50 YEARS
1961-2011

First Quarter Report 2011

brembo

Contents

This Interim Report is a translation provided only for the convenience of foreign readers. The Italian version will prevail.

Company Officers

Based on the one sole list submitted by the main shareholder Nuova FourB S.r.l., the General Shareholders' Meeting of the parent company Brembo S.p.A., held on 29 April 2011, appointed the Board of Directors, which will remain in office until the approval of the financial statements for the year ending at 31 December 2013. The outgoing Director Giuseppe Roma did not stand for re-election, inasmuch as he had served as an Independent Director and Chairman of the Company's Audit Committee for over ten years, since 3 May 2000; Gianfelice Rocca was appointed to replace him.

The new Board of Directors is made up of:

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)
Gianfelice Rocca (2)
Bruno Saita (4)
Pierfrancesco Saviotti (2)
Matteo Tiraboschi (3) (5) (9)

Board of Statutory Auditors

Chairman:
Sergio Pivato

Auditors:
Enrico Colombo
Mario Tagliaferri

Alternate Auditors:
Gerardo Gibellini
Marco Salvatore

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

Executive Officer in Charge of the Company's Financial Reports — Matteo Tiraboschi (9)

Committees:

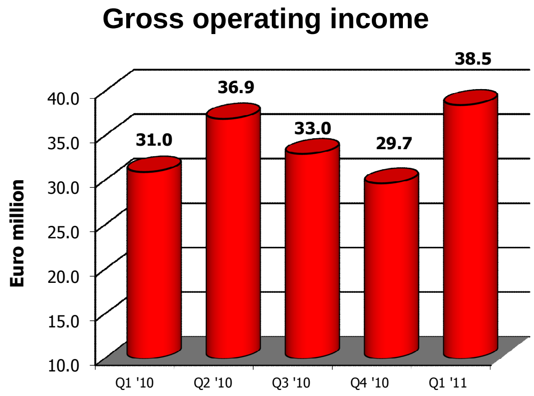
Audit Committee (13):
Giovanni Cavallini (Chairman)
Giancarlo Dallera
Pasquale Pistorio

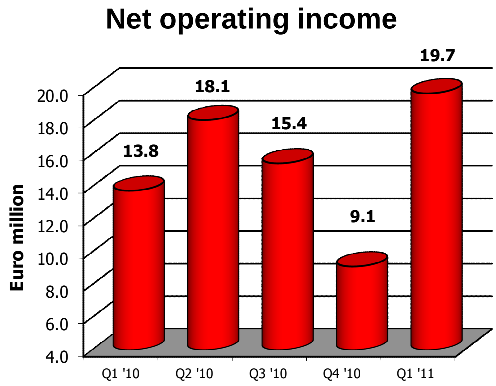
Remuneration Committee:
Umberto Nicodano (Chairman)
Giovanni Cavallini
Pierfrancesco Saviotti

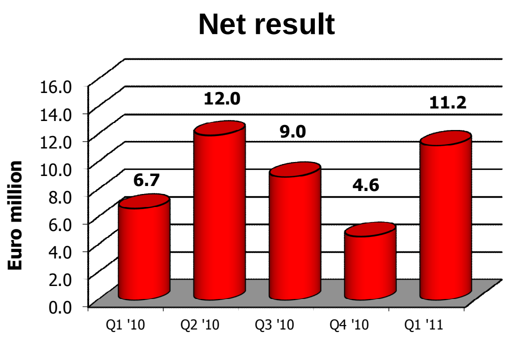
Supervisory Committee
Marco Bianchi (Chairman) (11)
Giancarlo Dallera
Alessandra Ramorino (12)

(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 within the meaning of Article 148, paragraph 3, of TUF (as required per Articles 147-*ter*, paragraph 4, and 147-*quater* of TUF) and the independence requirements set out in Article 2.2.3, paragraph 3, of Borsa Italiana S.p.A. Regulations and Brembo S.p.A. Corporate Governance Manual (Article 3).
(3) This Director also holds offices in several 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 29 April 2011. He also holds the position of Investor Relator.
(10) Independent and non-executive Director pursuant to Article 148, paragraph 3, of TUF (as required per Articles 147-*ter*, paragraph 4, and 147-*quater* of TUF).
(11) Private practice lawyer - Studio Castaldi Mourre & Partners, Milan.
(12) Internal Audit Director of the Brembo Group.
(13) The Audit Committee also acts as the Related Party Transactions Committee.

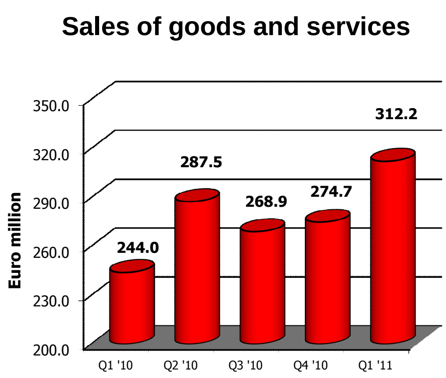
Highlights

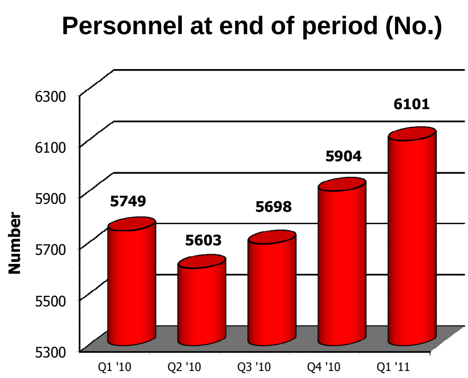


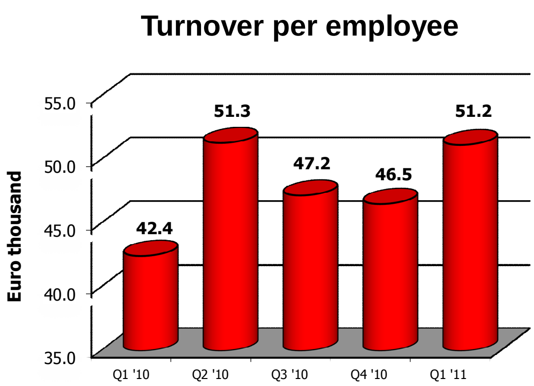




ECONOMIC RESULTS *(euro million)*	A Q1 '10	Q2 '10	Q3 '10	Q4 '10	B Q1 '11	% B/A
Sales of goods and services	244.0	287.5	268.9	274.7	312.2	*27.9%*
Gross operating income	31.0	36.9	33.0	29.7	38.5	*24.2%*
% on sales	*12.7%*	*12.8%*	*12.3%*	*10.8%*	*12.3%*	
Net operating income	13.8	18.1	15.4	9.1	19.7	*43.3%*
% on sales	*5.6%*	*6.3%*	*5.7%*	*3.3%*	*6.3%*	
Result before taxes	9.7	17.0	12.8	6.0	16.9	*75.5%*
% on sales	*4.0%*	*5.9%*	*4.8%*	*2.2%*	*5.4%*	
Net result	6.7	12.0	9.0	4.6	11.2	*68.6%*
% on sales	*2.7%*	*4.2%*	*3.3%*	*1.7%*	*3.6%*	



