

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

1. Increase in the total number of shares through a stock split, without any change in the amount of share capital, to be executed by the cancellation of the existing ordinary shares in issue and assigning five newly issued shares per each ordinary share withdrawn and cancelled. Amendment of Article 5 of the By-laws. Related and ensuing resolutions.

This report (hereinafter the “**Report**”), drafted in accordance with Article 125-ter of Legislative Decree No. 58 of 24 February 1998, as amended (hereinafter “**TUF**”), and Article 72 and Appendix 3A, scheme No. 3, of the regulation adopted by Consob by Resolution No. 11971 of 14 May 1999 (as amended and extended) (hereinafter the “**Rules for Issuers**”) will be available to the public from the Company's registered office and website (www.brembo.com, in the section Investors, For Shareholders, Shareholders' Meeting) and the authorised storage mechanism (www.1info.it) at least 21 days before the above meeting of the Board of Directors, with concurrent announcement to the public.

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Shareholders,

This Report has been prepared to submit for your approval, pursuant to Article 2365, paragraph 1, of the Italian Civil Code, the resolution authorising the split of the shares issued by Brembo S.p.A. (the “**Company**”) and the resulting increase in the total number of the shares, without any change to share capital (“stock split”) and the consequent amendment of Article 5 of the By-laws.

The content and reasons for the proposed amendments are set out below. The text of the current By-Laws is also provided, alongside the proposed version, with the amendments and additions clearly indicated.

1. REASONS FOR THE PROPOSED AMENDMENTS

With reference to the share capital of €34.727.914, which will remain unchanged, the Board of Directors proposes to split the 66.784.450 total ordinary shares, without nominal value, into 333.922.250 newly issued ordinary shares with the same characteristics as the ordinary shares in issue, by cancellation of the existing ordinary shares in issue and assigning 5 (five) newly issued shares per each ordinary share withdrawn and cancelled.

The transaction will entail a reduction of the book value of each share but will not have any effect on the amount of the Company's share capital or the characteristics of its shares.

The split is motivated by the Company's constant growth, as a result of which its shares have performed very well over time and have already posted a considerable increase in market value compared to the initial offering price.

For this reason, the Board of Directors believes it is advisable to propose this split in order to facilitate trading of the shares by increasing the liquidity of the stock and making it attractive to a broader set of investors.

The proposed 1:5 split is based on the current market value of the shares.

The stock split, as proposed, would entail the consequent amendment of the current text of Article 5 of the current By-laws, changing the total number of shares into which share capital is divided (which would remain unchanged at €34.727.914) from 66.784.450 to 333.922.250 ordinary shares without nominal value.

By agreement with Borsa Italiana S.p.A., the Board of Directors hereby indicates that, if the proposal illustrated herein were to be approved by the General Shareholders' Meeting, the effective date of the split and commencement of trading of the resulting new shares would occur, in accordance with applicable laws and regulations, after the registration of the related resolution and payment of the dividend (which, according to the draft resolution of the ordinary Shareholders' Meeting under item 2 will take place on 24 May 2017, with a record date of 23 May 2017), and will enter into effect on 29 May 2017.

During this period, the shares will trade without interruption. Since the shares have been dematerialised, shareholders will not be required to take any action to receive their new shares. The procedure will take place automatically through intermediaries participating in the management system of Monte Titoli S.p.A.

From 29 May 2017 forward Brembo shares will be identified by a new ISIN code.

2. COMPARATIVE ILLUSTRATION OF ITEMS FOR WHICH AMENDMENTS ARE PROPOSED

The comparative text of the article which is proposed be amended is set out below.

CURRENT TEXT OF THE BY-LAWS	NEW TEXT OF THE BY-LAWS
<p>Article 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 66,784,450 (sixty six million, seven hundred and eighty four thousand, four hundred and fifty) ordinary shares with no nominal value. - UNCHANGED -</p>	<p>Article 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 66.784.450 (sixty six million, seven hundred and eighty four thousand, four hundred and fifty) 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. - UNCHANGED -</p>

3. BOARD OF DIRECTORS' CONSIDERATIONS REGARDING THE RIGHT OF WITHDRAWAL

The Board of Directors believes that the amendment of the By-laws illustrated above does not give rise to the right of withdrawal pursuant to Article 2437 of the Italian Civil Code, since it does not entail either a change in the Company's share capital or market capitalisation or the characteristics of its shares, but will be aimed at increasing the trading of the shares, which will thus permit an increase in the volume of trades among investors and therefore result in greater liquidity.

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Now therefore, in light of the foregoing, we submit for your approval the following draft resolution.

Draft resolution

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

- having examined and discussed the Board of Directors' illustrative report, prepared and published in compliance with the terms and procedures required by law;
- having acknowledged the proposed amendments and additions to the By-Laws;

resolves

1. to approve the proposal to split the 66.784.450 total ordinary shares of Brembo S.p.A. without nominal value into 333.922.250 newly issued ordinary shares with the same characteristics as the ordinary shares in issue, by splitting their book value and assigning five newly issued shares replacing each ordinary share issued by Brembo S.p.A. (“stock split”), at a ratio of five (5) new shares assigned per each existing share;
2. to set the date of the commencement of trading of the new shares resulting from the split as 31 May 2017, following both the registration of the pertinent resolution and the payment of the dividend (according to the proposed resolution before the ordinary Shareholders’ Meeting, under item 2, payment date will be on 24 May 2017, ex coupon No. 26/2017 on 22 May 2017 and record date 23 May 2017);
3. to amend Article 5 of the By-laws by adding the text highlighted below to the first paragraph:
“Art. 5) Share Capital
The Company’s share capital shall amount to €34.727.914 (thirty four million, seven hundred and twenty seven thousand, 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”;
4. to grant the Chairman of the Board of Directors and the Executive Deputy Chairman, each separately and with the power to delegate part or all of their powers to special attorneys-in-fact, all powers required to do all that is necessary to execute the above resolution and fulfil the resulting legislative and regulatory formalities, including, in particular, all formalities required for filing the resolution within the companies register pursuant to Article 2436 of the Italian Civil Code, and the power to make all modifications of a non-substantive nature to the resolution and the above report as required by the competent authorities or notary public, or otherwise deemed useful and appropriate by those same attorneys-in-fact.”

Stezzano, 3 March 2017

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