Third Quarter Report 2010

Contents

Company Officers

The Shareholders' Meeting of the Parent Company Brembo S.p.A., held on 29 April 2008, passed a resolution in favour of the reappointment of Company Officers for the following three-year period (2008-2010).
At 30 September 2010, Company Officers included:

Board of Directors

Chairman and Managing Director:
Alberto Bombassei (1) (5)

Directors:
Cristina Bombassei (3) (5) (7)
Giovanni Cavallini (2)
Giancarlo Dallera (2)
Giovanna Dossena (2) (10)
Umberto Nicodano (4)
Pasquale Pistorio (2) (6)
Giuseppe Roma (2)(10)
Bruno Saita (4)
Pierfrancesco Saviotti (2)
Matteo Tiraboschi (3) (5) (9)

Board of Statutory Auditors

Chairman:
Sergio Pivato

Auditors:
Enrico Colombo
Daniela Salvioni

Alternate Auditors:
Gerardo Gibellini
Mario Tagliaferri

Independent Auditors PricewaterhouseCoopers S.p.A.(8)

Manager in Charge of the Company's Financial Reports Matteo Tiraboschi (9)

Committee:

Audit Committee:
Giuseppe Roma (Chairman)
Giancarlo Dallera
Giovanna Dossena

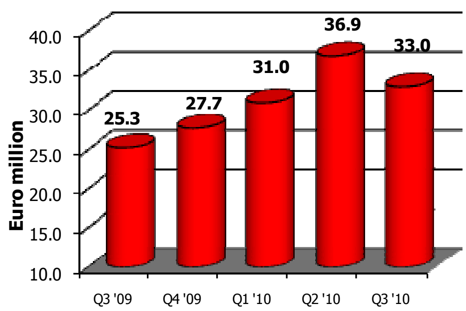
Remuneration Committee:
Umberto Nicodano (Chairman)
Giovanni Cavallini
Pierfrancesco Saviotti

Supervisory Committee
Giovanna Dossena (Chairwoman)
Giancarlo Dallera
Alessandra Ramorino
Pierfrancesco Saviotti

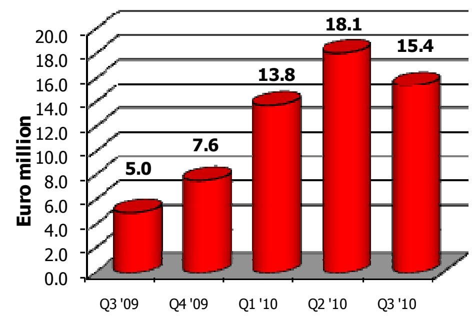
(1) The Chairman and Managing Director is the Company's legal representative and has powers of ordinary management, within the limits of the law.
(2) Independent and non-executive Directors, as per Borsa Italiana Regulations, Art. 2.2.3. They also comply with independence requirements set out by Brembo S.p.A. Corporate Governance Manual.
(3) This Director also holds offices in some Group companies.
(4) Non-executive Directors.
(5) Executive Directors.
(6) This Director also holds the position of Lead Independent Director.
(7) This Director also holds the position of Executive Director in charge of overseeing the functioning of the Internal Control System.
(8) The Shareholders' Meeting held on 27 April 2007 extended the mandate until financial year 2012.
(9) Appointed by the Board of Directors on 14 May 2009. He also holds the position of Investor Relator.
(10) at 30 September 2010, Brembo confirmed the independent status of Directors Giovanna Dossena and Giuseppe Roma pursuant to letter l), paragraph 3 of Article 2.2.3 of the Rules of the Market. During its self evaluation activity, the Board confirmed the Directors' independent status in light of the professionalism and independent judgement demonstrated by them 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).

Highlights

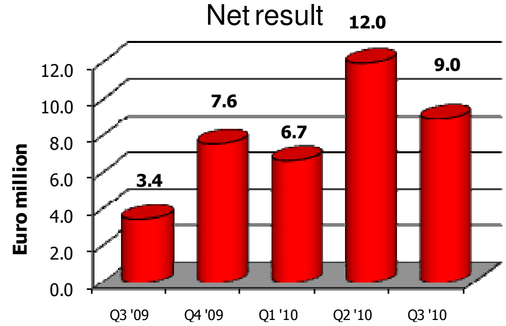
Gross operating income



Net operating income

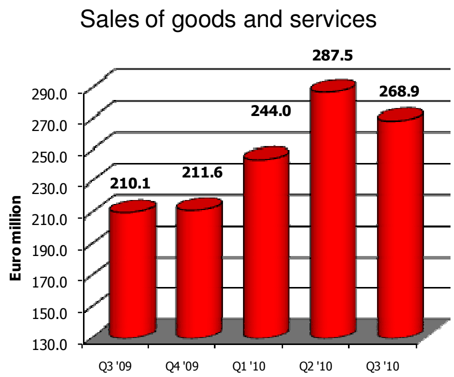


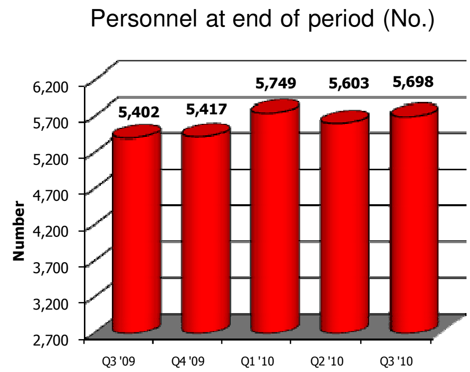
Net result

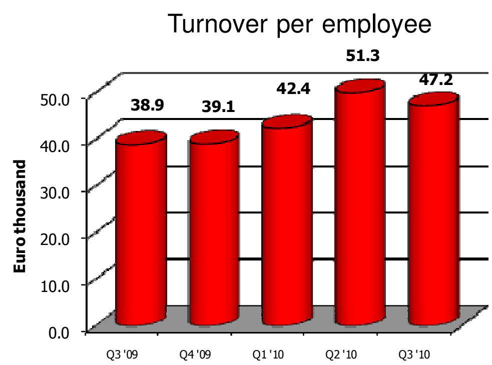


ECONOMIC RESULTS *(euro million)*	A Q3 '09	Q4 '09	Q1 '10	Q2 '10	B Q3 '10	% B/A
Sales of goods and services	210.1	211.6	244.0	287.5	268.9	*28.0%*
Gross operating income	25.3	27.7	31.0	36.9	33.0	*30.5%*
% of sales	*12.0%*	*13.1%*	*12.7%*	*12.8%*	*12.3%*	
Net operating income	5.0	7.6	13.8	18.1	15.4	*210.3%*
% of sales	*2.4%*	*3.6%*	*5.6%*	*6.3%*	*5.7%*	
Result before taxes	2.1	5.3	9.7	17.0	12.8	*505.8%*
% of sales	*1.0%*	*2.5%*	*4.0%*	*5.9%*	*4.8%*	
Net result	3.4	7.6	6.7	12.0	9.0	*161.0%*
% of sales	*1.6%*	*3.6%*	*2.7%*	*4.2%*	*3.3%*	

2009 data revised following the purchase price allocation process relating to business combinations







	A				B	
FINANCIAL RESULTS *(euro million)*	**Q3 '09**	**Q4 '09**	**Q1 '10**	**Q2 '10**	**Q3 '10**	**% B/A**
Net invested capital	586.4	568.4	603.9	601.9	613.0	*4.5%*
Shareholders' equity	278.0	291.5	312.4	312.3	318.5	*14.6%*
Net financial indebtedness	286.4	255.0	269.8	268.8	273.6	*-4.5%*
PERSONNEL AND CAPITAL EXPENDITURE						
Personnel at end of period ***(No.)***	5,402	5,417	5,749	5,603	5,698	*5.5%*
Turnover per employee ***(euro thousand)***	38.9	39.1	42.4	51.3	47.2	*21.4%*
Capital Expenditure ***(euro million)***	8.4	10.6	16.8	17.1	19.2	*127.8%*

