

ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS OF BREMBO S.P.A., PURSUANT TO ARTICLE 125-TER OF THE CONSOLIDATED LAW ON FINANCE AND TO ARTICLE 72 OF THE RULES OF ISSUERS, CONCERNING THE FIRST ITEM ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF BREMBO S.P.A., CALLED ON 18 APRIL 2019 (SINGLE CALLING).

1. Renewal of the granting to the Board of Directors of the power to increase share capital, excluding option rights, pursuant to Articles 2443 and 2441, paragraph 4, sentence 2, of the Italian Civil Code. Amendment of Article 5 of the By-Laws. Relevant and ensuing resolutions.

Shareholders,

With reference to the first item on the Agenda of the Extraordinary Shareholders' Meeting, this report — prepared in accordance with Article 72 of the Rules for Issuers and Attachment 3A, Table 2, thereof — illustrates and invites you to approve the motion submitted by the Board of Directors of Brembo S.p.A. (hereinafter “Brembo” or “Company”) concerning the renewal of the granting to the Board of Directors of the power to increase share capital, in one or more times, excluding the right of option, pursuant to Articles 2443 and 2441, paragraph 4 (2), of the Italian Civil Code, after prior revocation of the proxy previously granted to the Board of Directors by the Shareholders' Meeting held on April 29, 2014, and not executed, set to expire on April 29, 2019 (“Proxy”)

Foreword

The Board of Directors wishes to recall that, the Extraordinary Shareholders' Meeting held on 29 April 2014 resolved to grant to the Board of Directors the power of attorney to increase the share capital for a maximum nominal amount of Euro 3,472,791.40, through payment, in one or more times, even in a separate way pursuant to Article 2439, paragraph 2 of the Civil Code, and no later than April 29, 2019, excluding any option rights pursuant to art. 2441, paragraph 4, second sentence, of the Civil Code, for a maximum of Euro 3,472,791.40, through the issuance, in one or more tranches, for a maximum of 33,392,225¹ shares with no nominal value or — if lower — of a different number of shares that, at each date of the execution of the power of attorney (and considering any possible issuance of shares already made in the execution of the power of attorney stated therein), will form 10% (ten percent) of the total number of shares of the Company issued at the date of approval by the Shareholders' Meeting² (the “2014 Proxy”). For the purposes of the execution of such power of attorney, the Board of Directors was also assigned with the power to:

- determine, for each single tranche, the number, the issue unit price and the enjoyment of the ordinary shares rights, within the sole limits provided by art. 2441, paragraph 4, sentence 2 and / or art. 2438 and/or the paragraph 5 of art. 2346 of the Italian Civil Code;
- determine the period for the subscription of the ordinary shares of the Company; and
- give execution to the power of attorney mentioned above, including, but not limiting to, those power of attorneys to amend the by-laws from time to time, if necessary.

The 2014 Proxy has never been executed; however the Board of Directors believes that the reasons underlying the previous request submitted to the Shareholders' Meeting to grant such powers are still valid.

In light of the above, in view of the expiry term of the 2014 Proxy (April 29, 2019 – date of automatic expiry) and in order to enable the Company's Board of Directors to retain the powers to increase the share capital, the Board of Directors currently in office deems it appropriate to propose to the Shareholders' Meeting to grant a new Proxy for the next five years, after prior revocation of the 2014 Proxy.

¹ The number of shares takes into account the stock split approved by the General Shareholders' Meeting on 20 April 2017.

² See Article 5 of the By-laws.

Below is a brief Board of Directors' overview of the terms and conditions of the new Proxy that the Board of Directors is submitting to you to request the relevant authorisation by the Extraordinary Shareholders' Meeting called on 18 April 2019.

1. Subject of the Proxy

Pursuant to Article 2443 of the Italian Civil Code, the By-Laws can grant to the directors the authority to increase, in one or more times, the share capital up to a specified amount and for a period not exceeding five years from the date of the resolution approving the change, including pursuant to Article 2441, paragraph 4, of the Italian Civil Code.

For the reasons and purposes described in greater detail in this Report, the Proxy that we propose to grant to the Board of Directors has the aim to increase the share capital pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code³.

