

ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS, PURSUANT TO ARTICLE 125-TER OF CONSOLIDATED LAW ON FINANCE, AND CONCERNING THE FOURTH ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF BREMBO S.P.A., CALLED ON 20 APRIL 2017 (SINGLE CALLING).

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

Shareholders,

With reference to the fourth item on the Agenda, this reports — prepared in accordance with Article 73 of the Rules for Issuers and the Attachment 3A, Table 4, thereof — illustrates and invites you to approve the proposal submitted by the Board of Directors of Brembo S.p.A. (hereinafter “Brembo” or “Company”) concerning the authorisation for the buy-back and possible subsequent disposal of own shares, whether already held by the Company or acquired, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and in accordance with Article 5 of the European Regulation No. 596/2014 (hereinafter “Regulation”) and in compliance with the Delegated Regulation (EU) 2016/1052 (hereinafter “Delegated Regulation”).

Foreword

Firstly, the Board of Directors wishes to recall that, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of TUF, the Shareholders' Meeting held on 21 April 2016 approved the buy back, in one or more tranches, of a maximum of 1,600,000 own shares, for an overall amount of Euro 96.000.000, for a term of 18 months, commencing on the date of the aforementioned Meeting (and therefore ending on 21 October 2017). The said authorisation envisages the disposal of treasury shares acquired for the following corporate purposes:

- a) undertaking, directly or through intermediaries, any investments, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of Company's stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- b) carrying out, in accordance with the Company's strategic guidelines, share capital transactions or other transactions which make it necessary or appropriate to swap or transfer share packages through exchange, contribution, or any other available methods;
- c) buying back own shares as a medium-/long-term investment.

With reference to this authorisation, Brembo has not carried out any buy-back or disposal of own shares.

The Board of Directors deems that the reasons which led to ask the Shareholders' Meeting to authorise the buy-back and disposal of treasury shares are still valid.

In light of all the above and in view of the expiry term (21 October 2017) of the authorisation to buy back and dispose of own shares, and in order to allow the Company to retain its right to buy back and dispose of the same, the Board of Directors deems it appropriate to submit to the Shareholders' Meeting the proposal for a new authorisation, with a same term of 18 months, commencing on the date of the relevant resolution and upon prior revocation of the previous authorisation, which was not implemented.

A short description is provided below of the terms and methods for the buy-back and disposal of the Company's own shares that the Board of Directors is submitting for authorisation to the Ordinary Shareholders' Meeting called on 20 April 2017.

1) Purposes for which the authorisation to buy back and dispose of own shares is required.

As mentioned above, the term of the authorisation to buy back and dispose of own shares passed by the Shareholders' Meeting on 21 April 2016 will expire within a few months. Therefore, the Board of Directors deems it useful and appropriate to submit to you, the Shareholders, the proposal to issue a new authorisation to buy back and dispose of own shares, in accordance with applicable laws and as specified in

further detail below, with prior revocation of the previous authorisation passed on 21 April 2016, which was not implemented.

In the Company's interest, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of TUF, the aforementioned authorisation aims at:

- a) undertaking, directly or through intermediaries, any investments, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of Company's stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- b) carrying out, in accordance with the Company's strategic guidelines, share capital transactions or other transactions which make it necessary or appropriate to swap or transfer share packages through exchange, contribution, or any other available methods; and
- c) buying back own shares as a medium-/long-term investment.

The request for authorisation concerns the Board of Directors' right to perform several and subsequent buy-back and sale transactions (or other disposal transactions) of own shares on a revolving basis, including of portions of the maximum authorised number of the own shares, so as to ensure that the number of own shares to be acquired and those already held by the Company never exceeds the limits provided for by law or the Shareholders' authorisation.

2) Maximum number and category of the shares referred to in the authorisation.

The Company's share capital amounts to Euro 34.727.914 (including 1.747.000 treasury shares in portfolio) and is composed of 66.784.450 ordinary shares with no nominal value.

Under the said authorisation, the Board of Directors is entitled to purchase, in one or more tranches, up to a maximum of 1.600.000 own and dispose, in whole or in part, of the own shares purchased according to the present resolution as well as of those already held by the Company (in this respect, it is clarified that any subsidiaries holds in portfolio shares of Brembo).

