

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

Pursuant to Article 123-*bis* of the Finance Consolidation Law

Approved by the Board of Directors on 15 March 2010

GLOSSARY

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

CIGO: Cassa Integrazione Guadagni Ordinaria (ordinary redundancy fund)

Code: the Code of Corporate Governance for Listed Companies, approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Civil Code: the Italian Civil Code

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

CoSO: the Committee of Sponsoring Organisations of the Treadway Commission "Internal Control – Integrated Framework"

Financial year: the financial year which the Report refers to, specifically the financial year ended 31 December 2009

Group: the Brembo Group

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

Brembo's Corporate Governance Manual: the document in which Brembo has fully adopted the Corporate Governance Code for Listed Companies

SC: Supervisory Committee

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

CONSOB Rules for Issuers: the Rules for issuers established by CONSOB with resolution No. 11971 of 1999

CONSOB Market Regulations: the market regulations established by CONSOB with resolution No. 16191 of 2007

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

ICS: Internal Control System

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

Introduction

The Brembo Group adheres to and adopts the Code of Corporate Governance for Italian Listed Companies, approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

This report provides a general description of the corporate governance system adopted by the Group and information on its ownership structure, as required by current legislation.

Brembo bases its conduct on rigorous principles, ethics, compliance with rules, responsibility and transparency. This provides a basis for the company's valuable "intangible" capital, which consists of its brand, its reputation and the set of values shared by employees and collaborators that guides the actions of a socially responsible company.

This report was filed with Borsa Italiana in the manner and within the timeframe required by law and is available on Brembo's website (www.brembo.com – Investor Relations, Corporate Governance section).

1. INFORMATION ON OWNERSHIP STRUCTURE (at 15 March 2010)

Structure of share capital

Brembo's share capital amounts to €34,727,914, has been fully paid up and is divided into 66,784,450 ordinary shares of a par value of €0.52, each bearing voting rights.

Restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

Significant shareholdings

Based on the Shareholders' Register, available information and communications received pursuant to article 120 of TUF, shareholders who hold shares with voting rights exceeding 2% of the share capital are:

	% ownership
Nuova FourB S.r.l.	56.52%
Goodman & Company Investment Counsel Ltd.	2.48%
CMI Asset Management (Luxembourg) S.A.	2.12%
Morgan Stanley Investment Management Limited	2.00%

Figures at 4 March 2010

Securities carrying special rights

There are no securities that carry special rights with regard to control of the company.

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholders' agreements

To the extent of the company's knowledge, there are no syndicate agreements or other shareholders' agreements.

With reference to powers granted to Directors to buy own shares, the following is noted:

Power to increase the share capital and repurchase own shares

The General Shareholders' Meeting held on 18 December 2008 approved a new plan for the repurchase and sale of own shares under which Brembo can purchase up to 2,680,000 own shares (4.01% of share capital) for a maximum of €26,800,000. The authorisation is valid for a period of 18 months starting from 18

December 2008. The purchase price range has been set from €0.52 to €10.00. Own shares may be purchased on regulated markets, in one or more tranches.

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:

- alienation and/or exchange of all or a portion of the shares repurchased to carry out acquisitions and/or business agreements with strategic partners;
- trading of own shares and activities intended to stabilise the share price.

At its meeting on 18 December 2008, the Board of Directors granted the powers necessary to implement the plan.

Within the framework of the above-mentioned plan, Brembo neither bought nor sold its own shares in 2009. At 15 March 2010, the company held a total of 1,440,000 own shares, representing 2.16% of the share capital, at a weighed average price of €7.94 per share and for an overall value of €11,435,811.

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

1.1 Direction and Coordination

Brembo S.p.A. is not subject to any direction and coordination activities by companies or other entities within the meaning of article 2497-*bis* of the Civil Code.

However, Brembo S.p.A. directs, coordinates, and controls its subsidiaries either directly or through Brembo International S.A. and Brembo Performance S.p.A.

The requirements pursuant to article 2497-*bis* of the Civil Code have been complied with.

2. COMPLIANCE

Through its Corporate Governance Manual, Brembo fully adheres to and adopts the Code of Corporate Governance for Italian Listed Companies, approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. The Code is available on Borsa Italiana website: (www.borsaitaliana.it).

Brembo is aware of the central role played by Corporate Governance in creating value for all shareholders and stakeholders and therefore ensures that its Governance system is updated on a regular basis and complies with national and international best practices.

3. BOARD OF DIRECTORS

3.1 Appointment and replacement of Company Directors

Brembo's By-laws establish that:

- at least one of the members of the Board of Directors, or two members if the Board is made up of more than seven directors, must meet the independence criteria set forth by article 148 of TUF;
- the Ordinary Shareholders' Meeting appoints the members of

the Board of Directors based on candidate lists presented by the Shareholders, so that one member of the Board is chosen from minority lists.

Board members shall be eligible for re-appointment and, save where otherwise established by General Meeting resolution, shall be appointed for a term determined by the General Meeting resolution appointing them, up to a maximum of three financial years.

3.2 Composition

Brembo S.p.A.'s organisation is based on the traditional model, as outlined in the current By-laws (approved by the Extraordinary Shareholders' Meeting of 27 April 2007).

According to the By-laws, the Board of Directors of Brembo S.p.A. is made up of no less than five and no more than eleven members, whose term of office is set by resolution of the Shareholders' Meeting, and cannot exceed three financial years.

The Board of Directors of Brembo S.p.A. was appointed by the Shareholders' Meeting held on 29 April 2008 and will be in office until the Shareholders' Meeting held to approve the 2010 Financial Statements.

