board of Directors, and Matteo Tiraboschi, as the executive officer in charge for the preparation of the Company's financial Statements of Brembo S.p.A., certify, pursuant to the provisions of art. 154-*bis*, clauses 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:
   - the adequacy with respect to the company structure and
   - the effective application,

   of the administrative and accounting procedures applied in the preparation of the consolidated financial statements for the period from 1 January to 31 December 2012.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2012 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.

3. We also certify that:
   - 3.1 The consolidated financial statements:
     - a) has been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of European Parliament and of the Council, dated 19 July 2002;
     - b) agrees with the accounting records and entries;
     - c) is suitable for providing a true and fair view of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.
   - 3.2 The report on operations includes a reliable analysis of the performance and results of operations, as well as the condition of the issuer and the aggregate of the companies included in consolidation, together with a description of the main risk and uncertainties to which they are exposed.

5 March 2013

Alberto Bombassei
The Chairman

Matteo Tiraboschi
Executive officer in charge for the preparation of the Company's financial Statements

BREMBO S.p.A.

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Export M BG 020900

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

SEPARATE
FINANCIAL
STATEMENTS
2012

"Brembo believes in industrial growth while **fully respecting the environment**. Consequently, the entire production process is aimed at lowering environmental impact, and over 60% of the waste that is produced is recycled."

SEPARATE FINANCIAL STATEMENTS 2012 OF BREMBO S.P.A.

Balance Sheet at 31 December 2012

ASSETS

(euro)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*	*Change*
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	125,286,777		129,690,528		(4,403,751)
Development costs	2	41,237,187		40,434,038		803,149
Other intangible assets	2	12,330,267		12,714,367		(384,100)
Shareholdings	3	224,657,783		195,559,825		29,097,958
Other financial assets (investments in other companies and derivatives)	4	449,197	*341,643*	517,034	*422,479*	(67,837)
Receivables and other non-current assets	5	214,307		327,288		(112,981)
Deferred tax assets	6	631,242		0		631,242
TOTAL NON-CURRENT ASSETS		**404,806,760**		**379,243,080**		**25,563,680**
CURRENT ASSETS						
Inventories	7	111,081,626		132,119,859		(21,038,233)
Trade receivables	8	97,152,341	*31,577,546*	118,096,435	*34,890,453*	(20,944,094)
Other receivables and current assets	9	18,005,150	*15,000*	8,786,000		9,219,150
Current financial assets and derivatives	10	43,758,178	*43,562,030*	47,863,504	*47,501,846*	(4,105,326)
Cash and cash equivalents	11	78,323,448	*63,693,446*	44,074,731	*16,184,102*	34,248,717
TOTAL CURRENT ASSETS		**348,320,743**		**350,940,529**		**(2,619,786)**
TOTAL ASSETS		**753,127,503**		**730,183,609**		**22,943,894**

EQUITY AND LIABILITIES

(euro)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*	Change
EQUITY						
Share capital	12	34,727,914		34,727,914		0
Other reserves	12	119,119,700		118,657,288		462,412
Retained earnings/(losses)	12	20,571,489		19,237,180		1,334,309
Profit/(loss) for the year	12	35,269,018		21,581,566		13,687,452
TOTAL EQUITY		**209,688,121**		**194,203,948**		**15,484,173**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	189,337,578	*29,836,526*	150,601,163	*10,062,173*	38,736,415
Other non-current financial payables and derivatives	13	6,363,646		8,998,514		(2,634,868)
Other non-current liabilities	14	8,224		5,266,771	*1,479,544*	(5,258,547)
Provisions	15	4,969,191		4,435,351		533,840
Provisions for employee benefits	16	16,990,150	*43,866*	17,501,503	*42,613*	(511,353)
Deferred tax liabilities	6	0		3,087,368		(3,087,368)
TOTAL NON-CURRENT LIABILITIES		**217,668,789**		**189,890,670**		**27,778,119**
CURRENT LIABILITIES						
Current payables to banks	13	99,216,464	*32,403,415*	106,967,491	*24,860,695*	(7,751,027)
Other current financial payables and derivatives	13	68,887,442	*65,807,412*	56,852,055	*51,902,379*	12,035,387
Trade payables	17	112,079,797	*16,879,523*	142,479,028	*23,800,416*	(30,399,231)
Tax payables	18	0		2,485,979		(2,485,979)
Other current liabilities	19	45,586,890	*4,018,479*	37,304,438	*1,206,802*	8,282,452
TOTAL CURRENT LIABILITIES		**325,770,593**		**346,088,991**		**(20,318,398)**
TOTAL LIABILITIES		**543,439,382**		**535,979,661**		**7,459,721**
TOTAL EQUITY AND LIABILITIES		**753,127,503**		**730,183,609**		**22,943,894**