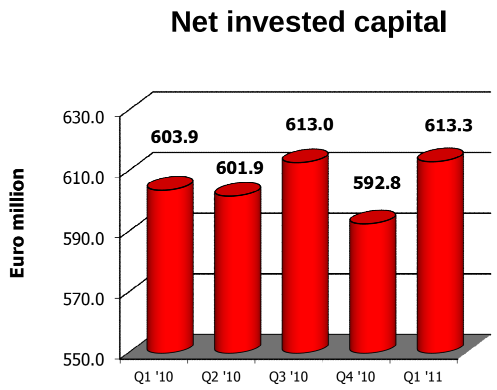


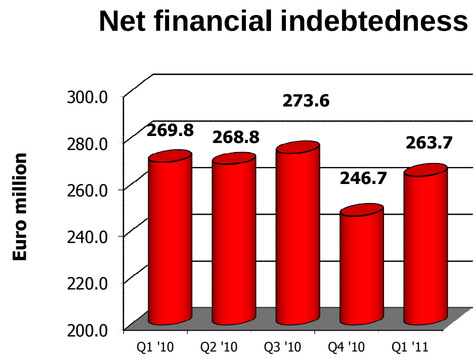


	A				B	
FINANCIAL RESULTS *(euro million)*	**Q1 '10**	**Q2 '10**	**Q3 '10**	**Q4 '10**	**Q1 '11**	**% B/A**
Net invested capital	603.9	601.9	613.0	592.8	613.3	*1.5%*
Equity	312.4	312.3	318.5	325.9	329.7	*5.5%*
Net financial indebtedness	269.8	268.8	273.6	246.7	263.7	*-2.2%*
PERSONNEL AND INVESTMENTS						
Personnel at end of period ***(No.)***	5,749	5,603	5,698	5,904	6,101	*6.1%*
Turnover per employee ***(euro thousand)***	42.4	51.3	47.2	46.5	51.2	*20.5%*
Investments ***(euro million)***	16.8	17.1	19.2	24.1	28.3	*68.6%*

Note:

Investments include acquisitions of property, plant, equipment and intangible assets and increases deriving from the change in the consolidation area.





MAIN RATIOS	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11
Net operating income/Sales	*5.6%*	*6.3%*	*5.7%*	*3.3%*	*6.3%*
Result before taxes/Sales	*4.0%*	*5.9%*	*4.8%*	*2.2%*	*5.4%*
Investments/Sales	*6.9%*	*5.9%*	*7.2%*	*8.8%*	*9.1%*
Net Financial debt/Equity	*86.3%*	*86.1%*	*85.9%*	*75.7%*	*80.0%*
Interest expense/Sales	*1.5%*	*0.2%*	*1.0%*	*0.8%*	*0.8%*
Interest expense/Net Operating Income	*26.4%*	*2.6%*	*17.9%*	*22.9%*	*13.0%*
ROI	*9.2%*	*12.1%*	*10.0%*	*6.1%*	*13.0%*
ROE	*8.4%*	*15.4%*	*11.2%*	*5.3%*	*14.0%*

Notes:

ROI: Net operating income/Net invested capital x annualisation factor (days in the year / days in the period).
ROE: Result before minority interests/Equity x annualisation factor (days in the year / days in the period).

Consolidated Financial Statements

Consolidated Income Statement (First Quarter 2011)

(euro thousand)	A Q1 '11	B Q1 '10	(A-B) CHANGE	%
Sales of goods and services	**312,179**	**244,038**	**68,141**	**27.9%**
Other revenues and income	**2,429**	**2,217**	**212**	**9.6%**
Costs for capitalised internal works	**2,794**	**2,958**	**(164)**	**-5.5%**
Cost of raw materials, consumables and goods	**(158,749)**	**(118,638)**	**(40,111)**	**33.8%**
Other operating costs	**(58,041)**	**(45,908)**	**(12,133)**	**26.4%**
Personnel expenses	**(62,140)**	**(53,687)**	**(8,453)**	**15.7%**
GROSS OPERATING INCOME	**38,472**	**30,980**	**7,492**	**24.2%**
% on sales	***12.3%***	***12.7%***		
Depreciation, amortization and impairment losses	**(18,752)**	**(17,222)**	**(1,530)**	**8.9%**
NET OPERATING INCOME	**19,720**	**13,758**	**5,962**	**43.3%**
% on sales	***6.3%***	***5.6%***		
Interest income (expense)	**(2,571)**	**(3,628)**	**1,057**	**-29.1%**
Interest income (expense) from investments	**(200)**	**(473)**	**273**	**-57.7%**
RESULT BEFORE TAXES	**16,949**	**9,657**	**7,292**	**75.5%**
% on sales	***5.4%***	***4.0%***		
Taxes	**(5,536)**	**(3,189)**	**(2,347)**	**73.6%**
RESULT BEFORE MINORITY INTERESTS	**11,413**	**6,468**	**4,945**	**76.5%**
% on sales	***3.7%***	***2.7%***		
Minority interests	**(174)**	**198**	**(372)**	**-187.9%**
RESULT FOR THE PERIOD	**11,239**	**6,666**	**4,573**	**68.6%**
% on sales	***3.6%***	***2.7%***		
Basic/diluted earnings per share ***(in euro)***	**0.17**	**0.10**		

Consolidated Statement of Comprehensive Income (First Quarter 2011)