Following the resignation of Director Mauro Pessi, effective 1 September 2009, the Board of Directors is made up of ten Directors, as reported in the following table:

Board of Directors										Audit Committee		Remuneration Committee	
Office held	Name and surname	In office from	In office until	Exec.	Non-exec.	Indep. as per Rules for issuers	Indep. as per TUF	% held *	Other offices held **	*	*		
Chairman and Managing Dir.	Alberto Bombassei	29.04.08	(1)	X				100%	4				
Director	Cristina Bombassei	29.04.08	(1)	X				89%	2				
Director	Giovanni Cavallini	29.04.08	(1)		X	X	X	100%	4		X ⁽²⁾ 100%		
Director	Giancarlo Dallerà	29.04.08	(1)		X	X	X	89%	5	X ⁽²⁾	67%		
Director	Giovanna Dossena	29.04.08	(1)		X	X	X	100%	3	X ⁽³⁾	67%		
Director	Umberto Nicodano	29.04.08	(1)		X			78%	4		X ⁽²⁾ 100%		
Director	Pasquale Pistorio	29.04.08	(1)		X	X	X	89%	4				
Director	Giuseppe Roma	29.04.08	(1)		X	X	X	89%	3	X ⁽²⁾	100%		
Director	Pierfrancesco Saviotti	29.04.08	(1)		X	X	X	67%	3		X ⁽⁴⁾ 100%		
Director	Matteo Tiraboschi	29.04.08	(1)	X				100%	4				
Directors who left office during the year													
Director	Mauro Pessi	06.06.08	01.09.09	X									

NOTES:

* These columns show the percentage of Board meetings and committee meetings, respectively, attended by directors (No. of times attended/No. of meetings held during the Director's term of office).

** This column shows the number of positions held at other companies, as required by Article 14 of Brembo S.p.A.'s Corporate Governance Manual.

(1) appointed for a term expiring on the date of approval of the financial statements for the year ending 31 December 2010.

(2) the Director, who was already a member of the Committee, was reappointed to this office with the reappointment of officers at the Shareholders' Meeting on 29 April 2008.

(3) at 31 December 2009, Brembo confirmed the independent status of Director Giovanna Dossena pursuant to letter l), paragraph 3 of Article 2.2.3 of the Rules of the Market. The Board confirmed the Director's independent status in light of the professionalism and independent judgement demonstrated by her as well as her fulfilment of the conditions set out in Article 3.C.1. of the Corporate Governance Code and paragraphs 2 and 3 of Article IA.2.13.6 of the Instructions and based on the number of independent directors who for years have comprised the Board (more than required by current regulations).

(4) the Director was appointed to this role with the reappointment of officers by the Shareholders' Meeting held on 29 April 2008.

All non-executive Directors and Directors who qualify as independent comply with independence requirements set out by Brembo S.p.A. Corporate Governance Manual and by Article 148, paragraph 3 of TUF. All the Directors meet the requirements of personal integrity, professionalism and respectability imposed by Italian laws and regulations.

Bruno Saita is Secretary to the Board of Directors.

Pursuant to Brembo's Corporate Governance Manual, the table on the previous page also shows details regarding the offices held by the Directors, the positions they hold at other companies and the percentage of Board meetings they attended in 2009.

3.3 Maximum number of positions held at other companies

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

3.4 Role of the Board of Directors

The Board of Directors met nine times in 2009 at the company's registered office and/or administrative office. In accordance with the By-laws, each Director is informed prior to the Board Meeting about all items on the agenda through a detailed, analytical report, which outlines the information (in descriptive and numerical terms) that directors need to pass the respective resolutions with full knowledge of the facts.

A total of five Board meetings are planned for 2010, one of which was held today, 15 March 2010.

The Board of Directors holds exclusive responsibility for the ordinary and extraordinary operations of the Company, with the

exception of the responsibilities that, by law and in accordance with the Company By-laws, are reserved for the Shareholders' Meeting.

The Board is also responsible for the functions assigned to it in Brembo's Corporate Governance Manual, including the analysis and distribution of the annual budgets and strategic, business and financial plans of Brembo S.p.A. and the Group.

The Board of Directors examined and approved the implementation of such plans during the Board meetings held on 13 February 2009, 19 March 2009 and 14 May 2009 (with particular reference to investments and the new organisational structure in Italy, the Czech Republic, Brazil, China and India).

The Board also evaluated the adequacy of the company's organisational, administrative and accounting structure at its meetings held on 13 February 2009, 19 March 2009, 14 May 2009, 27 August 2009 and 12 November 2009.

Information regarding the exercise of powers was submitted during the Board Meetings held on 13 February 2009, 14 May 2009, 27 August 2009, and 12 November 2009.

At its meeting on 24 April 2008, having heard the opinion of the Remuneration Committee, the Board of Directors divided the total annual Directors' compensation, as provided for by Brembo's By-laws.

At its meeting on 19 March 2009, the Remuneration Committee brought to the attention of the Board its assessments of:

- the termination of the Brembo Group 2006-2008 Three-Year Incentive Plan;
- a proposal for the redetermination of the Directors' remuneration in order to pay a bonus to the Managing Director.
- the 2009 annual incentive system for Brembo's executive Directors and Top Managers (so-called "2009 Ponte Plan").

At its meetings on 13 February 2009, 19 March 2009, 14 May 2009, 27 August 2009, 12 November 2009 and 15 December 2009, the Board of Directors evaluated the general performance of operations, based in part on information provided by the bodies charged with such responsibility at the time the interim results were presented and approved.