In detail, it entails the granting to the Board of Directors of the power of attorney to increase the share capital, for a maximum amount of Euro 3,472,791.40 (inclusive of any share premium), through payment, in one or more tranches, even in a separate way, pursuant to Article 2439, paragraph 2 of the Italian Civil Code. Such increase will be realized through the issuance, in one or more tranches, of maximum 33,392,225 shares with no nominal value or — if lower — of a different number of shares that, at each date of the execution of the power of attorney (and considering any possible issuance of shares already made in the execution of the power of attorney stated herein), will form 10% (ten percent) of the total number of shares of the Company issued on the date of approval by the Extraordinary Shareholders' Meeting called on 18 April 2019.

The increased share capital as per the Proxy will be with the exclusion of the option right, pursuant to art. 2441, paragraph 4, last sentence, of the Italian Civil Code.

It also proposed to grant the Board of Directors the power to determine the issue unit price, within the limits set forth by art. 2441, paragraph 4, last sentence.

2. Reasons for granting the Proxy and criteria for its execution

Although the macroeconomic scenario continues to be marked by critical issues, Brembo and the Brembo Group continue to record constant growth, chiefly thanks to their internationalization strategy and their focus on the most dynamic markets, as well as to the investment policy aimed at increasing production capacity, retaining their leading position in the technological innovation arena, and strengthening the Group's global presence.

To support this process and the targets of growth and value creation pursued by the Board of Directors, it is deemed necessary for Brembo to enjoy constant, rapid and flexible access to the financial resources needed to grasp, as promptly as possible, the opportunities offered by the market. In particular, in a context characterized by high financial market volatility and ongoing uncertainties, the Proxy would allow Brembo to reduce the risks of the possible negative impacts that this scenario could generate on the Group's strategies. In addition, the Proxy would also allow the Company to take advantage of the best market conditions in effecting extraordinary corporate transactions, thanks to the rapidity and promptness of execution offered by the Proxy.

The Proxy would also enable the Board of Directors to establish with greater flexibility the features of the issue (both in terms of size and economic conditions), defining the said features in light of the market scenario at the time of the share capital increase. The Proxy would also provide the additional advantage of reducing the risk, that would arise in case the share capital increase has to be authorized by the Shareholders' Meeting, of Brembo stock fluctuations in the period between the announcement and the beginning of the share capital increase, as such period would be significantly shorter if a the Board of Directors is granted a Proxy.

³ Article 2441, paragraph 4 (2), of the Italian Civil Code states: "[...] In the case of companies listed in regulated markets the by-laws may also exclude the option right within the limit of ten per cent of the pre-existing corporate capital, provided that the issue price corresponds to the market value of the shares and that this value is confirmed in a specific report drafted by a statutory auditor or by an audit firm."

With reference to the exclusion of the option right, the ability to offer newly issued shares to third parties would enable Brembo to carry out extraordinary corporate transactions with strategic partners, and would broaden the ownership structure, with particular reference to Italian and foreign professional investors. The resources acquired by exercising the Proxy may be allocated to both the above-mentioned growth strategies and, more generally, to meet financial requirements that might arise in the period following the proxy-granting resolution passed by the Shareholders' Meeting.

3. Criteria for determining the issue price and report of the statutory auditor or the Independent Auditors

The new shares will be offered at the price set, from time to time, by the Board of Directors, in exercise of the Proxy. In this regard, it bears recalling that, in order to exercise the right of option within the limits of 10% of the number of shares outstanding, Article 2441, paragraph 4 (2), of the Italian Civil Code requires that the issue price correspond to the market value of such shares and that that this value is confirmed in a specific report drafted by a statutory auditor or by an audit firm. The Board of Directors will request such report each time the Proxy is exercised.

4. Term of the Proxy and execution periods

With regard to the Proxy, we propose to set the term at five years, starting from the date of the resolution passed by the Shareholders' Meeting, and that the Proxy be exercisable in one or more times. As a result, in this specific case, if the Proxy is granted by the Shareholders' Meeting called on April 18, 2019, the said Proxy may be exercised within and no later than 18 April 2024, the date on which it will automatically expire. Without prejudice to the foregoing, the terms for executing the Proxy (including partially, in one or more times, even in a separate way) as per Article 2443 of the Italian Civil Code and the terms and conditions of any share issue shall depend upon the actual opportunities that will arise, and will be promptly disclosed to the market as soon as they are determined by the Board of Directors, pursuant to law and regulations.