(euro thousand)	*Q1 '11*	*Q1 '10*
RESULT BEFORE MINORITY INTERESTS	**11,413**	**6,468**
Effect of hedge accounting (cash flow hedge) of derivatives	0	147
Change in translation adjustment reserve	(7,548)	14,400
Tax effects on other components of comprehensive income	0	(31)
COMPREHENSIVE RESULT FOR THE PERIOD	**3,865**	**20,984**
Of which attributable to:		
- the Group	***3,877***	***21,013***
- Minority Interests	***(12)***	***(29)***

Consolidated Balance Sheet

(euro thousand)	A 31.03.2011	B 31.12.2010	C 31.03.2010	A-B CHANGE	A-C CHANGE
ASSETS					
NON-CURRENT ASSETS					
Property, plant, equipment and other equipment	330,142	322,951	319,245	7,191	10,897
Development costs	39,161	39,194	40,808	(33)	(1,647)
Goodwill and other undefined useful life assets	42,467	44,751	42,731	(2,284)	(264)
Other intangible assets	18,488	20,248	22,287	(1,760)	(3,799)
Shareholdings' valued using the equity method	22,330	22,515	24,006	(185)	(1,676)
Other financial assets (including investments in other companies and derivat	133	150	149	(17)	(16)
Receivables and other non-current assets	547	548	1,015	(1)	(468)
Deferred tax assets	21,427	20,834	18,981	593	2,446
TOTAL NON-CURRENT ASSETS	**474,695**	**471,191**	**469,222**	**3,504**	**5,473**
				0.7%	***1.2%***
CURRENT ASSETS					
Inventories	189,116	181,650	158,924	7,466	30,192
Trade receivables	230,438	201,297	182,144	29,141	48,294
Other receivables and current assets	31,784	36,513	33,030	(4,729)	(1,246)
Current financial assets and derivatives	93	449	131	(356)	(38)
Cash and cash equivalents	96,515	76,292	62,044	20,223	34,471
TOTAL CURRENT ASSETS	**547,946**	**496,201**	**436,273**	**51,745**	**111,673**
				10.4%	***25.6%***
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS	**0**	**0**	**0**	**0**	**0**
				0.0%	***0.0%***
TOTAL ASSETS	**1,022,641**	**967,392**	**905,495**	**55,249**	**117,146**
EQUITY AND LIABILITIES					
GROUP EQUITY					
Share capital	34,728	34,728	34,728	0	0
Other reserves	106,031	120,892	121,069	(14,861)	(15,038)
Retained earnings/(losses)	169,898	130,128	142,557	39,770	27,341
Profit /(loss) for the period	11,239	32,271	6,666	(21,032)	4,573
TOTAL GROUP EQUITY	**321,896**	**318,019**	**305,020**	**3,877**	**16,876**
				1.2%	***5.5%***
MINORITY INTERESTS	**7,828**	**7,840**	**7,429**	**(12)**	**399**
				(0.2%)	***5.4%***
TOTAL EQUITY	**329,724**	**325,859**	**312,449**	**3,865**	**17,275**
NON-CURRENT LIABILITIES					
Non-current payables to banks	222,174	199,732	88,533	22,442	133,641
Other non-current financial payables and derivatives	22,633	25,729	25,376	(3,096)	(2,743)
Other non-current liabilities	2,951	2,435	1,022	516	1,929
Provisions	4,895	4,977	6,913	(82)	(2,018)
Provisions for employee benefits	19,781	20,210	21,660	(429)	(1,879)
Deferred tax liabilities	11,151	11,167	10,491	(16)	660
TOTAL NON-CURRENT LIABILITIES	**283,585**	**264,250**	**153,995**	**19,335**	**129,590**
				7.3%	***84.2%***
CURRENT LIABILITIES					
Current payables to banks	109,015	89,487	157,755	19,528	(48,740)
Other current financial payables and derivatives	6,442	8,110	60,187	(1,668)	(53,745)
Trade payables	236,779	224,010	169,860	12,769	66,919
Tax payables	5,828	2,538	2,365	3,290	3,463
Other current payables	51,268	53,138	48,884	(1,870)	2,384
TOTAL CURRENT LIABILITIES	**409,332**	**377,283**	**439,051**	**32,049**	**(29,719)**
				8.5%	***(6.8%)***
TOTAL EQUITY AND LIABILITIES	**1,022,641**	**967,392**	**905,495**	**55,249**	**117,146**

Consolidated Cash-Flow Statement

(euro thousand)	31.03.2011	31.03.2010
Cash and cash equivalents at beginning of period	**40.584**	**(34.375)**
Consolidated result for the period before taxes	**16.949**	**9.657**
Depreciation, amortisation/Impairment losses	18.752	17.222
Capital gains/losses	(296)	1
Write-ups/Write-downs of shareholdings	200	473
Financial portion of provisions for defined benefits and payables for personnel	180	260
Long-term provisions for employee benefits	335	425
Other provisions net of utilisations	(68)	2.208
Cash flow generated by operations	**36.052**	**30.246**
Paid current taxes	(1.806)	(2.319)
Uses of long-term provisions for employee benefits	(845)	(1.042)
(Increase) reduction in current assets:		
inventories	(7.463)	(17.687)
financial assets	404	(55)
trade receivables and receivables from companies valued using the equity method	(29.141)	(20.979)
receivables from others and other assets	3.264	(6.783)
Increase (reduction) in current liabilities:		
trade payables and payables from companies valued using the equity method	12.770	10.500
payables to others and other liabilities	(505)	4.911
Translation differences on current assets	(2.201)	5.678
Net cash flows from/(for) operating activities	**10.529**	**2.470**
Investments in:		
intangible assets	(3.348)	(3.574)
property, plant and equipment	(24.910)	(5.354)
financial assets (shareholdings)	(15)	0
Business combination China	0	(7.837)
Price for disposal, or reimbursement value of fixed assets	501	537
Net cash flows from/(for) investing activities	**(27.772)**	**(16.228)**
Change in fair value or derivatives	(31)	0
Loans and financing granted by banks and other financial institutions	31.012	1.651
Repayment of long-term loans	(10.906)	(12.460)
Net cash flows from/(for) financing activities	**20.075**	**(10.809)**
Total cash flows	**2.832**	**(24.567)**
Cash and cash equivalents at end of the period	**43.416**	**(58.942)**

Notes:

Cash and cash equivalents: items A, B and F in the Consolidated Net Financial Position.
Business Conbination China: data as at 31rst March 2010 exchange rate.