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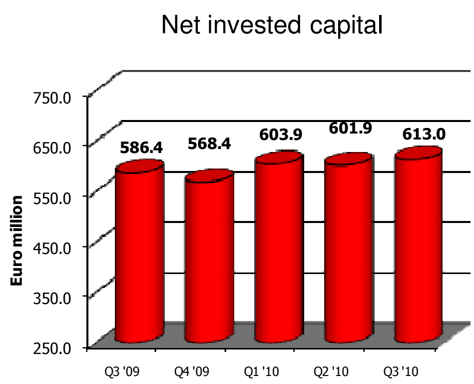
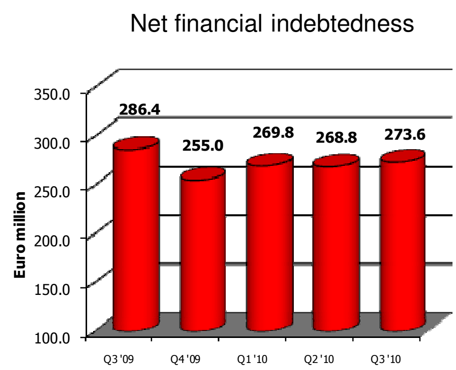




MAIN RATIOS	Q3 '09	Q4 '09	Q1 '10	Q2 '10	Q3 '10
Net operating income/Sales	*2.4%*	*3.6%*	*5.6%*	*6.3%*	*5.7%*
Result before taxes/Sales	*1.0%*	*2.5%*	*4.0%*	*5.9%*	*4.8%*
Capital Expenditure/Sales	*4.0%*	*5.0%*	*6.9%*	*5.9%*	*7.2%*
Net Financial indebtedness/Shareholders' equity	*103.0%*	*87.5%*	*86.3%*	*86.1%*	*85.9%*
Financial charges/Sales	*1.6%*	*0.1%*	*1.5%*	*0.2%*	*1.0%*
Financial charges/Net Operating Income	*68.2%*	*3.9%*	*26.4%*	*2.6%*	*17.9%*
ROI	*3.4%*	*5.3%*	*9.2%*	*12.1%*	*10.0%*
ROE	*4.6%*	*10.0%*	*8.4%*	*15.4%*	*11.2%*

2009 data revised following the purchase price allocation process relating to business combinations

Consolidated Financial Statements

Consolidated Income Statement (Third Quarter 2010)

(euro thousand)	A Q3 '10	B Q3 '09	(A-B) CHANGE	%
Sales of good and services	**268,924**	**210,086**	**58,838**	**28.0%**
Other revenues and income	(121)	2,534	(2,655)	-104.8%
Costs for capitalised internal works	2,455	2,330	125	5.4%
Cost of raw materials, consumables, goods and change in inventories	(138,913)	(102,397)	(36,516)	35.7%
Other operating costs for production	(49,141)	(40,319)	(8,822)	21.9%
Personnel expenses	(50,242)	(46,973)	(3,269)	7.0%
GROSS OPERATING INCOME	**32,962**	**25,261**	**7,701**	**30.5%**
% of sales	***12.3%***	***12.0%***		
Depreciation, amortization and other write-downs	(17,527)	(20,286)	2,759	-13.6%
NET OPERATING INCOME	**15,435**	**4,975**	**10,460**	**210.3%**
% of sales	***5.7%***	***2.4%***		
Net financial income (charges)	(2,756)	(3,391)	635	-18.7%
Net financial income (charges) from investments	98	525	(427)	-81.3%
INCOME (LOSS) BEFORE TAXES	**12,777**	**2,109**	**10,668**	**505.8%**
% of sales	***4.8%***	***1.0%***		
Taxes	(3,806)	1,132	(4,938)	-436.2%
INCOME (LOSS) BEFORE MINORITY INTERESTS	**8,971**	**3,241**	**5,730**	**176.8%**
% of sales	***3.3%***	***1.5%***		
Minority interests	10	200	(190)	-95.0%
NET INCOME (LOSS) FOR THE PERIOD	**8,981**	**3,441**	**5,540**	**161.0%**
% of sales	***3.3%***	***1.6%***		
Basic earning per Share/diluted earnings per share ***(in euro)***	**0.14**	**0.05**		

2009 data revised following the purchase price allocation process relating to business combinations.

Consolidated Income Statement (30 September 2010)

(euro thousand)	A 30.09.2010	B 30.09.2009	(A-B) CHANGE	%
Sales of good and services	**800,511**	**614,279**	**186,232**	**30.3%**
Other revenues and income	**5,361**	**17,411**	**(12,050)**	**-69.2%**
Costs for capitalised internal works	**8,288**	**8,230**	**58**	**0.7%**
Cost of raw materials, consumables, goods and change in inventories	**(408,868)**	**(302,556)**	**(106,312)**	**35.1%**
Other operating costs for production	**(146,607)**	**(122,692)**	**(23,915)**	**19.5%**
Personnel expenses	**(157,806)**	**(141,187)**	**(16,619)**	**11.8%**
GROSS OPERATING INCOME	**100,879**	**73,485**	**27,394**	**37.3%**
% of sales	***12.6%***	***12.0%***		
Depreciation, amortization and other write-downs	**(53,601)**	**(58,414)**	**4,813**	**-8.2%**
NET OPERATING INCOME	**47,278**	**15,071**	**32,207**	**213.7%**
% of sales	***5.9%***	***2.5%***		
Net financial income (charges)	**(6,863)**	**(10,254)**	**3,391**	**-33.1%**
Net financial income (charges) from investments	**(1,026)**	**513**	**(1,539)**	**-300.0%**
INCOME (LOSS) BEFORE TAXES	**39,389**	**5,330**	**34,059**	**639.0%**
% of sales	***4.9%***	***0.9%***		
Taxes	**(11,926)**	**(3,146)**	**(8,780)**	**279.1%**
INCOME (LOSS) BEFORE MINORITY INTERESTS	**27,463**	**2,184**	**25,279**	**1157.5%**
% of sales	***3.4%***	***0.4%***		
Minority interests	**168**	**776**	**(608)**	**-78.4%**
NET INCOME (LOSS) FOR THE PERIOD	**27,631**	**2,960**	**24,671**	**833.5%**
% of sales	***3.5%***	***0.5%***		
Basic earning per Share/diluted earnings per share ***(in euro)***	**0.42**	**0.05**		

2009 data revised following the purchase price allocation process relating to business combinations

Consolidated Statement of Comprehensive Income (30 September 2010)

(euro thousand)	*Notes*	*30.09.2010*	*30.09.2009*	*Change*
INCOME/(LOSS) BEFORE MINORITY INTERESTS		**27,463**	**2,184**	**25,280**
Effect of hedging accounting (cash flow hedge) of derivatives		517	(570)	1,087
Effect of valuation of shareholdings using the equity method		0	84	(84)
Change in tax rate for deferred tax assets recognised on subsidised income		0	2	(2)
Change in translation adjustment reserve		10,998	1,556	9,442
Tax effects on other components of comprehensive income		(132)	155	(287)
				0
COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**38,846**	**3,411**	**35,436**
Of which attributable to:				**0**
- the Group		***38,809***	***4,276***	***34,534***
- Minority Interests		***37***	***(865)***	***902***

2009 data revised following the purchase price allocation process relating to business combinations.

Consolidated Balance Sheet

(euro thousand)	A 30.09.2010	B 31.12.2009	C 30.09.2009	A-B CHANGE	A-C CHANGE
ASSETS					
NON-CURRENT ASSETS					
Property, plant, equipment and other equipment	314,709	311,838	318,151	2,871	(3,442)
Development costs	41,055	39,786	41,698	1,269	(643)
Goodwill and other undefined useful life assets	42,865	40,947	40,110	1,918	2,755
Other intangible assets	21,992	22,561	22,716	(569)	(724)
Investments accounted for using the equity method	23,500	24,479	26,593	(979)	(3,093)
Other financial assets (investments in other companies and derivatives)	152	154	159	(2)	(7)
Other non-current assets	236	983	249	(747)	(13)
Deferred tax assets	16,346	17,695	14,428	(1,349)	1,918
TOTAL NON-CURRENT ASSETS	460,855	458,443	464,104	2,412	(3,249)
				0.5%	*(0.7%)*
CURRENT ASSETS					
Inventories	163,415	142,867	143,960	20,548	19,455
Trade receivables and receivables from other Group companies	224,142	161,663	163,286	62,479	60,856
Other receivables and current assets	41,079	26,707	22,549	14,372	18,530
Financial current assets and derivatives	707	71	71	636	636
Cash and cash equivalents	45,163	64,653	40,897	(19,490)	4,266
TOTAL CURRENT ASSETS	474,506	395,961	370,763	78,545	103,743
				19.8%	*28.0%*
NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERA	0	0	0	0	0
				0.0%	*0.0%*
TOTAL ASSETS	935,361	854,404	834,867	80,957	100,494
EQUITY AND LIABILITIES					
GROUP EQUITY					
Share capital	34,728	34,728	34,728	0	0
Other reserves	124,074	106,834	101,463	17,240	22,611
Retained earnings	124,029	131,917	131,146	(7,888)	(7,117)
Profit / (loss) for the period	27,631	10,528	2,960	17,103	24,671
TOTAL GROUP EQUITY	310,462	284,007	270,297	26,455	40,165
				9.3%	*14.9%*
MINORITY INTERESTS	8,010	7,458	7,656	552	354
				7.4%	*4.6%*
TOTAL EQUITY	318,472	291,465	277,953	27,007	40,519
NON-CURRENT LIABILITIES					
Non-current payables to banks	157,874	95,970	104,525	61,904	53,349
Other non-current financial payables	24,274	26,623	80,482	(2,349)	(56,208)
Other non-current payables	1,489	477	443	1,012	1,046
Provisions for contingencies and charges	5,400	6,086	5,040	(686)	360
Long term provisions for employee benefits	20,906	21,906	22,082	(1,000)	(1,176)
Deferred tax liabilities	7,925	11,015	10,991	(3,090)	(3,066)
TOTAL NON-CURRENT LIABILITIES	217,868	162,077	223,563	55,791	(5,695)
				34.4%	*(2.5%)*
CURRENT LIABILITIES					
Current payables to banks	79,599	136,063	132,229	(56,464)	(52,630)
Other current financial payables	57,012	60,987	10,056	(3,975)	46,956
Trade payables and payables to other Group companies	197,373	159,361	142,306	38,012	55,067
Tax payables	5,586	1,263	1,849	4,323	3,737
Other current payables	59,451	43,188	46,911	16,263	12,540
TOTAL CURRENT LIABILITIES	399,021	400,862	333,351	(1,841)	65,670
				(0.5%)	*19.7%*
TOTAL EQUITY AND LIABILITIES	935,361	854,404	834,867	80,957	100,494