Income Statement at 31 December 2012

(euro)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*	Change
Sales of goods and services	20	**640,455,437**	***60,218,698***	**637,715,572**	***53,639,612***	**2,739,865**
Other revenues and income	21	24,455,901	*18,124,940*	23,498,046	*16,704,206*	957,855
Costs for capitalised internal works	22	10,652,724		11,673,888		(1,021,164)
Raw materials, consumables and goods	23	(328,136,179)	*(90,556,830)*	(329,256,697)	*(111,671,921)*	1,120,518
Other operating costs	24	(130,922,469)	*(13,363,833)*	(128,011,038)	*(13,247,403)*	(2,911,431)
Personnel expenses	25	(165,851,512)	*(2,850,313)*	(163,793,168)	*(2,095,426)*	(2,058,344)
GROSS OPERATING INCOME		**50,653,902**		**51,826,603**		**(1,172,701)**
Depreciation, amortisation and impairment losses	26	(39,550,750)		(40,807,353)		1,256,603
NET OPERATING INCOME		**11,103,152**		**11,019,250**		**83,902**
Interest income	27	*6,719,517*		*3,855,567*		*2,863,950*
Interest expense	27	*(14,596,000)*		*(12,768,489)*		*(1,827,511)*
Net interest income (expense)	27	(7,876,483)	*609,924*	(8,912,922)	*(307,430)*	1,036,439
Interest income (expense) from investments	28	33,439,565	*33,939,565*	23,982,121	*23,966,239*	9,457,444
RESULT BEFORE TAXES		**36,666,234**		**26,088,449**		**10,577,785**
Taxes	29	(1,397,216)		(4,506,883)		3,109,667
NET RESULT		**35,269,018**		**21,581,566**		**13,687,452**

Comprehensive Income Statement at 31 December 2012

(euro)	Notes	31.12.2012	31.12.2011	Change
NET RESULT		**35,269,018**	**21,581,566**	**13,687,452**
Effect of hedge accounting (cash flow hedge) of derivatives	12	(377,393)	0	(377,393)
Tax effects on other components of comprehensive income	12	103,783	0	103,783
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**34,995,408**	**21,581,566**	**13,413,842**

Cash-flow Statement at 31 December 2012

(euro)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*
Cash and cash equivalents at beginning of year	11	**7,667,052**	*16,184,102*	**(3,269,547)**	
Result before taxes		**36,666,234**		**26,088,449**	
Depreciation, amortisation/impairment losses	26	39,550,750		40,807,353	
Capital gains/losses		(1,395,248)		(867,330)	
Write-ups/Write-downs of shareholdings	3	500,000		(15,882)	
Financial portion of provisions for payables for personnel		817,829	*1,253*	848,504	*1,112*
Income from shareholdings	28	(33,939,565)	*(33,939,565)*	(23,966,239)	*(23,966,239)*
Other provisions net of utilisations		2,715,713		3,623,162	
Cash flows generated by operating activities		**44,915,713**		**46,518,017**	
Paid current taxes		(14,624,971)		(7,101,772)	
Uses of long-term provisions for employee benefits		(1,329,182)		(1,098,312)	
(Increase) reduction in current assets:					
inventories		18,317,697		(30,633,782)	
financial assets		(6,901)		(399,789)	
trade receivables and receivables from other Group companies		21,008,157	*3,312,907*	9,243,176	*3,546,194*
receivables from others and other assets		(1,354,791)	*(15,000)*	47,588	
Increase (reduction) in current liabilities:					
trade payables and payables to other Group companies		(30,399,231)	*(6,920,893)*	19,008,183	*300,820*
payables to others and other liabilities		2,843,104	*1,292,212*	10,575,580	*1,738,913*
Net debt arising on merger		0		(3,297,669)	*2,022,626*
Net cash flows from / (for) operating activities		**39,369,595**		**42,861,220**	