Pursuant to the Corporate Governance Manual, the Board charged the Lead Independent Director, Pasquale Pistorio, with performing a Board Performance Evaluation for 2009. The results of the evaluation were reported during a meeting of the Independent Directors on 15 December 2009 and, later that day, at the plenary meeting of the Board of Directors.

In terms of the number of Board meetings held, the percentage of those meetings attended by Directors and Corporate Governance activities in general, the Directors were given a booklet at their meeting on 14 May 2009 entitled "Appendix to the Corporate Governance Manual". The booklet was intended to provide them with summary of the structure of the Board of Directors and the Board of Statutory Auditors, the status of Governance obligations, a calendar of corporate events and the ownership percentages in issuer Brembo S.p.A.

At its meeting on 19 March 2009, the Board identified the Directorships or Auditorships held by Directors at other companies and noted them in the Report on Operations.

No Directors notified circumstances warranting the submission of a report by them under Article 1.6 of Brembo's Corporate Governance Manual (departure from the competition principle).

Two meetings were held during the year (on 14 May 2009 and 27 August 2009) to increase the Directors' knowledge (mainly the Independent Directors' knowledge) of the company's situation and dynamics.

3.5 Delegated Bodies

Chairman of the Board of Directors and Managing Director

During the meeting held on 29 April 2008, the Board of Directors confirmed the appointment of Alberto Bombassei as Chairman of Brembo S.p.A. through to the end of the term of the entire Board.

Pursuant to law and Brembo's By-laws, the Chairman is the company's legal representative and has all the powers of ordinary administration required to manage the company. He is also the Issuer's controlling shareholder.

From 6 June 2008 to 31 August 2009, the role of Managing Director was covered by Mauro Pessi, who was granted powers of ordinary administration.

Both the Chairman and the Managing Director have properly carried out their tasks and functions. Delegated bodies report to the Board of Directors on their activities, on a quarterly basis.

Following the termination of the working relationship with Director Mauro Pessi, at its meeting on 27 August 2009 the Board of Directors appointed Chairman Alberto Bombassei as Managing Director and granted him the powers that had been granted to the outgoing Managing Director, effective as of 1 September 2009.

The Board vested the Chairman, Alberto Bombassei, with broad powers in respect of strategic orientation, the preparation and proposal of guidelines for international expansion, and the Group's financial and restructuring policies. The Chairman is also vested with the powers for the purchase and disposal of real estate, representation of the company before trade unions, contracting of loans and financing repayable in no more than 36 months, and the granting and registration of mortgages.

The former Managing Director, Mauro Pessi, had been charged with the responsibility of implementing the company's strategic

direction through the management of the Business Units/Divisions of all companies and the staff functions that support operations; at its meeting on 27 August 2009, the Board of Directors transferred such powers to Chairman Alberto Bombassei.

Therefore, the Board retains the power to decide, among other issues, on the purchase and sale of shareholdings in other companies (M&As), the issuance of guarantees to third parties by Brembo S.p.A., and responsibilities regarding annual budgets and strategic plans.

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

Information regarding the exercise of powers was submitted during the Board Meetings held on 13 February 2009, 14 May 2009, 27 August 2009, and 12 November 2009.

3.6 Other Executive Directors

In addition to the Chairman, who is also the Managing Director of Brembo S.p.A., the following directors are considered executive directors:

- Cristina Bombassei, who is the Executive Director in charge of overseeing the Internal Control System;
- Matteo Tiraboschi, who is the CFO and Investor Relator of Brembo S.p.A. and also holds the position of Manager in charge of the Company's financial reports;
- the former Managing Director, Mauro Pessi, until 31 August 2009.

3.7 Independent Directors

The Board verified, at the time of appointment and thereafter, that the directors met the independence requirements set out in the Corporate Governance Code and TUF (also see point 3.2). The Board of Statutory Auditors verified that the criteria and procedures adopted by the Board to verify the Directors' independence were correctly applied.

The following Directors, who have not had, even recently, direct or indirect relations with Brembo S.p.A. or parties associated with Brembo S.p.A. that might compromise their autonomy of judgement, were verified as independent and non-executive Directors: Giovanni Cavallini, Giancarlo Dallera, Giovanna Dossena, Pasquale Pistorio, Giuseppe Roma and Pierfrancesco Saviotti.

Director Umberto Nicodano was designated as a non-executive director.

The Independent Directors meet at least once a year without the other Directors at a meeting coordinated by the Lead Independent Director. In 2009, the Independent Directors met three times (14 May, 27 August and 15 December) to discuss matters relating to corporate governance and the company's business.

3.8 Lead Independent Director

Pursuant to Article 2.8 of Brembo's Corporate Governance Manual, non-executive, independent Director Pasquale Pistorio was appointed as the Lead Independent Director by the Board of Directors at its meeting on 29 April 2008.

As previously mentioned, the Lead Independent Director coordinated Brembo's 2009 Board Performance Evaluation and presented its results during a meeting of the Independent Directors on 15 December 2009 and, later that day, at the Board's plenary meeting.

4. HANDLING OF CORPORATE INFORMATION

Disclosure of inside (or price-sensitive) information is regulated by the relevant section in Brembo's Corporate Governance Manual, which adopts in full the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market.

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

4.1 Internal Dealing

In 2003, Brembo adopted Internal Dealing Regulations to govern transactions involving the Company's shares or instruments connected to them carried out either directly or indirectly by Insiders or persons closely associated with them (so-called Internal Dealing).