2009 data revised following the purchase price allocation process relating to business combinations

Consolidated Cash-Flow Statements

(euro thousand)	30.09.2010	30.09.2009	Q3 '10	Q3 '09
Cash and cash equivalent at beginning of period	**(34,376)**	**(101,272)**	**15,285**	**(61,515)**
Net income for the period before taxes	**39,389**	**5,330**	**12,777**	**2,109**
Depreciation, amortisation/Impairment losses	53,601	58,414	17,527	20,286
Capital gains/losses	47	(675)	145	(13)
Write-ups/Write-downs of shareholdings	1,026	(507)	(98)	(525)
Gain from the disposal of 50% of BSCCB S.p.A.	0	(3,874)	0	0
Income from shareholdings	0	(6)	0	0
Financial portion of provisions for payables for personnel	765	890	251	296
Long-term provisions for employee benefits	62	649	398	179
Other provisions net of utilisations	1,809	5,962	306	3,800
Net working capital generated by operations	**96,699**	**66,183**	**31,306**	**26,132**
Paid current taxes	(6,006)	(9,497)	(508)	(1,497)
Uses of long-term provisions for employee benefits	(1,937)	(2,104)	(357)	(435)
(Increase) reduction in current assets:	0	0	0	0
inventories	(21,232)	37,482	(4,271)	4,225
financial assets	(634)	131	(56)	38
trade receivables and receivables from other Group companies	(62,905)	24,167	2,066	(795)
receivables from others and other assets	(14,960)	22,013	(8,483)	7,227
Increase (reduction) in current liabilities:	0	0	0	0
trade payables and payables to other Group companies	38,012	(33,013)	(10,440)	(3,237)
payables to others and other liabilities	12,085	(8,132)	1,816	(6,643)
Translation differences on current assets	4,621	2,531	(2,712)	1,052
Net cash flows from / (for) operating activities	**43,743**	**99,761**	**8,361**	**26,067**
Investments in:				
intangible assets	(12,299)	(11,328)	(2,762)	(2,368)
property, plant and equipment	(33,106)	(22,380)	(17,230)	(5,918)
financial fixed assets (shareholdings)	(45)	0	(15)	0
Acquisition of foundry in Cina from DAI Co. Ltd. (2)	(9,112)	0	888	0
Acquisition of assets from Sawen Industrial Ltda. (3)	0	(3,163)	0	(164)
Agreement dated 3rd August 2010 with Sabelt minority	5,000	0	5,000	0
Brembo Rassini Transaction	0	(1,411)	0	(1,411)
Price for disposal, or reimbursement value of fixed assets	2,373	2,284	1,112	240
Net cash flows from / (for) investing activities	**(47,189)**	**(35,998)**	**(13,007)**	**(9,621)**
Dividends paid in the period	(14,703)	(14,703)	0	0
Dividends received	0	6	0	0
Loans to Group companies and amounts payable to companies participating in the centralised treasury system	98,467	28,691	12,679	1,827
Repayment of long-term loans	(33,588)	(30,174)	(10,964)	(10,690)
Net cash flows from / (for) financing activities	**50,176**	**(16,180)**	**1,715**	**(8,863)**
Total cash flow	**46,730**	**47,583**	**(2,931)**	**7,583**
Cash and cash equivalents of BSCCB S.p.A. at deconsolidation date	**0**	**(243)**	**0**	**0**
Cash and cash equivalents at end of the period	**12,354**	**(53,932)**	**12,354**	**(53,932)**

2009 data revised following the purchase price allocation process relating to business combinations.

Consolidated Net Financial Position

(euro thousand)	30.09.2010	31.12.2009	30.09.2009
A Cash	85	532	550
B Other cash equivalents	**45,078**	**64,121**	**40,347**
– bank and postal accounts	45,078	64,119	40,342
-cheque	0	2	5
C Derivatives and securities held for trading	8	0	0
D LIQUIDITY (A+B+C)	**45,171**	**64,653**	**40,897**
E Current financial receivables	0	0	0
F Current payables to banks	32,809	99,028	94,829
G Current portion of non-current debt	46,791	37,034	37,400
H Other current financial debts	57,012	60,987	10,056
I CURRENT FINANCIAL INDEBTEDNESS (F+G+H)	**136,612**	**197,049**	**142,285**
J NET CURRENT FINANCIAL INDEBTEDNESS (I–E–D)	**91,441**	**132,396**	**101,388**
K Non-current payables to banks	157,874	95,971	104,525
L Bonds issued	0	0	50,000
M Other non-current payables	24,274	26,623	30,482
N NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	**182,148**	**122,594**	**185,007**
O NET FINANCIAL INDEBTEDNESS (J+N)	**273,589**	**254,990**	**286,395**

Consolidated Statement of Changes in Equity

(euro thousand)	Share Capital	Other Reserve	Utili Portati a nuovo	Hedging Reserve	Net income/(loss) for the period	Group Equity	Risultato di terzi	Share Capitale and reserves of Minority Interests	Equity of Minority Interests	Equity
Balance at 1 January 2009 (*)	**34,728**	**97,187**	**110,784**	**(244)**	**37,505**	**279,960**	**(1,276)**	**13,351**	**12,075**	**292,035**
Allocation of profit for the previous year		1,951	20,851		(22,802)	**0**	1,276	(1,276)	**0**	**0**
Payment of dividends					(14,703)	**(14,703)**			**0**	**(14,703)**
Reclassification			(192)			**(192)**		192	**192**	**0**
Brembo Rassini Transaction			956			**956**		(3,746)	**(3,746)**	**(2,790)**
Components of comprehensive income:										
Change in tax rate for deferred tax assets recognised on subsidised income			2			**2**			**0**	**2**
Valuation of shareholding using the equity method		84				**84**			**0**	**84**
Change in reserves from application of IAS 39			9	(424)		**(415)**			**0**	**(415)**
Change in translation adjustment reserve		1,645				**1,645**		(89)	**(89)**	**1,556**
Net income/(loss) for the period					2,960	**2,960**	(776)		**(776)**	**2,184**
Balance at 30 September 2009 (*)	**34,728**	**100,867**	**132,410**	**(668)**	**2,960**	**270,297**	**(776)**	**8,432**	**7,656**	**277,953**
Balance at 1 January 2010	**34,728**	**106,834**	**132,407**	**(490)**	**10,528**	**284,007**	**(1,006)**	**8,464**	**7,458**	**291,465**
Allocation of profit for the previous year		6,442	(10,617)		4,175	**0**	1,006	(1,006)	**0**	**0**
Payment of dividends					(14,703)	**(14,703)**			**0**	**(14,703)**
Sabelt S.p.A. Put Option			(2,136)			**(2,136)**			**0**	**(2,136)**
Agreement dated 3rd August 2010 with Sabelt minority			4,485			**4,485**		515	**515**	**5,000**
Components of comprehensive income:										
Change in reserves from application of IAS 39		5	10	370		**385**			**0**	**385**
Change in translation adjustment reserve		10,793				**10,793**		205	**205**	**10,998**
Net income/(loss) for the period					27,631	**27,631**	(168)		**(168)**	**27,463**
Balance at 30 September 2010	**34,728**	**124,074**	**124,149**	**(120)**	**27,631**	**310,462**	**(168)**	**8,178**	**8,010**	**318,472**

(*) 2009 data revised following the purchase price allocation process relating to business combinations.
Hedging reserves are net of the related tax effect.