Consolidated Net Financial Position

(euro thousand)	31.03.2011	31.12.2010	31.03.2010
A Cash	75	88	73
B Other cash equivalents	**96.440**	**76.204**	**61.971**
– bank and postal accounts	96.440	76.204	61.964
– cheques	0	0	7
C Derivatives and securities held for trading	0	31	22
D LIQUIDITY (A+B+C)	**96.515**	**76.323**	**62.066**
E Current financial receivables	0	0	0
F Current payables to banks	53.099	35.708	120.986
G Current portion of non-current debt	55.916	53.779	36.769
H Other current financial debts and derivatives	6.442	8.110	60.187
I CURRENT FINANCIAL DEBT (F+G+H)	**115.457**	**97.597**	**217.942**
J NET CURRENT FINANCIAL DEBT (I–E–D)	**18.942**	**21.274**	**155.876**
K Non-current payables to banks	222.174	199.732	88.533
L Bonds issued	0	0	0
M Other non-current financial debt	22.633	25.729	25.376
N NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	**244.807**	**225.461**	**113.909**
O NET FINANCIAL DEBT (J+N)	**263.749**	**246.735**	**269.785**

Consolidated Statement of Changes in Equity

(euro thousand)	Share Capital	Other Reserves	Retained earnings	Hedging Reserve	Result for the period	Group Equity	Result of minority interest	Share Capital and reserves of Minority Interests	Equity of Minority Interests	Equity
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 result for the previous year			10,528		(10,528)	**0**	1,006	(1,006)	**0**	**0**
Reclassification		4		(4)		**0**			**0**	**0**
Components of comprehensive income:										
Effect of hedge accounting (cash flow hedge) of derivatives				116		**116**			**0**	**116**
Change in translation adjustment reserve		14,231				**14,231**		169	**169**	**14,400**
Net result for the period					6,666	**6,666**	(198)		**(198)**	**6,468**
Balance at 31 March 2010	**34,728**	**121,069**	**142,935**	**(378)**	**6,666**	**305,020**	**(198)**	**7,627**	**7,429**	**312,449**
Balance at 1 January 2011	**34,728**	**120,892**	**130,128**	**0**	**32,271**	**318,019**	**(458)**	**8,298**	**7,840**	**325,859**
Allocation of result for the previous year			32,271		(32,271)	**0**	458	(458)	**0**	**0**
Reclassification due to merger effect		(7,499)	7,499			**0**			**0**	**0**
Components of comprehensive income:										
Change in translation adjustment reserve		(7,362)				**(7,362)**		(186)	**(186)**	**(7,548)**
Net result for the period					11,239	**11,239**	174		**174**	**11,413**
Balance at 30 March 2011	**34,728**	**106,031**	**169,898**	**0**	**11,239**	**321,896**	**174**	**7,654**	**7,828**	**329,724**

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 first quarter of 2011 was prepared in accordance with paragraph 5 of Article 154-*ter* of Italy's Consolidated Finance Act, regarding financial disclosures, and the guidelines provided in Communication No. DEM/8041082 issued by CONSOB 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 2010 Financial Statements for the relevant international accounting standards and criteria adopted by the Group when preparing the above-mentioned Financial Statements.

The preparation of the interim report requires management to 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 valuation. 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 30 November 2010 to the inventory accounting results as at 31 March 2011;
- 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 first quarter of 2011 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 first quarter of 2010 as follows:

- Brembo México S.A. de C.V. (formerly México Puebla S.A. de C.V.) merged with Brembo México Apodaca S.A. de C.V.; Brembo México S.A. de C.V. is 51% held by Brembo North America Inc., 48.9999% by Brembo International S.A. and 0.0001% by Brembo S.p.A. This transaction had no effect on the Consolidated Financial Statements.
- on 27 September 2010, Brembo acquired 30% of Brembo Performance S.p.A., achieving 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 shareholders of Brembo Performance (Marsiaj and D'Ormea families).

  Following this transaction, a corporate streamlining process was implemented, resulting in the mergers between Brembo S.p.A. and Marchesini S.p.A., Brembo S.p.A. and Brembo Performance S.p.A., Brembo Japan Co. Ltd. and Brembo Performance Japan Co. Ltd., as well as Brembo North America Inc. and Brembo Performance North America Inc. These transactions became effective January 2011 and had no effect on the consolidation area;
- on 4 October 2010, the company La.Cam (Lavorazioni Camune) S.r.l., fully owned by Brembo S.p.A., was formed.

Moreover, manufacturing activities at Brembo Czech S.r.o. began in March 2011.

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

In the first quarter of 2011, sales have continued to trend upwards, which will lead to the saturation of newly constructed plants sooner than initially expected, thus confirming Group's forecasts for 2011.

Net sales for the first quarter of 2011 amounted to €312,179, marking a significant increase compared to the same period of 2010 (+27.9%). The two periods do not offer a perfect 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.

In general, all sectors showed a positive performance during the quarter: the growth was mainly driven by car applications (+30.2%), motorbike applications segment (+22.0%) and commercial vehicles (+15.8%); the racing segment and the passive safety segment posted an excellent performance, with a 38.0% and a 52.4% increase in sales respectively, with a sharp contrast to the previous months.

At the geographic level, growth was in general reported in all markets: in Germany, which remains Brembo's main target market (21.4% of sales), the increase was 34.8%; a more modest growth was reported in Italy (+21.8%) and NAFTA countries (+16.6%) which are the Group's main markets after Germany, accounting for 18.3% of total sales. Within the European market, also France and the UK recorded excellent results in the quarter with an increase of 55.8% and 27.6%, respectively.

Emerging markets as well showed turnover increases, especially India (+55.7%), China (+26.9%) and Brazil (+24.8%).

The Japanese market recovered (+109.7%), despite the recent calamity which undermined the country's prospects for 2011.

During the quarter, the cost of sales and other net operating costs amounted to €211,567, with a ratio of 67.8% to sales, as against 65.3% for the same period in the previous year. Despite the increase in sales, the incidence of costs was higher in the first quarter of 2011 than in the same period of 2010 due to a higher cost of raw materials, which has not yet been transferred to selling prices.

Development costs capitalised as intangible assets amounted to €2,794 compared to €2,958 in the first quarter of 2010.

Personnel expenses in the first quarter of 2011 amounted to €62,140 or 19.9% of revenues, decreasing compared to the same period of the previous year (22.0%).