The Regulations were revised to reflect new legislation and approved by the Board of Directors at the meetings held on 24 March 2006 and 12 November 2009.

Under the current Internal Dealing Regulations:

- Insiders must report to the market all transactions involving the Company's shares that have a cumulative value of over €5,000 per year;
- such transactions may not be carried out during the 15 days prior to Board meetings called to approve the results for the period (black-out period).

A complete copy of the Regulations is available on Brembo's website: www.brembo.com, Investor Relations section.

No Internal Dealing transactions were reported or carried out in 2009.

5. BOARD COMMITTEES

As required by Brembo's Corporate Governance Code, an Audit Committee and a Remuneration Committee were formed, and a Lead Independent Director was appointed.

The Supervisory Committee (pursuant to Legislative Decree 231/01) was set up on 30 July 2004.

At its meeting on 29 April 2008, the Board of Directors reappointed the members of the two Governance committees that are mandatory for companies belonging to the STAR segment (Audit Committee and Remuneration Committee).

6. NOMINATION COMMITTEE

The Board did not consider it necessary to form a Nomination Committee, as candidates for Directors are proposed by the Shareholders' Meetings in accordance with law.

7. REMUNERATION COMMITTEE

The Remuneration Committee, reappointed by resolution of the Board of Directors on 29 April 2008, is composed of non-executive and independent Directors Giovanni Cavallini and Pierfrancesco Saviotti, and non-executive Director Umberto Nicodano (Chairman).

The Remuneration Committee held one meeting during the year, on 19 March 2009. The following matters were addressed:

- termination of the Brembo Group 2006-2008 Three-Year Incentive Plan;
- proposal for the redetermination of the Directors' remuneration to pay a bonus to the Managing Director;

- the 2009 annual incentive system for Brembo's executive Directors and Top Managers.

The Remuneration Committee meeting also acknowledged the unanimous agreement made among members of the various Governance Committees (Audit Committee, Supervisory Committee, Lead Independent Director and the Director in charge of for Overseeing the Internal Control System) to waive the fee to which they are entitled for participation in such Committees, in light of the economic crisis.

In its meeting on 15 March 2010, the Committee determined that, under the terms of the 2009 Ponte Plan Regulations and in light of its mandatory nature, the bonus amounts could not be paid as, based on actual results, only one of the objectives had been achieved.

8. REMUNERATION OF DIRECTORS

The executive Directors' remuneration is designed to align their interests with the company's main objective of creating value for shareholders in the medium to long term.

The remuneration of non-executive Directors is commensurate to the commitment required from each and is not dependent on Brembo S.p.A.'s operating results.

There are no stock option plans in which executive and non-executive Directors (or employees) participate.

On 13 November 2008, the Board of Directors, in response to a proposal by the Remuneration Committee, approved the 2009 Ponte Plan designed for certain executive Directors and Top Managers of Brembo. The Plan requires the achievement of several quantitative objectives in terms of Net Income and Operating Free Cash Flow, as set out in the related rules.

The plan is directed to approximately 35 people who are best able to impact the Group's performance. The plan spans the period from 1 January 2009 to 31 December 2009.

On 24 April 2009, the General Shareholders' Meeting approved the incentive plan, confirming in particular that it can be applied to the Chairman.

Based on year-end results, no bonus was paid. At the meeting held on 15 March, the Board of Directors acknowledged the evaluations provided by the Remuneration Committee and voted not to pay any of the bonuses awardable under the 2009 Ponte Plan.

Details of the amounts received by Directors in 2009 are provided in Note 31 of the Explanatory Notes to the 2009 Consolidated Financial Statements.

As required by CONSOB's Rules for Issuers, information on changes in shares held by members of Brembo's administration and control bodies in 2009 is provided below:

Name and surname	Shares at 31.12.2008	Shares purchased in 2009	Shares sold in 2009	Shares at 31.12.2009	Ownership position	Ownership method
Board of Directors						
Alberto Bombassei	-	-	-	-	n/a	n/a
Alberto Bombassei (Nuova FourB)	37,744,753	-	-	37,744,753	F	I
Cristina Bombassei	5,320	-	-	5,320	F	D
Giovanni Cavallini	-	-	-	-	n/a	n/a
Giancarlo Dallera	38,000	-	-	38,000	F	D
Giovanna Dossena	-	-	-	-	n/a	n/a
Umberto Nicodano	-	-	-	-	n/a	n/a
Mauro Pessi ⁽¹⁾	-	-	-	-	n/a	n/a
Pasquale Pistorio	-	-	-	-	n/a	n/a
Giuseppe Roma	-	-	-	-	n/a	n/a
Pierfrancesco Saviotti	-	-	-	-	n/a	n/a
Matteo Tiraboschi	-	-	-	-	n/a	n/a
Board of Statutory Auditors						
Sergio Pivato	-	-	-	-	n/a	n/a
Enrico Colombo	-	-	-	-	n/a	n/a
Daniela Salvioni	-	-	-	-	n/a	n/a

(1) he resigned effective 1 September 2009.

Legend: D = direct control
 I = indirect control (through third parties, subsidiaries or trustees)
 F = full ownership
 n/a = not applicable

9. AUDIT COMMITTEE

The Audit Committee is composed of three non-executive and independent Directors: Giuseppe Roma (Chairman), Giovanna Dossena and Giancarlo Dallera.

On 23 March 2007, the Board of Directors assessed as adequate the audit expertise of two members of the Audit Committee, Giovanna Dossena and Giuseppe Roma, since they are enrolled in the Registry of Auditors.