(euro)	Notes	31.12.2012	*of which with related parties*	31.12.2011	*of which with related parties*
Investments in:					
intangible assets		(16,689,750)		(15,844,842)	
property, plant and equipment		(22,807,453)		(17,886,621)	
financial assets (shareholdings)	3	(29,597,957)		(22,962,751)	
Price for disposal, or reimbursement value of fixed assets		5,167,047		1,352,460	
Price for disposal, or reimbursement value of shareholdings		0		289,000	
Net effect arising on merger		0		12,700,676	
Net cash flows from / (for) investing activities		**(63,928,113)**		**(42,352,078)**	
Dividends paid in the year		(19,511,235)	*(11,334,826)*	(19,603,335)	*(11,364,826)*
Loans to Group companies and amounts payable to companies participating in the centralised treasury system		17,925,685	*17,925,685*	32,257,176	*32,257,176*
Acquisition of own shares		0		(2,040,086)	
Change in fair value valuation of derivatives		159,411		(259,544)	
Dividends received		33,939,565	*33,939,565*	23,966,239	*23,966,239*
Loans and financing granted by banks and other lenders		110,000,000		37,043,288	
Repayment of long-term loans and other liabilities		(74,644,128)	*(20,366,537)*	(51,337,917)	*(9,937,827)*
Net effect of change in equity arising on mergers		0		(2,945,990)	
Net effect arising on merger		0		(6,652,374)	*(85,886,410)*
Net cash flows from / (for) financing activities		**67,869,298**		**10,427,457**	
Total cash flows		**43,310,780**		**10,936,599**	
Cash and cash equivalents at end of year	11	**50,977,832**	*49,254,791*	**7,667,052**	*16,184,102*

Statement of Changes in Equity at 31 December 2012

(euro)	Share capital	Other reserves	Retained earnings/ (losses)	Result for the year	Equity
Balance at 1 January 2011	**34,727,914**	**122,039,413**	**19,237,180**	**21,207,288**	**197,211,795**
Allocation of profit for the previous year	0	1,603,953	0	(1,603,953)	0
Payment of dividends	0	0	0	(19,603,335)	(19,603,335)
Acquisition of own shares	0	(2,040,086)	0	0	(2,040,086)
Effect of mergers	0	(2,945,990)	0	0	(2,945,990)
Rounding off	0	(2)	0	0	(2)
Components of comprehensive income:					
Net result	0	0	0	21,581,566	21,581,566
Balance at 31 December 2011	**34,727,914**	**118,657,288**	**19,237,180**	**21,581,566**	**194,203,948**
Balance at 1 January 2012	**34,727,914**	**118,657,288**	**19,237,180**	**21,581,566**	**194,203,948**
Allocation of profit for the previous year	0	2,070,331	0	(2,070,331)	0
Payment of dividends	0	0	0	(19,511,235)	(19,511,235)
Reclassification (**)	0	(1,334,309)	1,334,309	0	0
Components of comprehensive income:					
Effect of hedge accounting (cash flow hedge) of derivatives (*)	0	(273,610)	0	0	(273,610)
Net result	0	0	0	35,269,018	35,269,018
Balance at 31 December 2012	**34,727,914**	**119,119,700**	**20,571,489**	**35,269,018**	**209,688,121**

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

(**) The restricted reserve Re. Article 6, paragraph 2, of Legislative Decree 38/2005 was reclassified under retained earnings, since it is no longer subject to non-distributability.