Explanatory Notes to the Financial Statements

Accounting Principles and Valuation Criteria

The interim report on operations for the third quarter of 2010 was prepared in accordance with paragraph 5 of Article 154-*ter* of Italy's Consolidated Finance Law, regarding financial disclosures, and the guidelines provided in CONSOB Communication No. DEM/8041082 issued on 30 April 2008.

The interim report includes the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and explanatory notes.

Reference is made to the 2009 Financial Statements for the relevant international accounting standards and principles adopted by the Group when preparing the above-mentioned financial statements.

The preparation of the interim report on operations requires that the management make use of estimates and assumptions that have an effect on the amounts of recognized revenues, costs, assets and liabilities and the disclosure of contingent assets and liabilities as of the reporting date. If in the future such estimates and assumptions, which are based upon the management's best assessment, diverge from actual circumstances, they will be modified accordingly during the period in which such circumstances change.

It should also be noted that certain measurement processes, such as the determination of impairment for non-current assets, are typically carried out only during preparation of the annual financial statements when all necessary information is available, unless impairment indicators require immediate analysis. Actuarial valuations necessary to determine employee benefits are also typically performed during preparation of the annual financial statements. Moreover, it is noted that:

- the value of inventories has been calculated for Brembo S.p.A. by applying the cost of inventories as at 31 May 2010 to the inventory accounting results as at 30 September 2010;
- the figures for the third quarter of 2009 have been revised following the conclusion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, acquired in May 2009, and the acquisition of all shares of Brembo Rassini S.A. de C.V. (currently Brembo Mexico S.A. de C.V.) in August 2009.
- the amounts reported below and commented on in these notes are given as thousands of Euro.

This interim report has not been audited.

Consolidation Area

The financial statements for the third quarter of 2010 include the financial statements of Brembo S.p.A., the Parent Company, and the financial statements of the companies that Brembo S.p.A. directly or indirectly controls as per IFRS (IAS 27).

The consolidation area changed with respect to the third quarter of 2010 as follows:

- on 19 August 2009, on the basis of arrangements between the Sanluis Group and Brembo S.p.A., Brembo acquired the remaining 24% interest in Brembo Rassini S.A. de C.V. (currently Brembo Mexico S.A. de C.V.) in exchange for its investment in Fundimak S.A. de C.V.; in addition, on 3 August 2010 the merger into Brembo México S.A. de C.V. entered into effect, as approved on 21 June 2010 by the shareholders' meetings of the two Mexican firms Brembo México S.A. de C.V. (formerly Brembo México Puebla S.A. de C.V.) and Brembo México Apodaca S.A. de C.V.; following the merger, Brembo México

S.A. de C.V. is 51% owned by Brembo North America Inc., 48.9999% by Brembo International S.A. and 0.0001% by Brembo S.p.A.;

- Brembo Czech S.r.o., a wholly owned subsidiary of Brembo S.p.A., was incorporated on 15 July 2009. At present, the company is still in the start-up phase;
- in September 2009, a new company, Brembo Nanjing Foundry Co. Ltd, was incorporated in China. In January 2010, it was used as a vehicle to acquire all the assets of a foundry from Donghua Automotive Industral Co. Ltd.;
- in December 2009, the company Qingdao Brembo Trading Co. Ltd., 100% controlled through Brembo International S.A., was set up in China. Since 2010, the company has started dealing with logistics operations within the Qingdao hub;
- Brembo Participations B.V. was wound up on 22 December 2009;
- on 3 August 2010, a new agreement was signed (consensually terminating that dated 19 February 2008) by Brembo S.p.A. and the minority-interest shareholders of Brembo Performance S.p.A.; under this new agreement, on 27 September 2010 Brembo acquired 30% of Brembo Performance S.p.A., acquiring full control of the investee. Brembo Performance S.p.A. concurrently sold 35% of its interest in Sabelt S.p.A. to the former minority-interest shareholders of Brembo Performance (Marsiaj and D'Ormea families).

Notes on the Most Significant Changes in Items of the Consolidated Financial Statements

The signs of a recovery in orders and sales that had characterised the first half of 2010 were confirmed by the performance in the reporting quarter.

Net sales for the third quarter of 2010 amounted to € 268,924, marking a significant increase compared to the same period of 2009 (+28%), which was characterised by weak general market conditions. The two periods do not offer a consistent basis of comparison due to the change in the consolidation area, and net sales would have increased by 27.6% on a like-for-like basis. Car applications for the Chinese market benefited from the change.

In general, all sectors showed a positive performance during the quarter: there was significant growth in commercial vehicle applications (+39.5%), which showed considerable development in the European market (Italy and France), motorbike applications (+34.3%) owing to the recovery of several major clients and the strong performance of the Indian market. The car sector also performed well, up 27.6% thanks to recoveries of the North American market and the main European customers. After several difficult quarters, positive results were once again reported by passive safety (+9.7%) and the racing (+4.7%) sectors.

At geographical level, the recovery was concentrated in emerging countries: China grew 74.1% (61.3% on a like-for-like basis), owing in part to the acquisitions made, India by 72.2% (primarily in motorbike applications) and Brazil by 19.7%. However, mature markets also reported strong performances: Germany yielded a marked increase in sales of 44.7%, confirming its position as the Group's top market with 21.9% of total sales. Excellent growth was achieved in France (+60.8%), owing in part to the comparison with an especially challenging third quarter of 2009 and more moderate improvement shown in the NAFTA area (+8.7%), the Group's number-two market with 19.2% of total sales. The Italian market posted a decisive recovery (+28.7%).

During the quarter, the **cost of sales** and **other net operating costs** amounted to €185,720, with a ratio of 69.1% to sales, compared to 65.6% for the same period in the previous year. Despite the recovery in sales while also continuing to implement a strict cost-control policy, the incidence of costs was higher in the third quarter of 2010 than in the third quarter of 2009 owing to the different volume/mix.

The amount of **capitalised development costs** recognised as intangible assets was €2,455, compared to €2,330 for the third quarter of 2009.

Personnel costs amounted to €50,242 in the third quarter of 2010, with a ratio of 18.7% to sales, down compared to the same period of the previous year (22.4%), which was marked by costs incurred for reorganisation initiatives.
At 30 September 2010, Brembo's workforce was 5,698 (5,417 at 31 December 2009 and 5,402 at 30 September 2009). The increase compared to year-end 2009 is linked to the acquisition of the foundry in China.

Gross operating income in the quarter was €33,962 (12.3% of sales) compared to €25,261 thousand in the third quarter of 2009 (12% of sales).

Net operating income was €15,435 compared to €4,975 in the third quarter of 2009, after depreciation, amortisation and impairment losses of €17,527, compared to depreciation, amortisation and impairment losses of €20,286 in the third quarter of 2009, when significant impairment losses were recognised on assets in connection with the reorganisation of production at the Mexican facilities.

Net interest expense, which amounted to €2,756 (€3,391 for the third quarter of 2009), included an exchange rate net loss of €548 (€366 for the third quarter of 2009) and net interest expense of €2,208 (€3,025 for the same quarter of 2009), a decrease due to both the lower average debt level and the reduction in interest rates.

Income before taxes amounted to €12,777 compared to €2,109 in the third quarter of 2009.
Based on tax rates applicable for the year under current tax regulations, estimated taxes amounted to €3,806 (positive at €1,132 in the third quarter of 2009). The tax rate for the period was 29.8%.
Net income for the quarter was €8,981, after €10 in losses of minority interests.

Net Invested Capital at the end of the quarter was €612,966. At 31 December 2009, it amounted to €568,361, with an increase of €44,605.