At 31 March 2011, Brembo's workforce was 6,101 (5,904 at 31 December 2010 and 5,749 at 31 March 2010). The increase compared to the end of 2010 was primarily due to the rise in the number of employees required for the higher level of production associated with the increase in sales.

Gross operating income in the quarter was €38,472 (12.3% of sales) compared to €30,980 in the first quarter of 2010 (12.7% of sales).

Net operating income amounted to €19,720, compared to €13,758 for the first quarter of 2010, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets for €18,752, compared to depreciation and amortisation for the first quarter of 2011 amounting to €17,222. This increase was mainly attributable to the write-down of development costs, due to the discontinuation of several projects, and to goodwill.

Net interest expense, which amounted to €2,571 (€3,628 for the first quarter of 2010), included an exchange rate net gain of €7 (exchange rate net loss of €1,656 for the first quarter of 2010) and interest expense of €2,578 (€1,972 for the same quarter of 2010); interest expense increase is mainly due to the interest rate raise.

Income before taxes amounted to €16,949 (+5.4% on sales), compared to €9,657 in the first quarter of 2010 (+4.0% on sales).
Based on tax rates applicable for the year under current tax regulations, estimated **taxes** amounted to €5,536 thousand (€3,189 thousand in the first quarter of 2010). Tax rate amounted to 32.7%, compared to 33.0% of the first quarter of 2010.
Net income for the quarter was €11,239, after minority interests of €174.

Net Invested Capital at the end of the quarter was €613,254. At 31 December 2010, it was €592,804, with an increase of €20,450.
The company's **net debt** at 31 March 2011 was €263,749, compared to €246,735 at 31 December 2010 and €269,785 at 31 March 2010.
The increase in indebtedness compared to 31 December 2010 amounted to €17,014, due to the following factors:

- investments in property, plant and equipment totalled €28,258; these transactions were mainly concentrated in Poland, thanks to the doubling of the capacity of the current foundry and processing facility in Dabrowa Gornicza, in Czech Republic, thanks to the new aluminium brake calliper manufacturing facility in Ostrava, in the restructuring of the foundry in Nanjing, China and finally in the doubling of the capacity of the current motorbike braking systems manufacturing facility located in Pune, India;
- a positive effect of the gross operating profit of €38,472;
- a negative change in working capital due to increased activities;
- tax payments used €1,806.

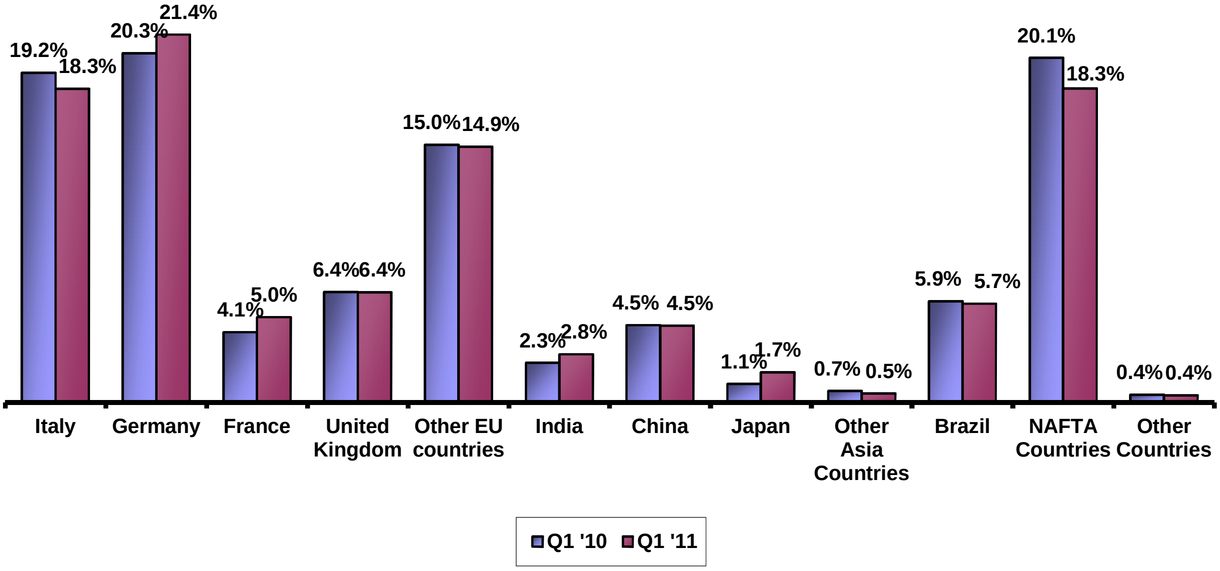
During the first quarter of 2011, the Group obtained two new loans, the first by Brembo Poland Spolka Zo.o. and the second by Brembo Nanjing Foundry Co. Ltd., in order to support the new production investments already described.

Sales Breakdown by Application and Geographical Area

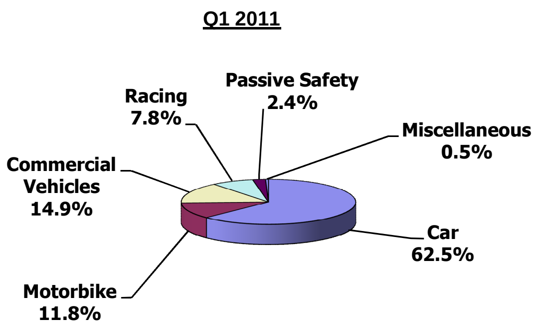
The following table shows the breakdown of net sales at 31 March 2011 by geographical area and application.