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 2012

Shareholders,

Pursuant to Article 153 of Legislative Decree No. 58[1] of 24 February 1998, the Board of Statutory Auditors submits this report to the General Shareholders' Meeting, in relation to its supervisory activities for the year ended 31 December 2012.

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

1. During Board Meetings and periodic controls, Company Directors constantly informed us on the most significant economic and financial transactions carried out by the company, as well as on the stage of completion of projects underway.
   These transactions form part of the Company's strategic development plan, and fully conform to the law and the Company's By-laws. There is no potential conflict of interest or departure from the decisions passed by the General Shareholders' Meetings, and there were no manifestly imprudent or risky transactions or such as to compromise the integrity of the Company's capital structure.
   The most significant financial and equity transactions carried out in 2012 include the acquisition of the Simest's 32.26% shareholding in Brembo China Brake Systems Co. Ltd. which gave Brembo ownership of 100% of the subsidiary's share capital.
2. The Board of Statutory Auditors has obtained knowledge of and, within its sphere of competence, has supervised the adequacy of the Company's organisational structure, the compliance with the principles of sound administration and the adequacy of instructions given by the Company to its subsidiaries by obtaining information from the managers of the various departments of the Company, also during the periodic audits and meetings with the independent auditors as part of a reciprocal exchange of significant information. No specific observations have emerged in this regard. Therefore, this is to confirm that:
   - Brembo's organisational structure is constantly adjusted to the size and complexity reached by the company;

1 Under Article 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 the Financial Statements and their approval or subjects for which they are qualified.

- operations were carried out in full observance of the principles of proper management;
- the administrative/accounting system seems to be fully adequate and reliable. Based on what we have observed and verified, it correctly reflects operations;
- the Company issued instructions to Subsidiaries, as provided for by Article 114, paragraph 2, of Legislative Decree No. 58/1998: these instructions are deemed in line with regulations.

3. In relation to the statutory provisions, Brembo has passed a Board decision in accordance with Article16 e) of the By-laws, aligning them to reflect the mandatory reforms introduced by Law No. 120/2011 (provisions on the equality of access to administrative and control bodies of listed companies), in accordance with the provisions of laws and regulations in force.
4. With reference to the supervision prescribed by Article 19 of Legislative Decree No. 39/2010 on the financial reporting process, we have verified that, with regard to the attestations be given by the Chairman and the Manager in Charge of the Company's Financial Reports, the Group's internal control system has been regularly updated with regard to accounting aspects. The effective application of accounting and administration procedures has been verified by the Manager in Charge of the Company's Financial Reports, also relying on the competent internal structures (the Internal Audit Function), through a monitoring plan that covered both the control and governance environment and the key process controls of the significant entities and processes.
5. With reference to the provisions of Article 36, paragraph 1, of the Market Regulations (CONSOB Resolution No. 16191 of 20 October 2007), we can report that on 31 December 2012 the provisions apply to the subsidiaries indicated by Brembo as being significant to the system of controls on financial reporting. No shortcomings were noted in this regard.
6. During the periodic audits, the Board of Auditors was regularly informed about the development of the financial situation and in this regard we can report that in 2012 three medium- to long-term loans were obtained, totalling €110 million, with the objective of rebalancing the distribution of short, medium and long-term indebtedness.
7. In relation to financial aspects, it was noted that the Subsidiaries operate with banking counterparties and also benefit from forms of centralised treasury management. In particular, there are two zero-balance cash-pooling systems (in euros and USD) with the pooler Brembo S.p.A. 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.
8. In 2012, the Company did not carry out any unusual or atypical operations with third parties, intra-group companies or related parties, nor any transaction that could have a significant impact on the Company's operating, financial or equity situation.
   Ordinary transactions within the Group related to the purchase and sale of products, services and the transfer of property, plant, equipment and shareholdings. The total amount of commercial transactions with other related parties was not material. All the transactions took place at prices that are in line with fair market values. These transactions are deemed fair and have been carried out in the interest of the Company.
   Significant intercompany transactions included the financing provided to Innova Tecnologie S.r.l. (in which Brembo S.p.A. holds a 30% interest); this transaction was considered at market conditions inasmuch as the rate applied by Brembo S.p.A. was deemed consistent with the

