

Board of Directors' Annual Report on the Corporate Governance Model adopted by Bulgari S.p.A. pursuant to the recommendations in the Code of Self-discipline

IA.2.12 Italian Stock Exchange Regulations

4th item on the Agenda

Shareholders' Meeting of 24 April, 2007

Dear Shareholders,

During the Board of Directors' Meeting of the Company held last March 22nd, 2007, the directors resolved to update the report that had already been circulated to the Shareholders when they were called to approve the end-of-year financial statements and consolidated balance sheets as at 31 December 2005, in so doing circulating a new report that compared the corporate governance rules of Bulgari S.p.A. with the provisions contained in the Code of Self-discipline for listed companies (the "Code") as published by the Italian Stock Exchange "Borsa Italiana" in 1999 and amended in 2002, but that did not refer to the new principles brought in by the Code published by the Italian Stock Exchange "Borsa Italiana" in March 2006, as better examined in the specific paragraph on the matter hereinafter.

The corporate governance system adopted by Bulgari S.p.A., in compliance with the provisions of Italian law and the regulations set forth by the Italian Stock Exchange watchdog CONSOB, is designed to control and manage any company risks and to enable transparent communication with the market.

Hereafter is an explanation of the current corporate governance rules adopted by Bulgari S.p.A. (hereinafter the "Company") especially in light of the principles established by the Code of Ethics adopted by the company during the Board of Directors' Meeting of 10 March 2004.

At the end of this report there are summary tables regarding:

- The structure of the Board of Directors and Committees;
- The Board of Statutory Auditors
- Other provisions of the Code of Self-discipline.

the Company is the holding company of the Bulgari Group and owner of the trade name and trademark Bvlgari, which awards to the commercial companies the license to manage shops under the single brand name of Bvlgari in Italy and the rest of the world. Apart from its holdings in commercial companies, the Company also holds 100% of the sharecapital in the companies that manufacture and distribute watches, jewellery, perfumes and accessories under the Bvlgari brand. For an overall view of the company, refer to the group's organisational structures as at 31 December 2006 attached.

Bulgari S.p.A. is listed on the regulated Italian stock market and, as such, acts in compliance with due laws and rules issued from time to time. In particular, a great deal of attention is paid to market transparency with its shareholders via publication of press releases regarding the company's most significant economic operations and release of interim financial results.

Almost 52% of the share capital of Bulgari S.p.A. is held by members of the Bulgari family, by way of a shareholder pact the market has been informed of, while the remainder is free float. As at the date of this report, all shareholders with more than 2% of the share capital, pursuant to the received statements, are:

| | |
|--------------------------------|--------------------------|
| ✓ UNIONE FIDUCIARIA SPA | 51.46% of which : |
| ○ Paolo Bulgari | 23.53% |
| ○ Nicola Bulgari | 23.53% |
| ○ Francesco Trapani | 4.43% |

| | |
|--------------------------------------|-------|
| ✓ SCUDDER KEMPER INVESTMENTS INC | 2.71% |
| ✓ CAISSE DES DEPOTS ET CONSIGNATIONS | 2.23% |
| ✓ HARRIS ASSOCIATES Lp | 2.10% |
| ✓ OPPENHEIMERFUNDS INC. | 2.10% |

Board of Directors, role and composition, directors' compensation

The organisational structure of Bulgari S.p.A. is a traditional model; the Company is managed by a Board of Directors, the central body in the corporate governance system. All supervisory duties are in the hands of the Board of Statutory Auditors, while the auditing of the company's accounting books is handled by an external accounting firm appointed by the shareholders. The Board of Directors plays a central role in setting the group's strategies; it appoints and removes the CEO and sets the compensation for both the CEO and the other executive directors with special duties. The Board oversees the general management trend of the company with due regard to the information received from the CEO and, from time to time, compares the company results with those planned.