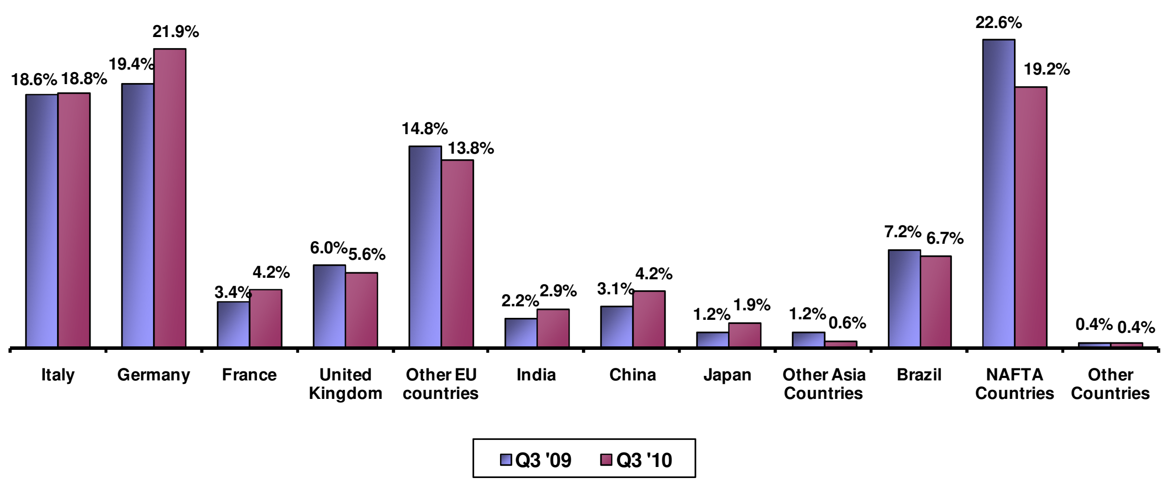
The company's **net debt** at September 30, 2010 was €273,589, compared to €254,990 at 31 December 2009 and €286,395 at 30 September 2009.
The positive gross operating income offset the investments made and the change in working capital during the period.

Sales Breakdown by Application and Geographical Area

The following tables list net sales for the third quarter of 2010 and cumulative sales until 30 September 2010 broken down by application and geographical area. The figures for 2009 have been revised to offer a better representation by presenting sales net and not gross and expanding upon the information concerning the breakdown by geographical area.

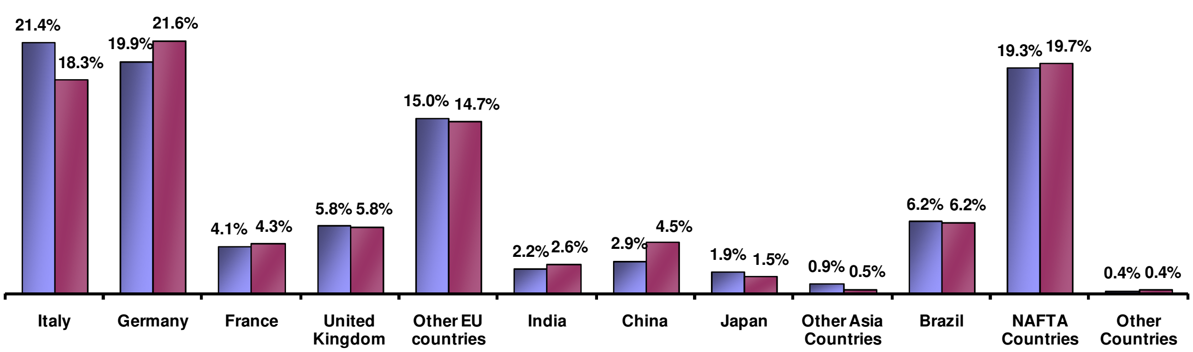
	A		B			
GEOGRAPHICAL AREA	**Q3 '10**	**%**	**Q3 '09**	**%**	**A-B**	**%**
(euro thousand)						
Italy	50,432	18.8%	39,177	18.6%	11,255	28.7%
Germany	58,883	21.9%	40,682	19.4%	18,201	44.7%
France	11,423	4.2%	7,106	3.4%	4,317	60.8%
United Kingdom	14,964	5.6%	12,678	6.0%	2,286	18.0%
Other EU countries	37,124	13.8%	31,050	14.8%	6,074	19.6%
India	7,796	2.9%	4,526	2.2%	3,270	72.2%
China	11,177	4.2%	6,420	3.1%	4,757	74.1%
Japan	4,997	1.9%	2,485	1.2%	2,512	101.1%
Other Asia Countries	1,501	0.6%	2,545	1.2%	(1,044)	-41.0%
Brazil	18,111	6.7%	15,128	7.2%	2,983	19.7%
NAFTA Countries	51,540	19.2%	47,412	22.6%	4,128	8.7%
Other Countries	976	0.4%	877	0.4%	99	11.3%
Total	**268,924**	**100.0%**	**210,086**	**100.0%**	**58,838**	**28.0%**

The incidence of the overall turnover

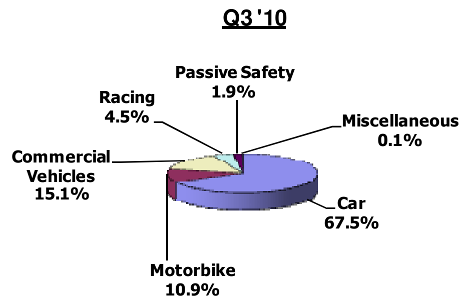


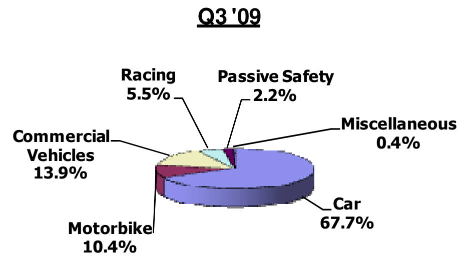
GEOGRAPHICAL AREA	C 30.09.2010	%	D 30.09.2009	%	C-D	%
(euro thousand)						
Italy	146,265	18.3%	131,564	21.4%	14,701	11.2%
Germany	172,956	21.6%	121,994	19.9%	50,962	41.8%
France	34,598	4.3%	25,260	4.1%	9,338	37.0%
United Kingdom	46,482	5.8%	35,838	5.8%	10,644	29.7%
Other EU countries	117,775	14.7%	92,238	15.0%	25,537	27.7%
India	20,455	2.6%	13,509	2.2%	6,946	51.4%
China	35,914	4.5%	17,593	2.9%	18,321	104.1%
Japan	12,211	1.5%	11,909	1.9%	302	2.5%
Other Asia Countries	3,899	0.5%	5,450	0.9%	(1,551)	-28.5%
Brazil	49,320	6.2%	38,247	6.2%	11,073	29.0%
NAFTA Countries	157,359	19.7%	118,441	19.3%	38,918	32.9%
Other Countries	3,277	0.4%	2,236	0.4%	1,041	46.6%
Total	**800,511**	**100.0%**	**614,279**	**100.0%**	**186,232**	**30.3%**

The incidence of the overall turnover

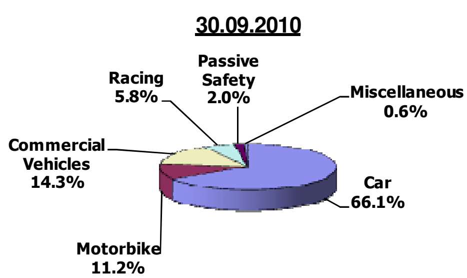


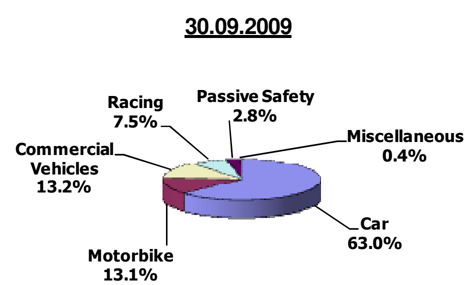
APPLICATION	A Q3 '10	%	B Q3 '09	%	A-B	%
(euro thousand)						
Car	181,473	67.5%	142,168	67.7%	39,305	27.6%
Motorbike	29,343	10.9%	21,842	10.4%	7,501	34.3%
Commercial Vehicles	40,680	15.1%	29,154	13.9%	11,526	39.5%
Racing	12,110	4.5%	11,571	5.5%	539	4.7%
Passive Safety	4,987	1.9%	4,547	2.2%	440	9.7%
Miscellaneous	331	0.1%	804	0.4%	(473)	-58.8%
Total	**268,924**	**100.0%**	**210,086**	**100.0%**	**58,838**	**28.0%**





	C		D			
APPLICATION	**30.09.2010**	**%**	**30.09.2009**	**%**	**C-D**	**%**
(euro thousand)						
Car	529,511	66.1%	386,773	63.0%	142,738	36.9%
Motorbike	89,259	11.2%	80,263	13.1%	8,996	11.2%
Commercial Vehicles	114,554	14.3%	81,292	13.2%	33,262	40.9%
Racing	46,063	5.8%	46,274	7.5%	(211)	-0.5%
Passive Safety	16,101	2.0%	17,355	2.8%	(1,254)	-7.2%
Miscellaneous	5,023	0.6%	2,322	0.4%	2,701	116.3%
Total	**800,511**	**100.0%**	**614,279**	**100.0%**	**186,232**	**30.3%**





Foreseeable evolution

The results for the third quarter of 2010 and the current status of the orders backlog support expectations that the rest of the year may prove in line with the foregoing.