relationship between Brembo S.p.A. and Innova Tecnologie S.r.l. It is noted that the Annual Financial Report contains specific detailed information regarding intra-group transactions and related party transactions. The transactions were conducted according to company procedures in force.

9. In accordance with CONSOB Regulations (Resolution No. 17221 of 12 March 2010 and Resolution No. 17389 of 23 June 2010), on 12 November 2010 the Company adopted the Related Party Transactions Procedure, after obtaining unanimous and favourable opinion of the Audit & Risk Committee (appointed for that purpose, being composed of three Independent Directors). The Board of Directors decided not to use the whitewash mechanism in the event of unfavourable opinion for Highly Significant Transactions and did not provide for exceptions in case of urgency.
   During the year, based on proposals of the Internal Audit & Risk Committee (serving as the Related Party Transactions Committee), the significance indices for the identification of Highly Significant transactions were updated on the basis of data from the 2011 Financial Statements, and the amount of €250,000.00 as "threshold" for determining Low Value Transactions was confirmed.
   The Board of Statutory Auditors and the Internal Audit & Risk Committee approved the restriction of exemptions relating to "Intercompany Transactions Operations", by amending the definition in Article 4.3. of the Related Party Transactions Procedure of Brembo S.p.A., limiting exemption from the Procedure only to those transactions with or between subsidiaries or associate companies whose activities (as defined in their company purpose clause) are similar to those of Brembo S.p.A.

10. No purchase or sale transactions were carried out in the context of the plan for the purchase and sale of own shares, authorised by the Shareholders' Meeting on 20 April 2012. At 31 December 2012, the Company held a total of 1,747,000 own shares, representing 2.616% of the share capital, at an average book value of €7.71 per share and for an overall value of €13,475,897.

11. Brembo's System of Corporate Governance was implemented also in financial year 2012, fully complying with the provisions of the "Corporate Governance of Listed Companies", version 2011 (hereinafter "2011 Code" in the interest of brevity), and the new requirements for companies listed on the STAR segment. Full compliance with the 2011 Code was also ensured by means of the updating of Brembo's Corporate Governance Code and the Regulations of the Committees, which form an integral part of the Corporate Governance Manual of Brembo S.p.A.

    In accordance with the recommendations of the 2011 Code, the following functions were attributed:

    - the Remuneration Committee (appointed on 29 April 2011) was assigned the function of Appointments Committee. It has thus been renamed Remuneration & Appointments Committee;
    - the Internal Audit Committee (appointed on 29 April 2011) was given the function of Risk Committee. It has thus been renamed the "Internal Audit & Risk Committee"[2].

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2 The Audit & Risk Committee also has the function of the Related Party Transactions Committee, and the related duties as referred to in the Related Party Transactions Procedure adopted in accordance with Article 4 of CONSOB Regulation No. 17221 of 12 March 2010 (as amended), and available on the Brembo website [www.brembo.com, Investors, Corporate Governance, Codes and Manuals].

The Chairman of the Board of Statutory Auditors attended all the meetings of the Internal Audit & Risk Committee and the Remuneration & Appointments Committees.
Joint meetings were also held between the above two committees, in order to discuss areas of common interest.
Finally, with a view to an ongoing exchange of information, the minutes and filings of the Audit & Risk Committee meetings were circulated to all the members of the Board of Statutory Auditors.