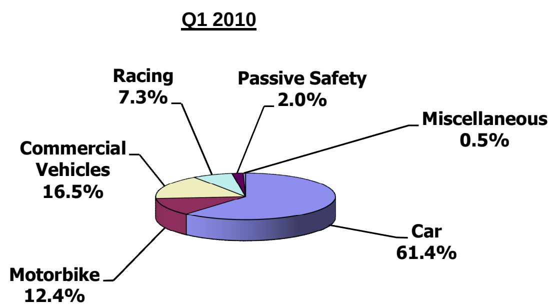
	A		B			
GEOGRAPHICAL AREA	**Q1 '11**	**%**	**Q1 '10**	**%**	**A-B**	**%**
(euro thousand)						
Italy	57,081	18.3%	46,860	19.2%	10,221	21.8%
Germany	66,922	21.4%	49,652	20.3%	17,270	34.8%
France	15,528	5.0%	9,964	4.1%	5,564	55.8%
United Kingdom	20,000	6.4%	15,676	6.4%	4,324	27.6%
Other EU countries	46,536	14.9%	36,636	15.0%	9,900	27.0%
India	8,734	2.8%	5,611	2.3%	3,123	55.7%
China	13,963	4.5%	11,004	4.5%	2,959	26.9%
Japan	5,453	1.7%	2,601	1.1%	2,852	109.7%
Other Asia Countries	1,640	0.5%	1,603	0.7%	37	2.3%
Brazil	17,935	5.7%	14,366	5.9%	3,569	24.8%
NAFTA Countries	57,104	18.3%	48,985	20.1%	8,119	16.6%
Other Countries	1,283	0.4%	1,080	0.4%	203	18.8%
Total	**312,179**	**100.0%**	**244,038**	**100.0%**	**68,141**	**27.9%**

The incidence of the overall turnover



	A		B			
APPLICATION	**Q1 '11**	**%**	**Q1 '10**	**%**	**A-B**	**%**
(euro thousand)						
Car	195,174	62.5%	149,908	61.4%	45,266	30.2%
Motorbike	36,849	11.8%	30,206	12.4%	6,643	22.0%
Commercial Vehicles	46,564	14.9%	40,214	16.5%	6,350	15.8%
Racing	24,506	7.8%	17,762	7.3%	6,744	38.0%
Passive Safety	7,383	2.4%	4,845	2.0%	2,538	52.4%
Miscellaneous	1,703	0.5%	1,103	0.5%	600	54.4%
Total	**312,179**	**100.0%**	**244,038**	**100.0%**	**68,141**	**27.9%**





Outlook

The order backlog forecast confirms that sales will continue to show strong growth in the coming months across the various business segments in which the Group operates.

The simultaneous launch of the four international production initiatives - a unique event in the history of Brembo - will require a considerable effort in terms of investments, cost containment and net working capital control.

Directors' Report on Operations and Significant Events

Macroeconomic Context

In order to draw up an assessment of Brembo performance in the first quarter of 2011, it is essential to consider the world macroeconomic scenario, specifically for the markets in which the Group operates.

Global economic activity continued to quicken in the first few months of 2011, and it is estimated that global GDP growth in the current year will reach 4.4%. Positive signs are evident in all sectors, although there continue to be differences in the speed of recovery between countries and regions within this scenario. This situation has become more uncertain due to the intensification of geopolitical turbulence in North Africa and the Middle East, as well as possible repercussions of the disaster in Japan.

The economic recovery continues in the Eurozone, but at two speeds. There are marked differences between the area's major countries. The April 2011 estimates surveyed by the International Monetary Fund call for the area's GDP to rise by 1.6% in 2011, with a slight decrease compared to 2010. The countries positioned to stand out due to the dynamic nature of their performances include Germany and France, where, for example, industrial output rose in the first two months of the year. The recovery of the major Euro Area countries continued to be slowed by the climate of uncertainty that is severely conditioning the job market. At the end of the two-day Ecofin meeting, Jean-Claude Trichet, the ECB's President, stated that "we still have an unacceptable level of unemployment." In February, the unemployment rate in the E17 fell to 9.9% from the 10.0% reported in the first month of the year. In Italy, the general unemployment rate remained below the European average, in line with the average figures of the previous year (8.5% in January and 8.4% in February).
According to the European Central Bank's April bulletin, the average expectations for consumer-price inflation during the year surveyed by Consensus Economics rose to 2.3% in March from 2.0% in the previous month. The greater-than-expected increase is primarily related to the severe increase in fuel prices.
The macroeconomic scenario in Europe, Brembo's main market of operation, is certainly influenced by the performance of the automotive market. Motor vehicle registrations further decreased in the first quarter of 2011 (-2.3% in the EU27). Market performance figures were uneven. The German market closed the first three months of the year with growth of nearly 14.0%. In Italy, car vehicle registrations declined sharply, decreasing by more than 23.0% compared to the same period of 2010. Commenting on the performance of the automotive market in Italy, the President of ANFIA stated: "In March, the market performed as expected. April will mark the end of the disadvantage resulting from the comparison with a first quarter of 2010 in which levels remained high, owing to registrations of vehicles ordered at the end of 2009 with the benefit of the final phase of environmental incentives. We therefore expect that the market will come to levels at or slightly above those of April 2010. The trend should improve in the following months, assuming that consumer confidence recovers and the fuel price trend is gradually reversed, yet the true growth should take place in the second half of the year."

In the United States, the International Monetary Fund's latest estimates call for GDP to increase by 2.8%, a figure in line with 2010. Positive signs are also to be seen in industrial output, which in March outperformed analysts' expectations (+0.8% compared to +0.5%). The job market improved gradually in the first few months of 2011, in line with this trend. There were also positive signs from the car manufacturing sector, in which the volumes of cars and pick-ups produced increased by more than 20.0% in the first few months of 2011, driven primarily by SUVs and pick-ups.

In Japan, the earthquake, tsunami and nuclear threat led the International Monetary Fund to revise its estimates of GDP growth for 2011 downwards drastically (1.4% according to the latest April 2011 estimates). An initial recovery, driven largely by reconstruction spending, is forecast as early as 2012, with GDP growth estimated to amount to 2.1%. The disruption of production and the supply chain are among the main causes for concern for the entire global economy. According to the most recent published figures, car production in Japan was more than halved in March alone. The disaster on 11 March also had an impact on the production of Japanese vehicles (among other things) in other countries, where delays in deliveries of components from Japan resulted in severe slowdowns.

However, positive signs are expected in the second half of 2011. This is also borne out by the recent statement by the Japanese Automobile Manufacturers Association (JAMA), which confirmed that the Tokyo Motor Show, scheduled for early December, will go ahead.

Growth remained high in the main emerging markets.

In Brazil, GDP is expected to grow 4.5% in 2011, according to the International Monetary Fund's latest April forecasts, down from the 7.5% reported at the end of 2010. While remaining robust, economic growth showed some signs of moderation as early as the second half of the previous year, and those signs continued in the first quarter of the current year. The automotive market mirrored the performance of the economy at large. According to the latest figures published by Fenabrave, the association of Brazilian dealers, Brazil closed the first quarter of 2011 with an increase in sales of cars, heavy vehicles and buses of less than 5% compared to the previous year.