In 2009, the Audit Committee held six fully minuted meetings (4 February 2009, 10 March 2009, 5 May 2009, 21 July 2009, 4 November 2009, 4 December 2009) in which:

- it assisted the Board in carrying out the internal control duties assigned to it; in particular, it promoted the formalisation of the "Internal Control System Guidelines" approved by the Board of Directors on 14 May 2009;
- it expressed its opinion on the proper use of the accounting standards and their consistency in the Group for purposes of preparing the consolidated financial statements, based on the information provided by the Manager in charge of the Company's financial reports and by the independent auditors;
- on request of the Executive Director in charge of overseeing the Internal Control System, it expressed its opinion on specific aspects regarding the identification of the main risks facing the company, as well as the design, implementation and management of the Internal Control System. It also examined the report presented by the Director in charge of overseeing the Internal Control System (ICS) and the Internal Auditor upon approval of the 2008 Financial Statements;
- it examined the working plan prepared by the Internal Auditor as well as the periodic reports drawn up;

- e) it evaluated proposals submitted by the independent auditors to broaden the scope of its engagement as well as its work plan and the results of activities completed;
- f) it evaluated the 2008 Management Letter submitted by the independent auditors, which contained suggestions on financial reporting processes; it analysed the suggestions in light of Italian Law 231 and explored aspects relating to the company's Organisation, Management and Control Model;
- g) it oversaw the effectiveness of the audit process;
- h) through reports presented by the Committee Chairman, it informed the Board of Directors of the activities carried out and the adequacy of the Internal Control System in 2009;
- i) it evaluated the organisational structure of the Brembo Group;
- j) together with the Supervisory Committee, it oversaw the Workplace Safety Management System and Brembo Group's Security.

In particular, in each meeting the Audit Committee analysed:

- I. activities completed by Internal Audit during 2008 and 2009;
- II. the progress of the work concerning Law 262/05 in Brembo S.p.A. and its extension to Group companies;
- III. the CFO's report on significant transactions and those that might create a conflict of interest under Brembo's current rules.

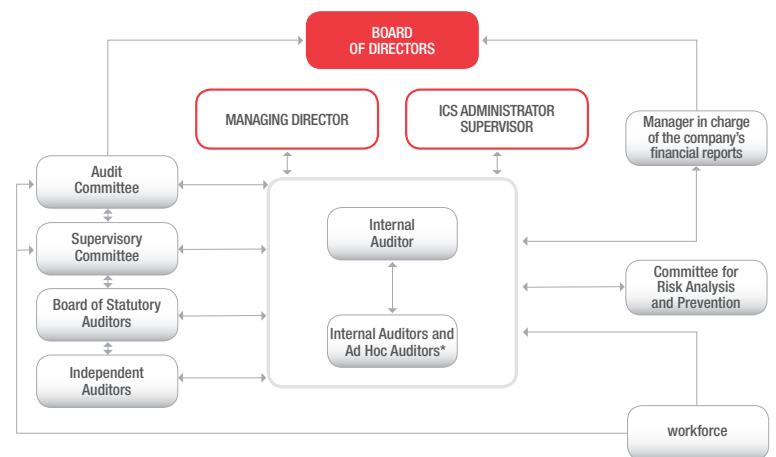
The Executive Director in charge of overseeing the Internal Control System was invited to attend these meetings and the Chairman of the Board of Statutory Auditors also attended, either directly or through his representative.

The Manager in charge of the company's financial reports, independent auditors representatives, the Head of the Legal &

Corporate Department, the Head of Security and the Quality & Environment Director also attended the meetings for the discussion of specific items on the agenda.

10. INTERNAL CONTROL SYSTEM

Brembo's Internal Control System complies with the principles set out in Borsa Italiana's Corporate Governance Code (fully acknowledged by Brembo's Corporate Governance Manual) and is organised as follows.



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

The Board of Directors:

- defines the general guidelines of the Internal Control System, so that the main risks pertaining to Brembo S.p.A. and Group companies are properly identified, as well as adequately measured, managed and monitored. It also sets criteria to ensure that such risks are compatible with sound and proper management of the company.

- carries out an annual appraisal that the Internal Control System is adequate and effective and operates efficiently.

For 2009, the Board of Directors expressed its assessment and respective guidelines in the meetings of 19 March 2009 and 14 May 2009, based on the reports received from the Executive Director in charge of overseeing the Internal Control System, the Chairman of the Audit Committee, the Chairman of the Supervisory Committee and the Internal Auditor.

In its meeting on 14 May 2009, the Board of Directors expressed a favourable opinion with regard to the Guidelines and the Policies for implementing the Internal Control System.

10.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 19 March 2009 and 21 July 2009, the Chairman of the Audit Committee informed the Board of the activities carried out by the Committee and expressed a favourable opinion as to the adequacy of the Internal Control System, leaving the final opinion to the Board of the Directors.

After considering the report of the Chairman of the Audit Committee, the activities carried out and planned by Internal Audit and the meetings held by the Internal Auditor with the Chairman of the Board of Directors, the Executive Director responsible for overseeing the Internal Control System and the Manager in charge of the Company's financial reports (also the CFO), the Board of Directors seconded the opinion of the Chairman of the Audit Committee. The Board acknowledged that, to date, measures taken to minimise risks have been systematically implemented across all areas of the company and are gradually being extended to its subsidiaries. It therefore found the Internal Control and Risk Management System to be adequate.