The maximum number of shares which, together with the treasury shares in portfolio at the date of the Ordinary Shareholders' Meeting called to resolve upon the aforementioned authorisation, represents 5.01% of the Company's share capital, and therefore well under the limit of 20% of share capital as per Article 2357, paragraph 3, of the Italian Civil Code, taking account also of the shares held by subsidiaries.

The buy-back and disposal of own shares shall be executed in compliance with Article 5 of Regulation and of Delegated Regulation, if applicable, and as detailed in point 6 below.

It is specified that if the Stock Split submitted to the Extraordinary Shareholders' Meeting as the first item, which will have as effects the withdrawal and the cancellation of the existing 66.784.450 total ordinary shares in issue and assigning, in 1 to 5 split, 333.922.250 newly issued ordinary shares, will be approved, the total number of the shares of the Company and the maximum number of shares to purchase and/or dispose, are to be considered as modified in proportion to the split of the book value of the shares (as detailed in point 7 below), with effectiveness on the successful completion of the Stock Split.

3) Minimum and Maximum purchase price

The authorisation to buy back and dispose of own shares could be effected, in accordance with legislation and regulatory provisions:

- for a minimum price of no more than 10% below the price of the shares during the trading session on the day before each transaction is undertaken;
- for a maximum price of no more than 10% above the price of the shares during the trading session on the day before each transaction is undertaken.

With reference to the disposal of own shares, the Board of Directors will define, from time to time, all the criteria to set the relevant consideration and/or methods, terms and conditions to use own shares in portfolio, taking due account of the realisation methods applied and the price trend of the stock in the period before the transaction, acting in the best interest of the Company.

4) Useful information to duly assess compliance with Article 2357 of the Italian Civil Code.

With reference to the buy-back limit, the Board of Directors recalls that, pursuant to Article 2357, paragraph 1, of the Italian Civil Code, the buy-back of own shares shall be carried out within the limits of distributable profits and unrestricted reserves, as per the latest approved Financial Statements.

It should be noted that in the Financial Statements at 31 December 2016 – submitted to the approval of the Shareholders' Meeting at the same time of the present request of authorization – the entered available reserves, excluding the negative reserves for own shares, by Euro 231.920.918 (not considering the profit of the year) and excluding the development costs not amortized by Euro 56.595.703, result as available net reserves and amount to Euro 167.325.215.

The proposal allows the Board of Directors to purchase and/or dispose of own shares for a maximum amount of Euro 120.000.000, which is fully covered by the available net reserves on the books.

It should be noted that, in accordance with the new Article 2357 ter, paragraph 3, of the Italian Civil Code, that come into force on 1 January 2016, the inclusion and registration in the balance sheet of an unavailable reserve, equal to the amount of the own shares, is no more necessary. Therefore, with the approval of the Financial Statements at 31 December 2016 by the Shareholders' Meeting, according to the terms proposed by Board of Directors, the reserve of the own shares are entirely returned into the available reserves, by carrying out the appropriate accounting records.

It is specified that the disposal of own shares held will be effected in observance of the applicable legal provisions and will be accounted according to the applicable accounting principles.

5) Term of the authorisation required.

The authorisation to buy back and dispose of own shares is required for the maximum term provided for in Article 2357, paragraph 2, of the Italian Civil Code, i.e., 18 months commencing on the date of the Resolution passed by the Shareholders' Meeting called to authorise such buy-back (specifically, should the authorisation to buy back and dispose of own shares be approved by the Meeting called on 20 April 2017, it would expire on 20 October 2018). With regard to the disposal of shares acquired, the Board of Directors proposes that the Shareholders' Meeting does not define any time limit, vesting the Board of Directors with the powers to identify the most suitable time to dispose of treasury shares.

6) Methods to buy back and dispose of own shares.

In accordance with the exemption provided under Article 132, paragraph 3, of Legislative Decree No. 58 of 24 February 1998, it should be pointed out that the aforementioned operating conditions shall not apply, should own shares be bought from employees of the Company, of its subsidiaries or the Parent Company, who were assigned such shares as part of a stock granting plan.