Brembo will continue to take measures aimed at limiting working capital and costs while nonetheless increasing its investment expenditures in order to support the Group's international growth.

Directors' Report on Operations and Significant Events

Macroeconomic Context

An assessment of Brembo's results in the third quarter of the year must begin with an analysis of the global macroeconomic scenario, with a particular focus on the markets in which the Group operates.

The world economy continued to grow during the third quarter of 2010, although at a slower pace than in previous quarters. The high unemployment levels and weak financial situation of households in advanced economies were the main reasons for the slowdown.

There was renewed debate regarding possible recessionary consequences, although analysts believe that this risk is still limited. The latest estimates by the International Monetary Fund (IMF) call for global gross domestic product growth of 4.8% in 2010, with a slight decrease to 4.2% in 2011.

As stated regarding the first half of 2010, the global economic scenario showed a highly differentiated performance in the summer months.

Even the mature markets themselves were home to scenarios of differing speeds: accelerating GDP in certain countries, such as Germany, for example, was juxtaposed to slowdowns in other countries, such as the United States and Japan.

Emerging markets maintained very high growth rates, yet at slightly lower levels than in the first half of the year. As mentioned above, this slowdown does not appear sufficient to halt global economic expansion.

Demand from emerging countries has resulted in an increased volume of trade of goods and services, permitting international commerce to return to levels near to those seen before the crisis.

Inflationary pressures remained essentially stable at the global level, with inflationary pressures prevailing in emerging countries and deflationary pressures in advanced countries.

Growth continued in the Eurozone in the third quarter of 2010. The October estimates surveyed by the International Monetary Fund call for the area's GDP to rise by 1.7% in 2010, with a slight decrease to 1.5% in 2011. The countries capable of distinguishing themselves for their dynamism include Germany, which showed the greatest growth: the IMF's most recent estimates call for the country's GDP to grow by 3.3% in 2010, nearly double the rate for the Eurozone and higher than the estimates for the United States. In general, industrial output remained substantially stable in the Eurozone in July compared to the previous month to then rise by 1% in the following month. The uptrend in the German market was offset by the difficulties in other countries, where the general slowdown in growth rates is witnessed, for example, by the lower level of short-term business confidence and the low level of exports in July. The improvement in many indicators at the European level is thus primarily tied to the strong impetus provided by the German market, which is capable of offsetting the moderation of the area's other countries: the consumer confidence indicator rose precisely owing to German households, whose opinions offset the much more cautious views of French and Italian households. The climate in the major Eurozone countries was once more weighed down by the uncertainty surrounding the job market, the main issue capable of boosting the household confidence index. Consumer inflation fluctuated: it rose early in the quarter (1.7% in July) to then decline slightly in August (1.6%) and close the quarter at 1.8% in September.

The macroeconomic European scenario, Brembo's primary market of operation, is certainly influenced by the performance of the automotive market. Motor vehicle registrations further decreased in the third quarter of 2010. Figures for the last quarter show uneven performances. The German market contracted further (-25%), but at rates below those of the previous quarter (-33%). Italy continued the downtrend in the summer months with a -21.4%, resulting in -4.4% at the end of the quarter. The president of ANFIA, Italy's automobile manufacturer's association, commented on the performance of the automotive market in Italy: "The situation remains critical for the Italian car market. It will take a bit more time to see a significant improvement in consumer confidence, which is still too weak, and generally more gradual in its recovery than other economic operators," adding that, for this very reason, "we expect that the downtrend that began in April will continue through the end of the year, leading to slightly over 1.9 million units registered by the end of 2010, 11.4% fewer than in 2009." The orders figure declined, showing a drop of 23% in Italy in the first nine months of the year compared to the same period of 2009 (-19% in September alone).

In the United States, employment levels remained weak, with severe repercussions for domestic demand. Consumer spending was thus slowed by concerns regarding the outlook for the job market. U.S. households are also at grips with a rebalancing of their budgets and difficult conditions in accessing credit. At the end of the third quarter of 2010, the International Monetary Fund's estimates call for GDP growth of 2.6% for 2010 and 2.3% for 2011. These values bear witness to the fact that, according to analysts, this slowdown should only be temporary and growth should resume, albeit at modest levels. The weak point for the U.S. economy and most mature markets remains the constant loss of jobs, which resulted in an unemployment rate of 9.6% in September. Although this percentage is lower than expected by analysts, who called for a rate of 9.7%, it has now been 14 consecutive months with the index above 9.5%. This is the longest period of values in excess of this level since 1948, the year in which monthly reporting began. The Federal Reserve estimates the unemployment rate will come to 9.2-9.5% at year-end. In the real-estate market, new home sales declined by 12.4% in July, a figure below analysts' expectations.

In Japan, according to the IMF's estimates GDP is projected to grow by 2.8% in 2010 compared to 2009. Industrial output in Japan declined by 0.5% in August, marking the third consecutive month of decline (the decrease was 0.2% in July and 1.1% in June). By contrast, positive signs were forthcoming from the unemployment rate, which declined to 5.1% from 5.2% in July, as well as from the propensity to resume spending, which allowed the retail sales figure to rise during the first eight months of 2010 (4.3% on an annual basis in August). Price deflation continued, coming to -1.0% in August. This aspect, along with public debt, is slowing the recovery of the Japanese economy.

In the main emerging nations, growth remained at high levels in the third quarter of 2010, albeit below those shown in the first half of the year.

In Brazil, according to the IMF's projections, GDP is expected to grow by 7.5% in 2010. In this area, as in China, economic growth, while robust, shows some signs of moderation.

According to the IMF's latest estimates, Russia's GDP is expected to rise by 4.0% in 2010, following on a 7.9% decline in 2009.

In India, the expansion of activity underwent renewed acceleration the last quarter. The most recent GDP estimates show GDP up by 9.7%, further progress when compared to the 9.4% estimated at the end of the first half of the year. Inflationary pressures in this country, as in all countries in which there are enormous influxes of capital, remain strong.

In China, the third quarter witnessed a slight slowdown in the growth rate within a scenario of rapid expansion. The main reason for this slowdown appears to be related to slower public investment. The International Monetary Fund's latest estimates call for growth to amount to 10.5% at the end of 2010, with a decline to 9.6% in 2011. Inflationary pressures lessened over the last quarter owing in part to the measures implemented to contain the expansion of credit to the real-estate sector, although prices resumed growth in the Chinese real-estate market at the end of the quarter (by 0.5% according to the official survey conducted in 70 cities and published by China's National Office of Statistics) for the first time in the last four months. After reaching 3.3% in July (from 2.9% in June), consumer prices levels rose to 3.5% in August. The figures for September show growth of

both exports (up by 25.1% on an annual basis) and imports (increased by 24.1%). In August, growth was even more rapid, with exports up by 34.4% on an annual basis and imports by 35.2%.
In the commodities market, the average price of oil (the average of quotes for the three types of crude oil considered) reached USD 75.5 a barrel in the third quarter of 2010, down by 3.4% compared to the previous quarter (USD 78.2 a barrel). In further detail, the last quarter witnessed a fluctuation between USD 70 and 80 a barrel: the average was USD 74.5 a barrel in July, USD 75.9 in August and USD 76.2 in September. The limited fluctuation in the summer months was due primarily to ample supply combined with uncertainties as to the effective strength of the global economic recovery, although capital market conditions had improved. The International Energy Agency (IEA) has revised its estimate of global oil demand for 2010 upwards.
The prices of non-energy commodities showed a recovery in the first two months of the third quarter following on the declines of the previous two months.
The global light vehicle sales market also continued to grow in the third quarter. Global light vehicle sales rose by 8.3% in the third quarter of 2010 alone, bringing growth at the end of the first six months of the year to 13.8% (compared to 22.5% in the first quarter and 16.8% at the end of the first half of the year). Nonetheless, at the end of the quarter the projected sales growth for the entire year had risen to exceed 70 million vehicles for a rate of more than 10 percentage points compared to the end of 2009. Due to the strong negative impact of the discontinuation of incentive campaigns, Western Europe was the area of greatest decline with a decrease of 12.7% in the third quarter alone. This factor was in addition to the slowdown in the Chinese market, which also continued in the third quarter, although the growth rates reported in the last two months of the quarter still remained markedly above 15%.