In Russia, the International Monetary Fund's most recent forecasts call for GDP to rise 4.8% in 2011, following on the 4.0% growth achieved in 2010. Figures for sales of cars and light commercial vehicles increased an impressive 77% compared to the first quarter of 2011.

The Indian economy has continued to grow at a rapid pace. The International Monetary Fund's most recent April 2011 estimates call for GDP to increase 8.2% in 2011. Inflationary pressures in this country, as in all areas in which there are enormous influxes of capital, remain strong. Interest rates have been revised upwards as many as three times since the beginning of 2011.

In China, the first quarter of 2011 continued to see rapid growth. GDP increased by 9.7% compared to the same period of 2010. Another positive note was industrial output, which increased 14.4% in the first three months of the year. For the Chinese government, the sole weak point was the inflation rate, which climbed to 5.4% despite a series of measures taken by the government to stem price growth, which was driven chiefly by oil and other commodities. It is thus increasingly difficult to consider China an emerging country. This statement is also borne out by statistics regarding the country's *nouveaux riches*: according to a report by the Hurun Institute, there are nearly one million people with assets in excess of 10 million yuan (€1.1 million) and 600 with assets in excess of 100 million yuan (€11 million) in China. The automotive market reflects this trend, with the main premium car brands reporting record sales of their top models in the first quarter of 2011.

Turning to the commodities market, the average price of oil (the average prices of the three qualities of crude considered - Brent, Dubai and WTI) in the first quarter of 2011 reached USD 99.7 a barrel, up 29.4% compared to the same period of 2010. In further detail, the last quarter witnessed a fluctuation between USD 92.7 (January) and USD 108.7 (March) a barrel. These increases primarily reflect tensions surrounding the Libyan crisis.
The average price of metals appreciated considerably during the first two months of the year, resulting in an average increase of 10.9% at the end of the quarter compared to the previous quarter.

Currency Markets

Following initial appreciation early in the year, the dollar showed a tendency towards depreciation against the euro during the first quarter of 2011, a tendency that still remains in effect (the exchange rate reached a high for the quarter of 1.4211 on 22 March), hitting a low of 1.2903 on 10 January and closing with an average value in the quarter of 1.366926. From a general point of view, because of the more positive outlook if compared with the United States, the euro has become stonger than the dollar.
Turning to the other currencies of Brembo's main markets of operation at the industrial and commercial level, the pound showed considerable volatility in trading against the euro, trending upwards in the first two months of the year (a low of 0.83155 on 12 January 2011), followed by rapid depreciation in March, to close at a high (0.8837 on 31 March 2011).

The Polish zloty depreciated against the euro until mid-March (high of 4.079 on 17 March 2011), rallying slightly around 4 (well above the quarterly average of 3.943492).
The Czech koruna's performance ran counter to those of the other European currencies. It appreciated rapidly in January and February, reaching a low (24.018) on 4 and 8 February. The euro then regained some of the lost ground to close at 24.5, far from the closing highs of 2010 (25.088 on 3 January 2011).
The Swedish krona's performance was in contrast with those of the other currencies. Showing a high degree of volatility, it passed through two periods of downtrends in January and March, separated by a phase of appreciation in February/early March, when it reached its low of 8.709 (1 March 2011). Depreciation at the end of March brought the SEK to a high of 8.9922 at the end of the quarter.
In the Far East, the Japanese yen enjoyed a brief early recovery (low of 107.17 on 10 January 2011), but then went on to weaken against the euro, owing in part to the natural disasters that struck the country in early March. The downtrend in the yen's value reached a low at the end of March (117.61 on 31 March 2011).
The yuan/renminbi, after appreciating rapidly in the first half of January (to reach a low of 8.5646 on 10 January 2011), followed the tendency shown by most of the currencies in question, depreciating severely to reach a high of 9.3184 on 21 March 2011.
The Indian rupee also began 2011 appreciating against the euro, but the trend was reversed after reaching a low of 58.48 on 11 January, bringing the exchange rate at the end of the quarter slightly below the high of 63.887 reached on 21 March 2011. The average value for the quarter was 61.894315.

Operating Structure and Reference Markets

Operating Structure

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It operates in 15 countries on 3 continents, with 35 production and business sites and employs over 6,000 people worldwide. The Group’s operations are conducted from ten industrial-commercial facilities in Italy and 25 in other countries. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa), the United Kingdom (Coventry), the Czech Republic (Ostrava), 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.

The year 2011 marks an historic milestone for Brembo: 50 years of operation punctuated by impressive achievements in the technical, competitive and commercial arena.
On 11 January 1961, Emilio Bombassei and Italo Breda founded Officine Meccaniche di Sombreno, the original nucleus of today's Brembo. Among them was the current chairman, Alberto Bombassei, who had just recently turned 20 years of age.
Since then, Brembo has completed a journey of half a century to become the undisputed leader in the high-performance braking systems market. In 1964, Brembo began to manufacture brake discs for cars; in 1972, it added brake discs for motorbikes, and in 1975 it made its debut in Formula One, where it provided its systems for the Ferrari single-seater. Over the years, technological innovation and constant research in the fields of materials and manufacturing techniques have led the Brembo brand to win great esteem at a global level.
In 1995, the company became listed on the Milan stock exchange and embarked upon a process of growth and internationalization.

Reference Markets

Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes. The focus on innovation, as well as technological and process development, factors that have always been fundamental to Brembo's philosophy, have made the Group an international long-time leader in the research, design and production of high-performance disc braking systems for a wide range of both 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 aftermarket, Brembo offers mainly brake discs, but also pads, drums, brake shoes, drum-brake kits and hydraulic components: a vast and safe range of products allows 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 first quarter of 2011, Brembo’s consolidated net sales amounted to €312,179, up by 27.9% compared to the same period of 2010.

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

Applications

Cars

During the first quarter of 2011, the global light vehicles market showed a 7.5% increase in sales, owing primarily to growth in emerging markets and the recovery in the United States. By contrast, the Western European car market showed an overall decrease of 2.4%, with highly different performances in the various markets of operation. In particular, Germany and France showed an increase in car sales of 13.9% and 8.9%, respectively, compared to the same period of 2010, while sales decreased in Spain (-27.3%), Italy (-23.1%) and Great Britain (-8.7%). The Eastern European and Russian markets continued to perform well, closing the first quarter of 2010 with total growth in light vehicle registrations of 49.7% and 76.9%, respectively. It should be noted that scrapping incentives are still in effect in Russia.