Following the Company's recent procedure governing operations with associated parties, as will be examined hereinafter, the Board examines and preventively resolves to carry out the operations with a greater impact on the Company and on its subsidiaries, as specified in the Procedure itself.

Though not yet provided for by any company statutory regulations, the Board generally meets at least once every quarter and, in any case, whenever a strategically important decision needs to be taken regarding the companies making up the Bulgari Group or any decisions that need to be taken that exceed, either by way of the subject matter or value, the powers awarded to the CEO and the Chairman of the Board of Directors. All Board Meetings are planned around a calendar that is approved at the beginning of the year in order to ensure the highest turnout of directors at meetings.

In 2006, the Board of Directors met six times; for the current financial year the Board has planned to meet not less than six times.

Well before a Board Meeting is due to take place, the Company provides the directors with all necessary information and documents they may need to ensure the Board of Directors can competently and knowledgeably discuss all such issues on the agenda.

All nominations for directors' positions, together with due information on the personal and professional traits of each nominee, and possibly with information demonstrating a nominee suitably qualifies for the position of independent director, are lodged – when the Board of Directors is being appointed after the previous Board of Directors' tenure has expired or when a director needs replacing – at the Company's registered office and at its Head Quarter at least fifteen days before the date of the pertinent Shareholders' Meeting. All nominees for a position on the Board of Directors are decided on the grounds that each nominee can actually spend the time necessary to perform their duties, with due consideration of the number of directors or statutory auditors holding positions on Boards of Directors of other companies listed on regulated stock markets, of financial institutions, banks, insurance companies or other companies of large size.

Based on the information received from directors, the Board of Directors notes and publishes in its annual report on Corporate Governance the names of such directors and statutory auditors that are members of other company boards of directors and their position on said boards of directors. This procedure is not governed by any company rules; it is now a consolidated part of the company's best practices.

The current Board of Directors was appointed by the shareholders during the Shareholders' Meeting of 29 April 2004 pursuant to the current Articles of Association, which does not yet provide for a list voting system. All nominating shareholders provide the Company with a profile of

their nominees giving a clear picture of the traits of the nominees so that shareholders can vote with due awareness.

The Board of Directors is composed of seven directors whose mandate shall expire at the end of the Shareholders' Meeting called to approve the financial statements as at 31 December 2006. The Board of Directors includes two executive directors with all such powers pursuant to art. 2381 of the Italian Civil Code and the Articles of Association:

- **Paolo Bulgari** - Chairman
- **Francesco Trapani** – CEO.

Five of the directors are non-executive, of which four, the majority of the Board of Directors, are independent directors, pursuant to the Italian Civil Code:

- **Francesco Ago** (independent)
- **Giuseppe Ansaldo**
- **Giulio Figarolo di Gropello** (independent)
- **Roberto Zanchi** (independent)

All the foregoing independent directors are indeed independent pursuant to the provisions of the Italian Civil Code since:

- a) they do not hold, whether directly, indirectly or for and on behalf of others, nor have they recently held, business relations with the company, its subsidiaries, its executive directors or shareholders with the controlling stake in the company such to consider their judgement may be influenced;
- b) they do not hold, whether directly, indirectly or for and on behalf of others, such shareholdings to allow them to exercise control over the company or exercise any influential control on the company, nor are they part of a shareholder pact exercising control on the company;
- c) they are not relatives of any of the executive directors of the company or anyone in any of the positions set forth in letters a) and b) above. The Board of Directors checks all requirements pertaining to a director's independent status from time to time.

Pursuant to the positions held by members of the Bulgari Board of Directors in other listed companies, including companies listed on foreign regulated markets, financial institutions, banks, insurance companies or companies of large size, the Company hereby makes it known that Director Mr Francesco Ago is a member of the Board of Directors of Acotel Group S.p.A., a company listed on the Italian exchange "Nuovo Mercato". No other members of the current Board of Directors is a director or statutory auditor in another listed company.