5. Amount of the Proxy

Any share capital increases decided upon, in one or more times, in execution of the Proxy, shall not exceed overall a maximum of Euro 3,472,791.40 (inclusive of any share premium), with issue shares, in one or more tranches, of maximum 33,392,225 shares with no nominal value or — if lower — of a different number of shares that, at each date of the execution of the power of attorney (and considering any possible issuance of shares already made in the execution of the power of attorney stated herein), will form 10% (ten percent) of of the total number of shares of the Company on the same date.

6. Amendment of Article 5 of the By-Laws

The following table shows the proposed amendment to the text of Article 5 of the By-Laws.

TESTO VIGENTE	TESTO PROPOSTO
<p>Article 5</p> <p>Art. 5) SHARE CAPITAL The Company's share capital shall amount to €34,727,914 (thirty four million, seven hundred and twenty seven thousand and nine hundred and fourteen) divided into 333,922,250 (three hundred and thirty three million, nine hundred and twenty two thousand, two hundred and fifty) ordinary shares with no nominal value.</p> <p>Pursuant to Article 2443 of the Civil Code, the Extraordinary Shareholders' Meeting held on April 29th 2014 resolved to grant to the Board of</p>	<p>Article 5</p> <p>-UNVARIED -</p> <p>Pursuant to Article 2443 of the Civil Code, the Extraordinary Shareholders' Meeting held on April 29th 2014 April 18th 2019 resolved to grant to the</p>

<p>Directors the power of attorney to increase the share capital for a maximum nominal amount of Euro 3,472,791.40, through payment, one or more times, even in a separate way pursuant to Article 2439 , paragraph 2 of the Civil Code , and no later than April 29th 2019, excluding any option rights pursuant to art. 2441, paragraph 4, second sentence, of the Civil Code. Such increase will be realized through the issuance, in one or more tranches, of maximum 33,392,225 shares with no nominal value or - if lower – of a different number of shares that, at each date of the execution of the power of attorney (and considering any possible issuance of shares already made in the execution of the power of attorney stated herein, will form 10% (ten percent) of the total number of shares of the Company on the same date.</p> <p>For the purposes of the execution of such power of attorney, the Board of Directors has been also assigned with the power to (a) determine, for each single tranche, the number, the issue unit price and the enjoyment of the ordinary shares rights, within the sole limits provided by art. 2441, paragraph 4, sentence 2 and / or art. 2438 and/or the paragraph 5 of art. 2346 of the Italian Civil Code; (b) determine the period for the subscription of the ordinary shares of the Company; and (c) give execution to the power of attorney mentioned above, including, but not limiting to, those power of attorneys to amend the by-laws from time to time, if necessary.</p> <p>- <i>Invariato</i> -</p>	<p>Board of Directors the power of attorney to increase the share capital for a maximum nominal amount of Euro 3,472,791.40, through payment, one or more times, even in a separate way pursuant to Article 2439, paragraph 2 of the Civil Code, and no later than April 29th 2019 April 18th 2024, excluding any option rights pursuant to art. 2441, paragraph 4, second sentence, of the Civil Code. Such increase will be realized through the issuance, in one or more tranches, of maximum 33,392,225 shares with no nominal value or - if lower – of a different number of shares that, at each date of the execution of the power of attorney (and considering any possible issuance of shares already made in the execution of the power of attorney stated herein, will form 10% (ten percent) of the total number of shares of the Company on the same date.</p> <p>For the purposes of the execution of such power of attorney, the Board of Directors has been also assigned with the power to (a) determine, for each single tranche, the number, the issue unit price and the enjoyment of the ordinary shares rights, within the sole limits provided by art. 2441, paragraph 4, sentence 2 and/ or art. 2438 and/or the paragraph 5 of art. 2346 of the Italian Civil Code; (b) determine the period for the subscription of the ordinary shares of the Company; and (c) give execution to the power of attorney mentioned above, including, but not limiting to, those power of attorneys to amend the by-laws from time to time, if necessary.</p> <p>- <i>UNVARIED</i> -</p>
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7. Effects of the share capital increase on the capital and financial position, effects on the unit value of the shares and dilution

In execution of the Proxy, the Board of Directors will duly disclose to the market, as provided for by law, the effects that the each share capital increase has on the capital and financial situation, as well as the effects on the unit value of the shares and the dilution resulting from each share capital increase.

