

## **Board of Directors' report on the proposal to amend and/or add certain clauses to the Articles of Association**

### **Extraordinary Shareholder's Meeting – 1st item on the Agenda** Shareholders' Meeting of 24 April 2007

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Dear Shareholders,

The Board of Directors has called an Extraordinary Shareholders' Meeting to resolve on the proposal to adapt, amend or add clauses to the Articles of Association in view of Italian law 262/2006 coming into force, so-called Law on Savings ("Legge sul Risparmio"), as amended by Italian Legislative Decree n. 303 of 29 December 2006.

Said adaptation, amendment or addition is necessary or, in any case, opportune to adopt certain statutory clauses in order to bring the Articles of Association into line with new laws.

In light of the foregoing, the Board of Directors proposes amending and/or adding the following articles to the current Articles of Association:

- remove the provisions of **article 6, paragraph 4**, as adopted in financial year 2000 pertaining to the power of the Board of Directors to increase the Company's share capital, separately, with payment due within a maximum of five years after the shareholders so resolved on 28 April 2000; since the term has expired there is no reason for the provision to remain in the Articles of Association and which could even cause confusion (see. art. 6 paragraph 4);
- specify, **in article 9, paragraph 4**, that the two days, by which all forms specifying a shareholder intends to attend a shareholders' meeting must be filed, are "non festivi" (not weekends or public holidays);
- introduce, **in article 12, paragraph 2**, the "list voting" system to appoint members of the Board of Directors in compliance with the provisions of art. 147 of Italian law "ter TU 58/1998". The "Legge sul Risparmio", as amended by Italian Legislative Decree does, in actual fact, set forth that the Articles of Association shall provide for the election of board members by filing lists of nominees, and that a minimum number of shareholders must be present at the shareholders' meeting for the lists to be valid, namely not more than one fortieth of the share capital or the different percentage established by CONSOB rules, bearing in mind the company's capitalisation, free float and the listed company's ownership structure;
- introduce, **in article 15, paragraph 7**, the requirements of professional standing and methods to appoint the executive who shall prepare the company's accounting documents, pursuant to art. 154-bis TU 58/1998; said executive, as established by the law under examination, will have to provide a written statement that «all the company's statements and notifications containing information and data regarding the economic, financial or asset standing of the company, as provided for by law or released to the market, comply with the company's accounting documents, books and accounting entries»;
- introduce the new **article 16, paragraph 2**, which awards powers to the Board of Directors to adapt the Articles of Association to pertinent laws, in compliance with art. 2365 of the Italian Civil Code;
- introduce, **in article 17**, the provision to elect the Chairman of the Board of Auditors from among those statutory auditors elected by the minority shareholders, pursuant to art. 148 TU 58/1998, and the postponement of and decision to establish a different threshold on the roles members of the Board of Auditors can perform in another company until due laws have been passed governing the matter.

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Dear Shareholders,

Given the foregoing, you are called upon to approve the suggested amendments to the Articles of Association of Bulgari S.p.A. as set out hereto with the mentioned amendments highlighted and to pass the following resolution:

“Having heard the Board of Directors’ report, the shareholders present at the Extraordinary Shareholders’ Meeting of Bulgari S.p.A.

**Resolve:**

- I. to amend the current Articles of Association, pursuant to the text attached hereto, with the amendments and articles of the Articles of Association duly highlighted: 6 (six), 9 (nine), 12(twelve), 15 (fifteen), 16(sixteen) and 17 (seventeen);
- II. to authorise the Board of Directors and, for and on behalf of said body, the Chairman and the CEO, also separately, to perform all the fulfilments and formalities to bring this resolution into force and to introduce any amendments that may be necessary for this resolution to be registered with the Italian Company’s Register.”

For the Board of Directors  
Chairman Mr Paolo Bulgari  
Rome, 7 March 2007