The members of the Board of Directors receive a yearly compensation package as established by the shareholders for their entire term in office as well as an expense account for all expenses incurred pertaining to their position. The Board of Directors oversees the division of the overall compensation package to each Director. Having first discussed the matter with the Board of Statutory Auditors, the Board of Directors decides the compensation due to the executive directors and, if the shareholders have not done so, the division of the overall compensation package due to each director.

The Chairman and CEO report to the Board of Directors from time to time on the most significant financial and economic operations. The Chairman and CEO, separately, may call Board meetings and coordinate proceedings.

With the help of the other directors and external advisors, the CEO makes every effort to ensure the Board is fully informed of the most significant new laws and rules that apply to the Company and the management bodies and oversees the handling of all Confidential Information and release of such "price sensitive" information to third parties, in compliance with the provisions of CONSOB rules and pertinent Company procedures, pursuant to the specific paragraph on the matter hereinafter. With regard to the foregoing, all the directors are duly urged to keep confidential

all the documents and information they may have access to during the normal conduct of their duties.

The Chairman of the Board of Directors and the CEO both have the broadest ordinary and extraordinary management powers; they are authorised, separately, freely and individually, to sign all documents pertaining to the sectors in which the company works. The Chairman has exactly the same powers as the CEO so that the company shall never find itself in a management “vacuum” in the event the CEO cannot for any reason perform his duties.

In addition to the exclusive powers granted under art. 2381 of the Italian Civil Code, the Board of Directors also has the following powers:

- in the event an outlay shall exceed thirty (30) million euro (or the equivalent sum in a foreign currency) for a single operation, the Board may resolve to acquire and sell stock, establish new companies or subsidiaries in Italy or abroad, perform capital operations in new or existing companies;
- in the event an outlay shall exceed thirty (30) million euro (or the equivalent sum in a foreign currency) for a single operation, the Board may resolve to enter into financial lending operations and release suretyship;
- in the event an outlay shall exceed two (2) million euro (or the equivalent sum in a foreign currency) for a single operation, the Board may resolve to acquire goods and services ;
- acquire and sell real estate property, except for any such operations with companies that are directly or indirectly controlled;
- sell and possess licenses on trademarks, names and rights to intellectual property and to inventions belonging to the company unless said operations are temporary agreements.

The Board shall also:

- ✓ appoint the Chairman, Deputy Chairman and Secretary from among its members, who need not be shareholders or directors;
- ✓ appoint the CEO from among its members and assign him with responsibility for, either singularly and severally from the other directors and wholly or partially, certain duties and powers and areas and sectors of activity and establish his compensation, in due compliance with the limits set forth by art. 2381 of the Italian Civil Code;
- ✓ establish the compensation due to the executive directors and directors with special duties, pursuant to art. 2389, paragraph 2 of the Italian Civil Code;
- ✓ assign and revoke all such mandates to such people that are not members of the Board of Directors, such as the Central Executives and/or other executives of the company, in so doing setting their boundaries and application criteria;
- ✓ refer to the shareholders by way of the Chairman.

Compensation Committee and Director Nomination Committee

The Compensation Committee, as set up during the Board Meeting of 10 March 2004 and composed by directors Giuseppe Ansaldo (Chairman), Roberto Zanchi and Francesco Ago, all non-executive directors, met twice in 2006 to suggest to the Board of Directors, based on the information received from the CEO, the adoption of certain general criteria regarding the compensation for directors with strategic responsibility. In so doing, the committee oversaw, based on the information received from the CEO, the application of the criteria and provided the Board of Directors with general recommendations thereto, including recommendations on any stock option plans to be resolved or shares to be assigned (for stock option plans already agreed upon) to the directors and executives of the company and the group.

During the Board Meeting in which the directors resolved to award employees of the Company and/or the group stock options for the capital increase resolved by the shareholders during the Extraordinary Shareholders’ Meeting, the Compensation Committee confirmed, also for 2006, it was in favour of awarding stock options as part of the compensation package for the top management.