In light of the foregoing, the Board also acknowledged that, although the economic crisis had forced Brembo to request

significant assistance from the ordinary redundancy fund (CIGO), the company was able to maintain a constant, high level of control over its Internal Audit activities, particularly in terms of monitoring situations that might generate major risks due to the duration of the crisis.

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

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

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

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

In determining whether the administrative and accounting procedures are being effectively applied, the Manager in charge of the Company's financial reports relies on the support of Internal Audit, which, together with the Compliance Officer, prepares an annual Test Plan for the aforementioned control measures.

Based on the Test Plan results, the Manager in charge of the Company's financial reports and the Compliance Officer evaluate the need for corrective actions and develop a Corrective Plan, 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 Contact Persons and promptly reported to the Manager in charge of the Company's financial reports (through the Compliance Officer).

The Process Contact Persons are responsible for identifying all events within their processes that could potentially change the above framework and promptly reporting them to the Manager in charge of the Company's financial reports (through the Compliance Officer). Every six months, if no specific events have occurred that could impact the processes or control measures for which they are responsible, the Process Contact Persons must provide a formal communication to that effect. If the Compliance Officer does not receive this communication, he or she must request it.

The Compliance Officer and Internal Audit periodically report to the Manager in charge of the Company's financial reports as to the activities carried out and test results. The main companies in the Brembo Group are subject to analysis in conjunction with the preparation of the Brembo Group's Consolidated Financial Statements and Six-Monthly Report.

Every six months, the Manager in charge of the Company's financial reports (supported by the Compliance Officer) requests that the subsidiaries' Administration Departments conduct a self-assessment to identify risk areas and the key control measures that address them.

Internal Audit, in cooperation with the Compliance Officer, plans and periodically implements an assessment programme at subsidiaries. The results of the assessment are reported to the Manager in charge of the Company's financial reports, who takes any necessary corrective actions.

The Manager in charge of the Company's financial reports may base his or her attestation on a process of self-certification that is carried out by Brembo's top management, which provides information used in financial reporting and is responsible for the processes/systems that generate financial data.

10.3 Executive Director charged with overseeing the Internal Control System

On 29 April 2008, the Board of Directors identified an Executive Director with responsibility for overseeing the operation of the Internal Control System, in the person of Cristina Bombassei.

This Director submitted for the examination of the Audit Committee and the Board of Directors in the meetings held on 10 March 2009 and 19 March 2009, respectively, the main risks identified for the company during 2008, a process involving the company's entire management structure in risk self-assessment, with the support of the Internal Auditor and the Internal Audit Department. The Executive Director informed the Internal Auditor on the monitoring work to be carried out on the improvement plans defined by management.

The Director also proposed that Brembo's risk assessment systems be adapted to comply with new legislation arising from the adoption of European Directives 2003/51/EC and 2004/109/EC, which amended the Civil Code and TUF and introduced a specific obligation to indicate the "main risks and uncertainties" in the financial statements.

As part of her duties, the Director, supported by Internal Audit, based on the guidelines issued by the Board of Directors developed the "Policies for Implementing the Internal Control System". The

policies are designed to provide a clearer description of the roles and responsibilities of Brembo's control bodies and avoid risks resulting from overlapping roles and/or functions. The document was submitted to the attention of the Audit Committee at its meeting held on 5 May 2009 and on the same day to the Board of Directors.

10.4 Internal Auditor

On 29 April 2008 the Board of Directors, on the proposal of the Executive Director charged with overseeing the Internal Control System and having consulted with the Audit Committee, appointed the Internal Auditor, in the person of Alessandra Ramorino.

The Internal Auditor is the same person as the Internal Audit Director, is a member of Brembo S.p.A.'s Supervisory Committee, is not responsible for any operational area and does not report hierarchically to any operational area manager.

The Internal Auditor has had direct access to the information required to perform her duties, reported on her work at each Audit Committee meeting and attended some meetings of the Board of Statutory Auditors.

At its meeting on 10 March 2010, the Audit Committee was provided with appropriate information on the results of Internal Auditor's activities for 2009, through the annual report on the adequacy of the Internal Control System.

At its meeting on 15 March 2010, the Internal Auditor reported to the Board of Directors regarding the assessment of the Internal Control System.

10.5 Internal Audit

The Internal Audit function reports hierarchically to Brembo S.p.A.'s Chairman, and in operational terms to the Audit Committee; both corporate functions ensure its organisational independence.

As part of its work, Internal Audit maintains constant relations with all the institutional control bodies and periodic relations with function Directors and Managers.

The activities carried out by Internal Audit have continued to be oriented towards risk prevention, the determination of direct action to be taken to eliminate anomalies and irregularities, and the provision of support to the Group in the pursuit of pre-set operating targets.

During 2009, Internal Audit operated based on the approved three-year audit plan, in line with the actions agreed during the year with the Chairman and Audit Committee. The audit plan provides for: risk assessments, using the Control Risk Self Assessment method, organisational audits of all Group subsidiaries, 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 2009, Internal Audit carried out a specific audit aimed at verifying the extent to which the new IT system had in fact been implemented, and collaborated in the implementation of the same by providing advice aimed at ensuring that the checks in place were fully compliant with an appropriate Internal Control System.

Internal Audit is charged with preparing 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.

It has also intensified its efforts towards monitoring corporate risks and the progress achieved in implementing the cost containment initiatives launched by the Company in light of the uncertainty arising from the economic environment that marked all of 2009.

Internal Audit also organised training and outreach sessions aimed at informing Brembo's managerial team on issues regarding the Internal Control System.