Currency Markets

In the third quarter of 2010, the trend towards the depreciation of the euro against the U.S. dollar was reversed, resulting in a constant rise in the value of the single currency, with the exception of mid-August: from the low for the period of 1.2328 on 1 July, the exchange rate climbed to 1.3648 at the end of September.
Turning to the other currencies of the main markets on which Brembo operates at an industrial and commercial level, the pound sterling, which had appreciated against the euro in the second quarter of the year, depreciated initially in the third quarter of 2010, followed by renewed appreciation beginning in mid-July to reach 0.8165 on 30 August to then lose value against the euro, which at 29 September reached 0.8618.
The performance of the Japanese yen alternated between depreciation and appreciation around the quarterly average level of 110.675: the all-time low on 24 August of 106.19 was followed by renewed growth at the end of the quarter. The Polish zloty held rather stable, showing a trend towards appreciation during the third quarter while remaining around an average of 4.01.
The Brazilian real depreciated and then reversed direction to 2.1867, followed by renewed depreciation beginning on 10 September, whereas the Mexican peso lost 7.31% of its value in the third quarter.

Operating Structure and Reference Markets

Operating Structure

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. At 30 September, it operated in 16 countries on 3 continents, with 36 production and business sites and employed about 5,700 people. The Group's operations are conducted from nine industrial-commercial facilities in Italy and 27 in other countries. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland

(Czestochowa and Dabrowa), the United Kingdom (Coventry), the Czech Republic (Mošnov), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Puebla and Apodaca), Brazil (Betim and São Paulo), China (Nanjing), India (Pune) and the United States (Homer). Other companies located in Sweden (Göteborg), France (Levallois Perret), Germany (Leinfelden-Echterdingen), the United Kingdom (London), the United States (Costa Mesa, California, and Plymouth, Michigan), China (Beijing and Qingdao) and Japan (Tokyo) carry out distribution and sales activities.

Reference Markets

Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes. Constant focus on innovation, as well as technological and process development, factors that have always been fundamental to Brembo's philosophy, have earned the Group a strong international leadership position in the research, design and production of high-performance braking systems for a wide range of road and racing vehicles. Brembo operates in both the original equipment market and the aftermarket. Brembo's range of products for the car application and the commercial vehicle application includes brake discs, brake callipers, the side-wheel module and increasingly often the complete braking system, including integrated engineering services. All of these back the development of new models produced by vehicle manufacturers. Manufacturers of motorbikes are also offered brake discs, brake callipers, brake master cylinders, light-alloy wheels and complete braking systems.

In the car aftermarket, Brembo offers in particular a vast range of brake discs: over 1,600 product codes allow the company to meet the needs of nearly all European vehicles. The Group also specialises in the design and manufacture of clutch systems for racing vehicles and recently entered the passive safety segment (seats, seat belts and accessories).

In the third quarter of 2010, Brembo's consolidated net sales amounted to €268,924, up by 28% compared to the same period of 2009. Consolidated sales at 30 September 2010 totalled €800,511, up 30.3% compared to 30 September 2009.

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

Applications

Cars

The global car market reported an 8.3% increase in registrations in the third quarter of 2010. The growth rate decreased by one-half compared to the first half of the year (16.8%). The slowdown was also related to the fact that the third quarter of 2009 witnessed the first signs of a recovery with a slight increase in car sales volumes (+3.5%). The Western European market further declined (-12.7%), bringing the figure for the first nine months of the year to -2.5% compared to the same period of the previous year. Car sales in Germany contracted further (-25%), yet at a slower rate than in the previous quarter (-33%). Italy continued the double-digit downtrend in the summer months, which yielded -21.4%, bringing the figure for the end of the quarter to -4.4%. The failure to renew incentives has been having a decidedly worrisome effect on sales on the Old Continent in recent months. The uptrend in the UK market also halted, with an 11% decline (compared to 11.8% growth in the second quarter). In the summer months, Eastern European markets showed a marked 28.4%, recovery in light vehicle registrations, bringing the figure for the first nine months of the year back into positive territory (5.8%). In the United States, sales remained essentially stable, whereas in Japan they increased by 12.9% compared to the third quarter of 2009. During the summer months, growth also continued to be reported in Brazil and Argentina, which showed overall sales growth of 13.5% in the first nine months of the year and 7.3% in the third quarter alone. The growth of the Chinese market in the third quarter, while slowing, remained at very high levels (18.2%), with volumes capable of offsetting the negative performances of mature countries.

Within this scenario, Brembo reported €181,473 in net sales for car applications in the third quarter of 2010, accounting for 67.5% of the Group's turnover, up by 27.6% compared to the same period of 2009.

Motorbikes

In the third quarter of 2010, mature markets were once again characterised by a downtrend in sales. During the reporting period, motorbike registrations in Europe decreased by a total of 15.4% compared to the same period of 2009, and all of the major European markets of operation reported declines. Italy in particular yielded the most significant decrease (-29.6%), followed by Spain (-12.6%) and the United Kingdom (-12.2%). Slightly more moderate reduction was reported in Germany (-8.3%) and France (-4.9%). Unfortunately, there was no sign of a recovery in the U.S. market for motorbikes, scooters and ATVs (all-terrain vehicles), which showed a decrease in registrations of 18.3% in the third quarter of 2010, confirming the downtrend that began in 2009 and continued throughout the first half of 2010. The decrease for motorbikes alone was 16.6%. The decrease in the Japanese market was more moderate (-2.8%) owing to the segment of motorbikes with displacements over 250 cc, which grew considerably during the reporting period (+65.6%), positively influencing the overall result. There were also positive signs from emerging markets and the Indian market in particular, which during the reporting period saw an increase in motorbike registrations of over 20%, with an especially positive month of July.

Brembo's net sales of motorbike applications amounted to €29,343 in the third quarter of 2010, up by 34.3% compared to the third quarter of 2009, mainly thanks to the good performance of the Indian market.

Commercial and Industrial Vehicles

During the third quarter of 2010, the light vehicle market in Europe, Brembo's main market of operation, reported overall growth of 9.9%, confirming the slight recovery that began in the first half of the year, following a period of crisis that had lasted for approximately two years. However, this positive result should be compared with the figure at the end of the third quarter of the previous year, which had shown a decline in registrations of 31.5%. During the reporting period, light commercial vehicle sales in Europe (up to 3.5 tonnes) increased by a total of 10%, bringing the improvement for the first nine months to 8.9%, for a total of more than one million vehicles. Amongst the major markets of operation in Western Europe, the UK market showed the greatest growth for the period (+23.2%), followed by France (+16%) and Germany (+13.2%). The Italian market proved stable compared with the same period of 2009, whereas the Spanish market decreased (-8.2%), after reporting the highest progress in the first half of the year. The markets of Eastern Europe, where the downtrend continued throughout the first six months of the year, did not show any signs of a recovery and closed the third quarter of 2010 with a decrease in registrations of 13.5% compared to the same period of the previous year. During the reporting period, the segment of commercial vehicles over 3.5 tonnes yielded overall growth of 14.4% in Europe, following the positive signs that had emerged in May and June 2010. However, the figure for the first nine months of the year remains slightly below that for the first nine months of 2009 (-5.3%). All of the major markets of operation in Western Europe grew compared to the third quarter of 2009, with the exception of the United Kingdom (-14.2%). Registrations rose by 31.3% in Germany, 19% in Italy, 14.2% in Spain and 11.2% in France.

As a result of the recovery in commercial and industrial vehicle registrations, Brembo's sales of applications for this segment increased more than sales of applications for any other segment in the third quarter of 2010, with net sales of €40,680, up 39.5% compared to €29,154 the same period of previous year.

Racing Market

Brembo serves this sector with three leading brands: Brembo Racing, with braking systems for race cars and motorbikes; AP Racing, with braking systems and clutches for race cars; Marchesini, with magnesium and aluminium wheels for racing motorbikes. Brembo is the long-time leader in this segment, claiming more than 200 world championships won to date. The racing market is undergoing a further contraction at the global level in 2010. This aspect is mainly related to regulations implemented by official entities. The primary objective that has led in this direction is cutting costs by limiting not only aspects of aerodynamics and engine power in the name of safety, but also the number of tests and replacement parts authorised during the season.