The CEO's compensation is bound to Group results in that his compensation also includes a variable sum that is proportional to the group's consolidated net profit; he also benefits from a stock option plan which was resolved during an Extraordinary Shareholders' Meeting, having first heard the opinion of the Compensation Committee.

The Company has not set up a Director Nomination Committee given the makeup of the ownership, which has never encountered problems in nominating candidates.

Internal control

The Board of Directors is responsible for internal control matters, it sets the internal control guidelines and risk management criteria and, with the aid of the Internal Control Committee, periodically ensures the system meets requirements and is efficient, in so doing ensuring that the main company risks are pointed out and adequately handled.

The current internal control system is aimed at ensuring the company procedures are effective, efficient and economically viable, that they guarantee reliable and correct financial information, safeguard the Company assets and ensure the Company meets both internal and external rules and regulations.

The internal control system is performed by way of: (i) *line controls*, meaning a set of controls each operating function performs on its own procedures. The operating management is responsible for this control activity; it also ensures that the function has valid and efficient risk management procedures; (ii) *internal audit*, which reports to the pertinent Company internal control (Internal Audit). Said function, with suitable resources, is not hierarchically accountable to an operating area manager; it reports directly to the CEO, to the Internal Control Committee and to the Board of Statutory Auditors. The audit function, which has been extended to all the procedures and controls, oversees the risks and contributes to improving the risk management and control systems. It is the duty of the head of company procedures to establish what corrective actions are needed to oversee the risks and to put them into act.

Internal Control Committee

The Internal Control Committee is made up of the following directors: Roberto Zanchi (acting Chairman), Francesco Ago and Giulio Figarolo di Gropello, all of whom are non-executive independent directors with regard to the ownership of the company and company management. The Chairman of the Board of Auditors and/or other members of said Board and the CEO all help the Committee, as do other officers, executives and/or Company advisors as and when invited to do so.

Apart from helping the Board of Directors and the CEO in running and coordinating the activities of the Internal Control function, the Internal Control Committee advises and makes proposals on the following:

(i) it evaluates working plans prepared by the CEO and the head of the Internal Control function and receives a periodical report from them, (ii) it ensures, with the accounting manager and the company's auditors, that the company's accounting principles are adequate and meet the requirements for the consolidated balance sheets to be prepared, (iii) it evaluates the offers received from the external accounting firm in order for said firm to win the audit contract; it examines the working plan to be used to perform the auditing operations, the results in the report and in the letter containing any suggestions, (iv) it oversees the enactment and suitability of the Code of Ethics with the aid of the Internal Control function and/or, if necessary, external consultants and, lastly, (v) it reports to the Board of Directors, at least every six months - when the financial statements and the half-year reports are approved - on the activities performed and whether the internal control system meets requirements, having first carried out a thorough examination.

In ensuring that the Company activities are performed correctly, the Internal Control function is also responsible for: (i) periodically updating the internal control system, which is aimed at overseeing all rules and laws are duly complied with, safeguarding the company's assets and ensuring the financial information is reliable, (ii) performing all the necessary oversight activities to

ensure the internal control system is performed correctly and meet due requirements, (iii) reporting any breaches in the procedures or the codes of conduct, (iv) reporting any need to make changes to the internal control system.

The Internal Control Committee met four times in 2006. It examined the working plan prepared by the external accounting firm to audit Bulgari Group's accounts, and the results of the accounting firm's audit written in its "Letter of proposals on the internal control system and administrative and accounting procedures applied by the group". The Committee also oversaw the activities performed by the Internal Control function and examined and assessed the results of the internal audit actions, and approved the 2007 Audit Plan. The Committee also examined the additions to the Management, Organisational and Control Model pursuant to Italian Legislative Decree 231/2001.