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

Pursuant to Legislative Decree 231/2001, on 30 July 2004 the Board of Directors appointed the Supervisory Committee for the first time and on 12 November 2004 approved the first edition of its Organisation, Management and Control Model (hereunder the "Model"), subsequently updated with new editions; the most recent version (15 March 2010) is available on Brembo's corporate website.

The Supervisory Committee is currently composed of three non-executive and independent Directors – Giovanna Dossena (Chairwoman), Giancarlo Dallera and Pierfrancesco Saviotti – and by the Internal Auditor, Alessandra Ramorino.

In 2009, all specific activities falling under the responsibility of the Supervisory Committee were regularly conducted.

The Supervisory Committee met five times during the year (on 13 February 2009, 10 March 2009, 14 May 2009, 21 July 2009, 12 November 2009) to verify that the model was subjected to constant updating to reflect changes in the regulatory framework, as well as to analyse the Model's solidity and functionality requisites, all related implementing procedures, and the supervisory activities performed by Internal Audit on the Supervisory Committee's behalf.

More specifically:

- as part of its analysis of the Model's solidity and functionality requisites, the Supervisory Committee put forward recommendations for improving the solidity and functionality of the Organisational, Management and Control Model, and underlined the need for updating the said Model taking account of the offences most recently placed within the scope of Legislative Decree 231/01; the company has appointed a specific work group to study the aforesaid recommendations and updates;

- audit activities have been carried out in order to check that the Model is being implemented effectively, with the support of the Internal Audit Director, based on the Supervisory Committee's action plan;
- oversight of the Model entailed an analysis of:
 - i. the reports received by the Supervisory Committee;
 - ii. the information contained in the half-yearly report submitted to the Supervisory Committee;
 - iii. the progress reports submitted by each Group Company in respect of the adoption and implementation of an individual Organisational, Management and Model, as recommended in 2008;
 - iv. findings reached through meetings with the managers of sensitive areas and/or functions within the meaning of Legislative Decree No. 231/01.

On 12 June 2009, the Chairman of the Supervisory Committee issued the attestation to the Organisational, Management and Control Model as required by Borsa Italiana S.p.A.

In addition, work continued during 2009 to ensure that Brembo has an effective Organisation, Management and Control Model in operation. More specifically the following additional initiatives were continued:

- review and extension of the risk assessment carried out in respect of sensitive processes within the meaning of the Model, with the involvement of high-level executives and the assignment of specific operating responsibilities;
- training targeted not only at high-level executives and operating managers of Brembo S.p.A., but also their counterparts within individual Group companies.

During the year, there were no reports of breaches of regulations subject to the penalties provided for in Legislative Decree 231/2001.

10.7 Independent Auditors

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

10.8 Manager in charge of the Company's financial reports

On 14 May 2009, the Board of Directors appointed Matteo Tiraboschi, a Director and the Group's current Chief Financial Officer, as Manager in charge of the Company's financial reports.

Pursuant to the By-laws, the Manager in charge of the Company's financial reports is to be appointed by the Board of Directors in light of the non-binding opinion of the Board of Auditors.

The Manager in charge of the Company's financial reports must meet the following requirements in terms of professional qualifications and experience:

- diploma or university degree in economics, finance, or subjects related to business management and corporate organisation;
- at least three years of overall professional experience in the discharge of business administration or control functions; or otherwise managerial or administrative responsibilities at corporations; or managerial or administrative functions, or auditing functions, including as an outside auditor or consultant, such as a certified public accountant, in the service of undertakings operating in the credit, financial or insurance sectors, or, in any event, in sectors closely related, or otherwise involving business activities similar to those of company and therefore entailing the management of financial and economic resources.

The Manager is appointed for a three-year term that may be renewed once or several times.

11. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS

In the meeting held on 23 March 2007, the Board of Directors amended the instructions for the management of transactions with related parties effected by Brembo S.p.A., with a view to bringing the same in line with the provisions of Article 150 of TUF. The instructions also included procedures for the Board of Directors' written and oral reports to the Board of Statutory Auditors in respect of all transactions that are significant or entail a potential conflict of interests (including inter-company transactions and transactions with parties other than related parties).

At its meetings of 13 February 2009, 14 May 2009, 27 August 2009 and 12 November 2009, the Board of Directors reported on related-party transactions, after forwarding disclosures pursuant to Brembo's instructions on significant transactions and conflicts of interest to the Audit Committee on 4 February 2009, 10 March 2009, 5 May 2009, 27 August 2009, and 4 November 2009. The Board of Directors determined that none of the transactions in question could be considered as falling outside the scope of the Company's normal business operations, or otherwise as giving rise to any specific problems, and further concluded that all of the said transactions were effected at arm's length in light of the market conditions prevailing at the time, and could by no means be deemed significant.

12. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to the By-laws, the Board of Statutory Auditors is made up of three acting auditors and two alternate auditors, all appointed by the Shareholders' Meeting based on list voting procedures.

Appointment to, and ongoing membership of the Board of Auditors are strictly subject to full satisfaction of all applicable eligibility

requirements, in terms of personal integrity and professional qualifications. Acting auditors are chosen among people who can also meet the applicable independence requirements, meaning that, beside meeting all statutory requirements, they may not have served as a director of acting auditor of Brembo S.p.A. for more than nine of the previous twelve years.

Auditors are appointed for a term of three years and are eligible for re-appointment. The emoluments of Statutory Auditors shall be determined by the Shareholders' Meeting.