12. During the financial year, the Board of Statutory 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 2011 Code.

13. With the prior consultation of the Board of Statutory Auditors, the provisions of Article 7 of the 2011 Code were also fully implemented, through a review of the organisation of the Internal Audit System, better defined and illustrated by the Company in the 2012 Annual Corporate Governance and Ownership Structure Report.
The Board of Statutory Auditors also reviewed the guidelines on risk management, which were subsequently approved by the Board of Directors.

14. With reference to the Internal Audit Function, the Board of Statutory Auditors together with the Audit & Risk Committee and the Remuneration & Appointments Committee, reviewed and expressed a favourable opinion on the following decisions taken by the Board of Directors:
    - the confirmation by the Board of Directors of the position awarded to Alessandra Ramorino;
    - policies relating to the remuneration of the Head of the Internal Audit Function, and the incentive mechanism;
    - approval of the organisational structure and 2013 Budget of the Function, which were considered to be appropriate to the fulfilment of its tasks as provided for in Article 7.C.5 of the Corporate Governance Code.

    The Head of Internal Audit thus reports to the Board of Directors through the Chairman of the Board. The Executive Deputy Chairman has also been given operational responsibility for the Head of Internal Audit, and for coordinating the related activities.
    The 2013–2015 Audit Plan was also preliminarily reviewed by the Board of Statutory Auditors and considered appropriate for the structure of the Brembo Group.

15. The Audit and Risk Management 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 2012, the Internal Audit activities were carried out according to the approved three-year audit plan, the progress of which has been regularly monitored. The plan has been fully implemented, also in line with the actions agreed upon during the year with the Chairman and with the Audit & Risk Committee, and at the request of the Board of Statutory Auditors itself. The audit plan provides for: risk assessments, using the Control Risk Self Assessment method, organisational audits of all Group companies, audits of compliance with Law No. 262/05 and Legislative Decree No. 231/01, operating audits on specific areas of activity and ethics audits on the basis of specific reports received.
In 2012, the Internal Audit function verified the accounting recognition systems with a view to improving the reliability of information systems, as part of the audit plan.

16. In compliance with Article 6 of Legislative Decree No. 231/2001, the Company continued all the necessary actions aimed at setting up an Organisation, Management and Control system capable of preventing Brembo from being considered liable for crimes pursuant to Italian Legislative Decree No. 231/2001. In 2012, the Company:
    - reinforced the system of delegated powers connected to health and safety in the workplace, in line with the latest guidelines emerging from legal doctrine and case law (in relation to safety and the environment and also Legislative Decree No. 231/01);
    - introduced a new Special Section to the Organisational, Management and Control Model of Brembo S.p.A. in accordance with Legislative Decree No. 231/2001 (hereinafter "Brembo 231 Model") dedicated to implementing protocols intended to prevent the risks of offences under Article 25-*duodecies* "employment of illegally staying third-country nationals";
    - launched the process of aligning and adapting the Model to the new Italian Anti-Corruption Law (No. 190/2012), within which it was found that many of the sensitive processes, also with regard to the new offences, have already been mapped by Brembo during the risk assessment, for offences against the Public Administration, and also last year, in relation to adaptation of the Brembo 231 Model to the Bribery Act.

    Training on the Brembo 231 Model has continued, with online training being delivered to all employees with specific in-depth classroom sessions for employees specifically involved in sensitive areas and processes, followed by the necessary control procedures, as well as training for all employees (from production workers up to directors) on issues specifically relating to safety in the workplace.
    The Chairman of the Board of Statutory Auditors attended all the meetings of the Supervisory Committee, and obtained all the information and reports from it, acknowledging the updates to the 231 Model and other activities in progress to guarantee the effectiveness and appropriateness of the Model.
17. The Independent Auditors' Report issued on 20 March 2013 does not present any points of issue.
18. PricewaterhouseCoopers S.p.A. was paid €22 thousand for the provision of auditing services for issuing an attestation on the procedures for the chargeback of costs for central services.
19. Entities linked to PricewaterhouseCoopers by continuous working relationships were paid €210 thousand for providing technical and methodological assistance in relation to the "Management of ERP Project Risks".
20. During the periodic meetings held with members of the Independent Auditors, in accordance with the provisions of Article 150 of the TUF, documents were also reviewed in relation to the plan of activities of the Independent Auditors and its implementation. No significant data and/or aspects emerged in relation to the issues within our mandate, that would require a mention in this report.
21. In relation to the auditing mandate, the approval of the Financial Statements as of 31 December 2012 by the General Shareholders' Meeting marks the end of the legal auditing mandate given to PricewaterhouseCoopers S.p.A. on 26 April 2004, later extended by the Shareholders' Meeting of 27 April 2007 for the maximum permitted duration of nine years. Therefore, the Board of Statutory Auditors has submitted for the Shareholders' approval a motivated proposal relating to