Operations with associated parties

Without affecting the general principle that all operations with associated parties are to be performed in compliance with the rules on essential, substantial and procedural correctness, on December 5th, 2006 the Board of Directors of the Company set out the methods to approve and execute the operations agreed by the issuer, or its subsidiaries, with associated parties (as set forth by the international accounting principles IAS 24 and endorsed by CONSOB Note n. 2064231). It established, in particular, the specific operations that need to be approved by the Board of Directors, with or without the aid of independent experts who are required to provide fairness opinions or legal opinions, in the event the value or any other features of the operation with associated parties require them, the aim being to ensure that for said operations no conditions are agreed other than those that would have probably been agreed with non-associated parties.

The same procedure also sets out that in the event a director of the Company may have a personal interest in operations the Company intends to perform with associated parties, even by way of the Company's subsidiaries, said director shall promptly inform the Board of Directors in depth of said interest in the operation and the circumstances, whether potential or indirect. The Board of Directors shall then take the necessary decisions regarding said operation and the director with a personal interest in the operation shall be asked to leave the Board Meeting when the Board is called to vote on the resolution.

Relations with institutional investors and other shareholders

The Company has established a specific function within the Administration, Finance and Control area to enhance continual relations with the broader shareholder base, and specifically with institutional investors.

A specific area of the company's website (<http://ir.bulgari.com>) has been designed for all legal and financial notifications; this area has the latest updates of presentations circulated during the previous meeting with the financial community as well as press articles, the calendar of all the most important company events, the financial statements and consolidated balance sheets for the previous years, the quarterly and half-yearly reports as well as all the management reports and the issues put before the general meetings of shareholders for approval. This area of the Company's website also includes the updated version of the Articles of Association, the Rules governing Shareholders' Meetings, the composition of the management bodies and information on the company's Corporate Governance.

There is also a mailing list function so people can apply to receive the information they are interested in. The Structure has also provided an e-mail address - investor.relations@bulgari.com - so institutional investors and financial analysts can obtain information on the strategy and/or the financial/operating performance of Bulgari S.p.A. and the group.

During 2006, the Company also organised meetings with the financial community. As regards the circulation of information to the general public, the company complied with the

principles contained in the “Guidelines on the Release of Information to the Market ” issued by the Italian stock exchange company Borsa Italiana S.p.A.

All press releases regarding resolutions on the approval of financial statements, the half-year reports, the quarterly reports and the extraordinary decisions or operations that may have been subject to approval by the management body are preventively put before the Board of Directors for scrutiny and approval or, if it should not be operationally possible to do so, for the scrutiny and approval of the CEO.

All communications and relations with the press and institutional and private shareholders are run by the External Relations Office (Mr Paolo Piantella – paolo.piantella@bulgari.com, tel. 06.68810593) and the Investor Relations Officer (Ms Renata Casaro, renata.casaro@bulgari.com, tel. 06.68810467).

In compliance with the rules set forth by CONSOB, the Company’s Board of Directors has approved the new “Procedure for the circulation to the market of operations performed by Key People and by people closely tied to said Key People” pursuant to the new provisions contained in the Issuers Rules; said procedure, which will replace the Code on Internal Dealings, has also been published in the specific area of the company’s website for financial and legal notifications. This procedure requires the Key People, as duly defined, to inform CONSOB and the company, within the fifth day of market opening after operations begin, of all purchase, sale, subscription or share swap operations on Bulgari shares that they intend to undertake for a total sum of over 5,000 (five thousand) euro per Key Person.

Handling of company information

All Company personnel and, in general, anyone having business relations with the company (including the directors and the members of the board of auditors) shall keep confidential any all information and documents they may have access to during the normal conduct of their duties and shall comply with the Company’s procedures in force since 2004 regarding the internal management and external communication of said information and documents (“Information care and Confidentiality policy”).