The Board of Auditors oversees both compliance with law and the By-laws, as well as principles of good corporate governance, and, in particular, the suitability of the organisational, administrative

and accounting structures adopted by the Company and the effective functioning thereof.

The Board of Statutory Auditors is also in charge of monitoring and verifying the independence of the independent auditors.

13. STATUTORY AUDITORS

The Board of Statutory Auditors, appointed by the Shareholders' Meeting on 29 April 2008 for a term expiring on the date of the Shareholders' Meeting held to approve the Financial Statements for 2010, is made up as specified in the table below:

Board of Statutory Auditors

Office held	Members	In office from	In office until	Independent	% held ⁽²⁾	Weight of other offices Annex 5-bis of the Rules for Issuers ⁽³⁾
Chairman	Sergio Pivato	29.04.08	⁽¹⁾	x	83%	5
Acting Auditor	Enrico Colombo	29.04.08	⁽¹⁾	x	100%	4.14
Acting Auditor	Daniela Salvioni	29.04.08	⁽¹⁾	x	83%	0
Alternate Auditors	Gerardo Gibellini	29.04.08	⁽¹⁾	----	---	---
Alternate Auditors	Mario Tagliaferri	29.04.08	⁽¹⁾	----	----	---

Auditors who left office during the year

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

No. of meetings held during the financial year: 6.

NOTES

(1) appointed for a term expiring on the date of approval of the financial statements for the year ending 31 December 2010.

(2) attendance rates at meetings of the Board of Statutory Auditors (number of meetings attended/number of meetings held during the term of office of the auditor).

(3) incidence of other positions held, within the meaning of Article 144-terdecies et seq. of the Rules for Issuers (ceiling on concurrent appointments).

All the members of the Board of Statutory Auditors must meet applicable statutory requirements and also comply with the provisions set forth in the Corporate Governance Manual.

The Company has determined that the ceiling on concurrent appointments has not been exceeded in respect of any member of its Board of Statutory Auditors, on the basis of the declarations made by each of the said members in such regard pursuant to Annex 5-bis to the Rules for Issuers.

On 29 April 2008, the Shareholders' Meeting established the emoluments of the Board of Auditors as a whole, in the overall gross amount of €105,000 per annum.

In 2009, the Board of Statutory Auditors held six meetings and most members of the Board of Auditors participated in all meetings of the Board of Directors. The composition of the Board of Statutory Auditors did not undergo any change during financial year 2009.

14. RELATIONS WITH SHAREHOLDERS

The company takes special care in monitoring relations with shareholders, institutional and private investors, financial analysts, other market operators, and the financial community in general, scrupulously respecting mutual roles and periodically organising meetings both in Italy and abroad.

In order to provide the market with exhaustive and constantly updated financial information, the company has set up a specific Italian-English Investor Relations section on its website (www.brembo.com) affording public access to its press releases, financial statements and interim reports, presentations to the financial community, stock price trends, etc.

Particular attention is placed on private shareholders, who are mailed a periodical newsletter containing the latest results and updates on the Group's performance.

Matteo Tiraboschi, Brembo S.p.A.'s current CFO was placed in charge of managing Investor Relations in concert with the company's Chairman, as of May 2009.

The company's contact details for investors are: e-mail "ir@brembo.it"; phone +39.035.60.52.145; fax +39.035.60.52.518.

15. GENERAL SHAREHOLDERS' MEETINGS

Article 11 of the By-laws, provides as follows:

PARTICIPATION IN AND REPRESENTATION AT GENERAL SHAREHOLDERS' MEETINGS

Entitlement to attend General Meetings resides with shareholders that make service on the Company, at least 2 (two) business days prior to the scheduled date of the individual General Meeting, of the notice issued by the authorised intermediary pursuant to section 2370, paragraph 2, of the Italian Civil Code, certifying their share ownership.

Subject to the provisions of Article 2372 of the Italian Civil Code and Articles 136 et seq. of Legislative Decree No. 58 of 24/2/1998 as further amended and extended as well as the related implementing provisions, each shareholder entitled to participate in the General Meeting may be represented thereat by another person, who need not necessarily be a shareholder, authorised for such purpose by written proxy.

Proxies may be issued only for a specific General Shareholders' Meeting and shall be valid even for subsequent callings of such General Meeting, pursuant to applicable statutory provisions. The Chairman of the General Shareholders' Meeting shall declare the validity of proxies, and in general, the right to participate in the Meeting.

The information that the Board of Directors is required to provide to the Shareholders' Meeting must be of such nature as to provide the latter with an in-depth understanding of all matters relevant

to making informed decisions in respect of the items submitted for shareholder approval. Briefly put, during the Shareholders' Meeting, entitled attendees are provided not only the information included in the filings made with Stock Market and Securities Services institutions, but also, as part of the disclosures pertaining to the meeting in question, all the documents regarding the Financial Statements, as well as all the recommendations placed on the agenda by the Board of Directors and forwarded to Borsa Italiana and CONSOB, pursuant to applicable statutory and regulatory provisions. As a general rule, entitled attendees shall also be provided with a summary of the Company's stock price trends.

The Rules governing the Shareholders' Meetings are set forth on page 74 of Brembo's Corporate Governance Manual, available

for consultation on the website: www.brembo.com - Investor Relations.

16. CHANGES SINCE THE END OF 2009

On 15 March 2010, the Board of Directors co-opted a new Director, Bruno Saita, who, after several years of collaboration with the Group, took up the role of non-executive Director. The functions previously covered by Bruno Saita in his capacity as Board secretary, shall now be discharged by U. Simonelli, the Group's General Counsel.

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