the granting of a legal accounts auditing mandate for Brembo S.p.A. for the years 2013-2021, on the basis of the activities carried out in 2012, with the assistance of the competent departments of the company, in order to select a new auditing firm.

22. We did not receive any reports as per Article 2408 of the Italian Civil Code.
23. The statement of Shareholder Fabris of 20 April 2012, reviewed by the Board of Statutory Auditors at the meeting on 10 May 2012, was not considered by the Board of Statutory Auditors to constitute a report within the meaning of Article 2408 of the Italian Civil Code, and therefore no liability can be attributed to Brembo S.p.A. The Chairman of the Board of Statutory Auditors replied to Shareholder Fabris on 15 May 2012 on the above matters, together with the motivations.
24. The Company did not receive any other complaints.
25. In 2012, the Board of Statutory Auditors held seven meetings. Furthermore, it attended seven meetings of the Board of Directors. The Internal Audit & Risk Committee held five meetings, the Remuneration & Appointments Committee met twice and the Supervisory Committee held five meetings, all of which attended by the Chairman or the Auditor designated by the Chairman.

During the meetings of the Board of Directors and our periodic meetings with the Directors, we were immediately informed of significant transactions and were able to obtain all the details required to analyse and evaluate their impact on the company's economic and financial structure. Attending the meetings of the Internal Audit & Risk Committee, the Remuneration & Appointments Committee and the Supervisory Committee, as well as the meetings with the Independent Auditors, we were able to obtain detailed information on the Internal Control & Risk Management System and on the Company's level of administration-accounting organisation. We can confirm that in performing our activities, we did not note any irregularities, omissions or censurable operations.

We hereby propose that the General Shareholders' Meeting approve the Financial Statements for the year ended 31 December 2012 and we further express our favourable opinion on the proposal of the Board of Directors for the distribution of dividends.

Stezzano, 21 March 2013

BOARD OF STATUTORY AUDITORS
Sergio Pivato *(Chairman)*
Enrico Colombo *(Auditor)*
Mario Tagliaferri *(Auditor)*

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

1. We undersigned, Alberto Bombassei, in his capacity as the Chairman of the Board of Directors, and Matteo Tiraboschi, as the executive officer in charge for the preparation of the Company's financial Statements of Brembo S.p.A., certify, pursuant to the provisions of art. 154-bis, clauses 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:
   - the adequacy with respect to the company structure and
   - the effective application,

   of the administrative and accounting procedures applied in the preparation of the financial statements for the period from 1 January to 31 December 2012.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the financial statements at 31 December 2012 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.

3. We also certify that:
   3.1 The financial statements:
      a) has been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of European Parliament and of the Council, dated 19 July 2002;
      b) agrees with the accounting records and entries;
      c) is suitable for providing a true and fair view of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

   3.2 The report on operations includes a reliable analysis of the performance and results of operations, as well as the condition of the issuer and the aggregate of the companies included in consolidation, together with a description of the main risk and uncertainties to which they are exposed.

5 March 2013

Alberto Bombassei
The Chairman

Matteo Tiraboschi
Executive officer in charge for the preparation of the Company's financial Statements

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