Pursuant to Article 132 of TUF and Article 144-bis, paragraph 1 (b), of the Rules for Issuers, own shares shall be bought and disposed of on regulated markets, in one or more tranches, on a revolving basis, and according to operating conditions set out in the regulations governing the organisation and management of said markets, such as to ensure equal treatment of Shareholders and not to allow the direct pairing of purchase bids with predetermined sales bids. In detail, these transactions will be effected:

- (i) through public tender or exchange offering;
- (ii) on regulated markets, under the operating conditions set out in the regulations governing the organisation and management of said markets, provided that purchase bids are not directly paired with sales bids; and
- (iii) by granting Shareholders, in proportion to the shares held, a put option to be exercised during a period corresponding to the term of the Shareholders' authorisation for the purchase of own shares.

In detail, purchases aimed at:

- a) supporting the liquidity of Company's stock and
- b) buying back own shares to establish a reserve of shares

shall also be carried out in compliance with the provisions set forth by market regulations as per Article 180, paragraph 1 (c), of TUF, and in compliance with Article 5 of Regulation, as well as with applicable provisions Delegated Regulation.

The disposal of own shares held will be effected in the most appropriate way in the interest of the Company, in accordance with legislation and regulatory provisions, including on the market and off regulated-market disposal, or through ABB or blocks, or swaps with equity investments as part of industrial projects, or for the implementation of share-based incentive plans.

It is hereby reiterated that the buy-back of own shares is not instrumental to the reduction of Company's share capital, without prejudice to the Company's right to perform a share capital decrease should the Shareholders' Meeting approve a share capital decrease in the future, including through the cancellation of treasury shares in portfolio.

The Company shall give due notice to the public and Consob, in accordance with the terms and methods established by applicable laws and regulations.

7) Impact of Stock Split (First Item on the Agenda of the Extraordinary Shareholders' Meeting) on the proposal of authorisation to purchase and dispose of own shares

It is specified that if the Stock Split submitted to the Extraordinary Shareholders' Meeting as the first item, which will have as effects the withdrawal and the cancellation of the existing 66.784.450 total ordinary shares in issue and assigning, in 1 to 5 split, 333.922.250 newly issued ordinary shares, with the same characteristics of the 66.784.450 ordinary shares cancelled, the data and the amounts indicated in the present proposal of authorization to purchase and dispose of own shares, and therefore in in the following resolution (if approved) are to be considered as modified in proportion to the split of the book value of the shares, as detailed in the following chart:

	Before Stock Split	After Stock Split
Company's share capital	€ 34.727.914	€ 34.727.914
n. total shares	66.784.450 ordinary shares	333.922.250 ordinary shares
n. own shares in portfolio to the date of the present Report	1.747.000 own shares	8.735.000 own shares
n. Maximum number of the shares to buy	1.600.000 ordinary shares	8.000.000 ordinary shares
Minimum purchase price	-10% price of the shares	
Maximum purchase price	+10% price of the shares	
Maximum amount	120.000.000	

Now therefore, in light of the foregoing, we submit for your approval the following:

Motion

"The Ordinary Shareholders' Meeting of Brembo S.p.A.:

- having regard to the resolution passed by the Ordinary Shareholders' Meeting, held on 20 April 2016 and concerning the authorisation to buy back and dispose of own shares; and
- having acknowledged the proposal submitted by the Board of Directors of Brembo S.p.A. with regard to the aforementioned authorisation to buy back and dispose of own shares;

resolves

- 1) after prior revocation of the previous authorisation passed on 21 April 2016 — which was not implemented — to authorise the purchasing up to a maximum of 1.600.000 own shares for a maximum amount of Euro 120.000.000 and the disposal of all the own shares, in one or more tranches for a term of 18 months, for a minimum price of no more than 10% below the price of the shares during the trading session on the day before each transaction is undertaken and for a maximum price of no more than 10% above the price of the shares during the trading session on the day before each transaction is undertaken, to be taken from unrestricted reserves.
- 2) to authorise for a term of 18 months the disposal of the acquired treasury shares, in one or more tranches, granting to the Board of Directors the power to define, from time to time, all the criteria to set the relevant consideration and/or methods, terms and conditions to use own shares in portfolio, taking due account of the operating methods applied and the price trend of the stock in the period before the transaction, acting in the best interest of the Company;
- 3) to grant the Chairman and Executive Vice Chairman full powers, to be exercised severally and/or delegated to third parties, to implement the Resolutions as per points (1) and (2) above, even availing of attorneys-in-fact, in accordance with applicable laws and as requested by relevant authorities.”

Stezzano, 3 March 2017

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