8. Inexistence of the right of withdrawal

The Board of Directors believes that the above-mentioned statutory amendment does not fall within any of the cases of withdrawal pursuant to the Company By-Laws and to the applicable laws and regulations in force.

Now therefore, in light of the foregoing, we submit to you the following motion:

Motion

Shareholders,

In light of the foregoing, the Board of Directors submits for your approval the following proposed resolution:
“The Extraordinary Shareholders’ Meeting of Brembo S.p.A.:

- (i) having examined the Illustrative Report of the Board of Directors concerning the first item on the Agenda and the related motions;
- (ii) having agreed on the reasons underlying the said motions;
- (iii) having acknowledged the Board of Statutory Auditors' attestation that the current share capital of Brembo S.p.A. is equal to €34,727,914 fully subscribed and paid up, divided into No. 333,922,250 ordinary shares;

Resolves

1. to revoke the Proxy granted by Extraordinary Shareholders' Meeting held on April 29, 2014 to the Board of Directors, pursuant to Article 2443 of Italian Civil Code, for a five-year term starting from the date of the said resolution, to increase the share capital of the Company through payment, in one or more times, excluding the option right, pursuant to art. 2441, paragraph 4, second sentence, of the Civil Code, for a maximum of Euro 3,472,791.40;
2. to grant to the Board of Directors, pursuant the article 2443 of Italian Civil Code, the power to increase in one or more times the share capital, excluding the option right as set under the article 2441, paragraph 4, second sentence, of the Italian Civil Code, under the terms and conditions set forth in the aforementioned Illustrative Report of the Board of Directors and in the amendment to the By-laws, as described in point 3 below;
3. to amend Article 5 of the By-Laws by inserting the following text after the first paragraph:
“Pursuant to Article 2443 of the Civil Code, the Extraordinary Shareholders' Meeting held on April 18th, 2019 resolved to grant to the Board of Directors the power of attorney to increase the share capital for a maximum amount of Euro 3,472,791.40, through payment, one or more times, even in a separate way pursuant to Article 2439, paragraph 2 of the Civil Code, and no later than April 18th 2024, excluding any option rights pursuant to art. 2441, paragraph 4, second sentence, of the Civil Code. Such increase will be realized through the issuance, in one or more tranches, of maximum 33,392,225 shares with no nominal value or — if lower — of a different number of shares that, at each date of the execution of the power of attorney (and considering any possible issuance of shares already made in the execution of the power of attorney stated herein, will form 10% (ten percent) of the total number of shares of the Company on the same date.
For the purposes of the execution of such power of attorney, the Board of Directors has been also assigned with the power to (a) determine, for each single tranche, the number, the issue unit price and the enjoyment of the ordinary shares rights, within the sole limits provided by art. 2441, paragraph 4, sentence 2 and/or art. 2438 and/or the paragraph 5 of art. 2346 of the Italian Civil Code; (b) determine the period for the subscription of the ordinary shares of the Company; and (c) give execution to the power of attorney mentioned above, including, but not limiting to, those power of attorneys to amend the by-laws from time to time, if necessary.”
4. to vest the Board of Directors — and on its behalf, the Chairman and Executive Deputy Chairman currently in office, acting jointly or severally and/or by way of delegation to third parties specifically appointed for such purpose — with all the powers, without any exclusion, necessary or required to implement the aforesaid resolutions and exercise the rights contained therein, as well as to effect, on behalf of the Company, any non-material amendment, integration or cancellation concerning the resolution passed by the Shareholders' Meeting that may be required by any competent authority or at the time of the registration with the Register of Companies.

Stezzano, 4 March 2019

On behalf of the Board of Directors
The Chairman
signed by Alberto Bombassei