The United States closed a highly positive first quarter, with light vehicle sales up 20.2% overall compared to the first quarter of 2010. The trend was also positive for Brazil and Argentina, which closed the first quarter with an overall increase in sales of 8.5%.

On Asian markets, China continued to grow, although at a more moderate pace than in the previous two years, and closed the first quarter with car sales up 9.1% compared to the first quarter of 2010. The Indian market also performed very well, showing growth of 21.8% in the first quarter of 2011. The Japanese market, which had already showed signs of weakness in the first two months of the year, was severely affected by the tragic earthquake that struck the country on 11 March, with sales for the quarter decreasing by 21.3% compared to the first quarter of 2010.

Within this scenario, Brembo reported €195,174 thousand in net sales of car applications in the first quarter of 2011, accounting for 62.5% of the Group's turnover, up by 30.2% compared to the same period of 2010.

Motorbikes

Europe, the United States and Japan are Brembo’s three most important markets in the motorbike sector. In the first quarter of 2011, motorbike registrations in Europe decreased by a total of 7.0% compared to the previous year. Among the primary markets of operation, Germany and the UK grew by 8.2% and 1.3%, respectively, compared to the first quarter of 2010. By contrast, registrations sharply decreased in Italy (-21.3%), Spain (-9.9%) and France (-3.4%). In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles - four-wheelers for recreation and work) declined by 1.5%, in the first quarter of 2011, as a result of the sharp decrease in ATV registrations (-16.1%), which was only partially offset by the growth of motorbike and scooter registrations in the quarter (+7.2%).

The Japanese market continues to be weak. In the first quarter of 2011, registrations of motorbikes with greater displacements than 50cc decreased by 10.0% compared to the same period of the previous year. The least penalised displacement bracket was above 250cc, which decreased approximately 6.0% compared to the previous year.

Positive signs were seen in emerging markets, and especially the Indian market, which showed a 19.14% increase in registrations of two-wheeled vehicles during the reporting period.

In the first quarter of 2011, Brembo's net sales of motorbike applications amounted to €36,849, increasing by 22.0% compared to the same period of 2010.

Commercial and Industrial Vehicles

In the first quarter of 2011, the European commercial vehicles market, Brembo’s reference market, continued the positive registration trend begun in the second quarter of 2010, with an increase of 15.0% compared to the same period of the previous year. Total registrations of light commercial vehicles (up to 3.5 tonnes) increased 10.6%. Amongst the main markets of operation in Western Europe, the UK market showed the greatest growth in registrations (+31.0%), followed by Germany (+24.4%) and France (+8.5%). Sales fell in Spain and Italy, which reported a decrease of 8.4% and 13.3%, respectively.

In the first quarter of 2011, Eastern European markets also showed the first signs of a recovery in the light commercial vehicles segment (up to 3.5 tonnes), closing the reporting period with an increase in vehicle registrations of 15.3% compared to the same period of 2010.

The segment of commercial vehicles over 3.5 tonnes, which had begun to show significant signs of a recovery in the second half of the previous year, posted further growth in the first quarter of 2011, achieving an overall increase in registrations of 50.0% compared to the same period of 2010. All of the main markets of operation in Western Europe grew compared to the first quarter of 2010. In detail, sales increased by 57.0% in France, 51.2% in Germany, 41.3% in Great Britain and 44.5% in Spain.

In Eastern Europe, sales of medium and heavy commercial vehicles (over 3.5 tonnes) more than doubled in the first quarter of 2011 compared to the same period of 2010.

In the first quarter of 2011, Brembo's net sales of application in this segment amounted to €46,564, increasing by 15.8% compared to the same period of 2010.

Racing Market

Brembo is present in the racing 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 underwent a global contraction, mainly related to regulations implemented by official entities, which aimed at 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.

In the first quarter of 2011, Brembo's net sales of applications in this segment amounted to €24,506, increasing by 38.0% compared to the same period of 2010.

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 different segments: the racing segment, the OEM seatbelt and racing seat market and the children's segment with retention systems for children's car seats.

For the first quarter of 2011, net sales amounted to €7,383 in this sector, up by 52.4% compared to the same period of the previous year.

Significant Events During the Quarter

As part of the corporate organisation activities described above, the mergers between Brembo S.p.A. and Marchesini S.p.A., Brembo S.p.A. and Brembo Performance S.p.A., Brembo Japan Co. Ltd. and Brembo Performance Japan Co. Ltd., as well as Brembo North America Inc. and Brembo Performance North America Inc. became effective as of January 2011.

Buy-back and Sale of Own Shares

The General Shareholders' Meeting held on 29 April 2011 approved a new plan for the buy-back and sale of own shares to undertake investments, also with the aim of supporting the liquidity of the Company's stock, to give effect to any share-based incentive plans for the directors, employees and collaborators of the company and/or its subsidiaries and to pursue any swap transactions with equity investments as part of strategic projects. The maximum number of shares that may be purchased is 2,680,000, representing 4.01% of the Company's share capital. The minimum purchase price is €0.52 (fifty-two euro cents) and the maximum purchase price is €12.00 (twelve euro), for a maximum expected outlay of €32,160,000. The authorisation to buy back own shares has a duration of 18 months from the date of the shareholders' resolution.

At today's date, the Company holds a total of 1,440,000 ordinary shares, representing 2.16% of share capital, purchased based on previous plans. Brembo neither bought nor sold its own shares in 2011.

Significant Events After 31 March 2011

Brembo's General Shareholders' Meeting, which was held on 29 April 2011, approved the Financial Statements for the year ended 31 December 2010 and the distribution of a gross dividend of €0.30 per share outstanding at ex-coupon date, with the exclusion of the Company's own shares. The dividend will be paid as of 12 May 2011, ex coupon of 9 May 2011. As previously mentioned, during the Shareholders' Meeting held on 29 April 2011 the Board of Directors and the Board of Statutory Auditors were renewed, and Alberto Bombassei was confirmed as Chairman and Managing Director of the Group. The Meeting also approved a new plan for the buy-back and sale of own shares.

No other significant events occurred after the close of the first quarter of 2011 and up to 12 May 2011.

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 31 March 2011, approved on 12 May 2011.

I, the undersigned, Matteo Tiraboschi, the Executive Officer 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 31 March 2011 corresponds with the documented results, books and accounting records.