For Brembo, the results for the third quarter of 2010 saw an increase in sales of 4.7% with net sales of €12,110.

Passive Safety

Brembo began operating in the passive safety segment with the acquisition of Sabelt S.p.A in 2008. The company operates in three segments: the racing market, OEM seatbelt and racing seat market and, additionally, children's market with retention systems for children's car seats. As mentioned above, the OEM and racing markets continue to be affected by the economic crisis. By contrast, the children's car seat sector has continued to perform well, driven by the European domestic market.

For the third quarter of 2010, net sales amounted to €4,987 in this sector, up by 9.7% compared to the same period of the previous year.

Significant Events During the Quarter

Corporate Reorganisation and Streamlining Programme

- On 3 August 2010, a new agreement was signed (consensually terminating that dated 19 February 2008) by Brembo S.p.A. and the minority-interest shareholders of Brembo Performance S.p.A.; under this new agreement, on 27 September 2010 Brembo acquired 30% of Brembo Performance S.p.A., which operates in the field of passive safety components and special accessories for cars and motorbikes, acquiring full control of the investee. **Brembo Performance S.p.A.** concurrently sold 35% of its interest in **Sabelt S.p.A.** to the former minority-interest shareholders of Brembo Performance (Marsiaj and D'Ormea families). The net effect of the transaction was the collection by the Brembo Group of approximately €5 million, €2 million of which was put towards recapitalising Sabelt. The agreement provides for a put option to sell the minority interests to Brembo to be exercised within the next five years, beginning on 1 January 2015.

The deal is part of the previously announced corporate restructuring and streamlining programme aimed at achieving greater organisational flexibility and rationalising structural costs. In further detail, that programme called for the following steps during the last months:

- approval of the merger of Brembo S.p.A. and Marchesini S.p.A. on 25 October 2010;
- approval of the merger of Brembo S.p.A. and Brembo Performance S.p.A. on 12 November 2010;
- sale of a 100% interest in Brembo Performance Japan Co. Ltd. by Brembo Performance S.p.A. to Brembo Japan Co. Ltd. on 20 October 2010 and approval of the merger of the two Japanese companies on 22 October 2010.

The foregoing mergers, effective after the lapse of the period for opposition by third parties and the completion of the approval process under local legislation, may reasonably be expected to enter into force in 2011.

In the next months 100% interest in Brembo Performance North America Inc. will be sold by Brembo Performance S.p.A. to Brembo North America Inc. and then merged into it also effective from 1 January 2011.

- The **merger into Brembo Mexico S.A. de C.V.** approved on 21 June 2010 by the shareholders' meetings of the two Mexican firms Brembo México S.A. de C.V. (formerly Brembo México Puebla S.A. de C.V.) and Brembo México Apodaca S.A. de C.V., also entered into force on 3 August 2010.

Adjustment of the By-laws Pursuant to Applicable Laws

The Board of Directors of Brembo S.p.A. has resolved to bring the By-laws into compliance with the compulsory provisions of law introduced by Legislative Decrees 27/2010 (implementing of the Directive on the exercise of shareholders' rights in listed companies) and 39/2010 (implementing the Directive on the statutory audit of annual accounts and consolidated accounts).

In accordance with the provisions of the Decrees, the primary changes adopted refer to:

- calling of general shareholders' meetings and information prior to meetings;
- representation at general shareholders' meetings and voting proxies;
- entitlement to participate in general shareholders' meetings and the exercise of voting rights;
- the deadlines for the filing of lists for the appointment of company bodies; and
- the introduction of the notion of the "legal audit of accounts."

The new text of the By-laws will be made available to the public and published in the Corporate Governance section of the Company's website.

Procedure for Related Party Transactions

The Board of Directors of Brembo S.p.A., with prior favourable opinion of the Internal Audit Committee (identified as the body tasked with expressing the opinion, as it is made up only of independent directors) resolved to adopt the procedure regulating related party transactions, in compliance with currently applicable regulations. The procedure, which is aimed at ensuring that transactions with related parties are completely transparent and correct, will be published on the Company's website in the Corporate Governance section.

Other Significant Events

In September, the **Ford Motor Company** included Brembo in its global network ABF, Aligned Business Framework, a list of suppliers selected by the U.S. car manufacturer aimed at the long-term joint development of a relationship of partnership and increasingly close cooperation through the promotion of technological development and profitability for mutual benefit.

As part of its strategy of international expansion and rapid growth in new segments of the market, Brembo has decided to invest approximately €35 million over the next three years in establishing a **new production hub in the Czech Republic**. The new facility, which will be housed in an existing industrial building, will become operational in 2011 and will include the casting, processing and assembly of brake callipers and other aluminium components with the aim of developing an integrated industrial hub capable of offering the European market quality, high-tech brake systems. To this end, Brembo S.p.A. has incorporated a wholly owned subsidiary under the name Brembo Czech s.r.o. The constant pursuit of a reduced environmental impact for vehicles with the ensuing interest in lighter-weight components offering better performances underlies the decision of some clients, larger than Brembo's typical clients by a factor of ten, to apply luxury and high-premium segment technologies, in which Brembo is the world leader, to the segment known as mid-premium. The new products will use Brembo's special knowledge and technologies and will feature the primary traits of lightness, performance and design typical of aluminium rather than cast iron. The indirect benefits relating to reduced weight and residual torque also include lower polluting emissions and fuel savings. The net sales of Brembo Czech s.r.o. are expected to amount to approximately €55 million in 2014 through new business. At present, projects have been acquired from Land Rover, BMW, GM and Audi. Italian production facilities will continue to be entrusted with current production intended for the top and luxury segments of the market.

Buy-back and Sale of Own Shares

As regards Brembo's plan for the buy-back of own shares, the company neither bought nor sold shares in the third quarter of 2010. At 12 November 2010, the company held a total of 1,440,000 own shares, representing 2.16% of the share capital, for an overall value of €11,435,811 at a weighed average price of €7.94 per share.

Significant Events After 30 September 2010

- On 22 October 2010, Brembo S.p.A. signed a lease agreement with a term of 31 December 2011 for a business unit consisting of two companies owned by an important supplier of mechanical parts manufactured using technological processing techniques. The deal was a necessary response to the financial difficulties in which Immc and Irac found themselves, given the need to safeguard the know-how and important technological expertise transferred by Brembo to the above-mentioned companies over their many years of collaboration, as well as to ensure the continuity of supply to the Brembo Group. The transaction was structured through a recently incorporated vehicle, La.Cam. (Lavorazioni Camune) S.r.l., 100% controlled by Brembo S.p.A. The production facilities of the leased companies are located in Berzo Demo (BS) and Sellero (BS), employ a staff of approximately 230 and manufacture high-precision metal parts and nuts and bolts that the Brembo Group normally uses to construct brake systems for OEM and racing cars and motorbikes. Annual rent amounts to €1.8 million. The leased companies' sales, approximately €17 million, will not have effects on the consolidated sales of the Brembo Group, since output is almost entirely absorbed by the Group. Within the end of the lease period and based on the results of the financial restructuring of the two leased companies, Brembo might be involved in any subsequent process of acquisition of the business units.

- In October 2010, Brembo became a supplier to Suzuki for street motorbikes as well, following years of collaboration in the MotoGP, with a new brake calliper specifically designed for the new version of the Japanese manufacturer's top-of-the-line super racing model. Thanks to this new supply arrangement, which will last for approximately three years, Brembo has remained the top preference for the leading motorbike manufacturers and strengthened its presence on the Japanese motorbike market, where it has been present for some time with Yamaha.

- On 26 October 2010, the €50 million bond was redeemed by Brembo International S.A., drawing on the funds provided as part of a new loan of the same amount set to mature in five years.

No other significant events occurred after the close of the third quarter of 2010 and up to 12 November 2010.

Statement Pursuant to Art. 154/bis, Paragraph 2 – Part IV, Title III, Chapter II, Section V-*bis*, of Italian Legislative Decree No. 58 of 24 February 1998: “Consolidation Act on Financial Brokerage Pursuant to Articles 8 and 21 of Italian Law No. 52 of 6 February 1996”

Re: Interim Report on Operations at 30 September 2010, approved on 12 November 2010.

I, the undersigned, Matteo Tiraboschi, the Manager in charge of the financial reports of BREMBO S.p.A. hereby

DECLARE

in accordance with the second paragraph of Art. 154-*bis*, Part IV, Title III, Chapter II, Section V-bis of Italian Legislative Decree No. 58 of 24 February 1998, that to the best of my knowledge, the Interim Report on Operations at 30 September 2010 corresponds with the documented results, books and accounting records.