With particular reference to the latter, during the meeting of 14 November 2006, the Board of Directors of the Company adopted the procedure pertaining to the internal handling and external communication of documents and information regarding Bulgari S.p.A, with particular reference to “Confidential Information ” as set forth in art. 114, paragraph 1 of the T.U.F. (Inside Information Procedure). In view of said procedure, the directors, the heads of the various Company’s departments and anyone with access to information and documents regarding Bulgari S.p.A. or the group, as acquired during the normal conduct of their duties, are required to keep said information and documents confidential and to make use of the foregoing for company purposes only. This procedure also governs the way the said information is disclosed to the public, pursuant to the provisions of law.

In compliance with the CONSOB rules, on 27 March 2006 the Company adopted the new “Procedure for the circulation to the market of operations performed by Key People and by people closely tied to said Key People” (Internal Dealings Procedure) to replace the Code on Internal Dealings. The aims of the procedure are to ensure the greatest degree of transparency and uniformity of information to the market regarding the conduct of staff with a particular role in the decisional process and the information in their possession regarding the management and economic-financial prospects of the company. The procedure provides that the Key People shall inform CONSOB and the company, within the fifth day of the market opening after operations begin, of all purchase, sale, subscription or share swap operations on Bulgari shares that they may undertake for a total sum of over 5,000 (five thousand) euro per Key Person.

Lastly, in compliance with art. 115-bis of Italian Legislative Decree n. 58 dated 24 February 1998, and CONSOB Rule n. 11971, during the meeting of 27 March 2006 the Board of Directors of Bulgari S.p.A. adopted the “Register of people with access to “confidential information” within

Bulgari S.p.A.” and duly adopted the procedure to “Keep and update the Register of people with access to confidential information within Bulgari S.p.A.”

All the above procedures are published in the pertinent area of the Company’s website for financial and legal notifications and on the website www.bulgari.com.

Rules governing Shareholders’ Meetings

The Company has adopted Rules to govern the ordinary and functional performance of Shareholders’ Meetings, thereby ensuring each shareholder is given the chance to intervene on the issues under discussion. The full set of Rules is available on the company’s website.

Board of Statutory Auditors

Pursuant to the provisions of Italian law TU 58/1998, the Articles of Association provide for a “list voting” mechanism in order to guarantee the minority shareholders are duly represented on the Board of Statutory Auditors. In compliance with the Articles of Association, all nominations for positions on the Board of Statutory Auditors are filed with the company’s registered office before the Shareholders’ Meeting is held, together with, as is now normal practice, the curriculum vitae of each nominee. Upon appointing statutory auditors and before they accept their positions, the shareholders are provided with the names of those statutory auditors and the administrative and control functions performed as members of other company’s boards of statutory auditors. Every quarter, statutory auditor are provided with a report on the main economic and financial operations under execution.

The term in office of the current Board of Statutory Auditors, which is made up of Mr Maurizio De Magistris, Ms Stefania Libori and Mr Francesco Mariano Bonifacio - Statutory Auditors - and Ms Odilia Petrolillo and Mr Fabrizio del Franco - Substitute Auditors -, shall expire when the financial statements ending 31 December 2007 are approved. In 2006, The Board of Statutory Auditors was present at all the meetings of the Internal Control Committee .

With regard to the positions held by the statutory auditors in other listed companies, including companies listed on foreign regulated markets, the company hereby makes it known that Mr Francesco Mariano Bonifacio is also a Statutory Auditor of the company Autostrade Meridionali S.p.A.

As part of their duties, the Board of Statutory Auditors may ask the internal audit office to carry out controls on specific operating areas or operations performed by the company. The Board of Statutory Auditors and the Internal Control Committee promptly exchange the required information for them to perform their duties.

Code of Ethics

The cornerstone of the group’s corporate governance system consists of the fundamental codes of conduct and the procedures governing internal conduct, in compliance with the principle of transparency, correctness and fairness.

In particular, the Code of Ethics, which the Company adopted on 10 March 2004, is a set of values informing people of the activities performed by the company and is today continually under scrutiny and duly updated. This document may be amended and updated when the provisions under the law on savings, “Legge sul Risparmio”, (asset management) come into force (law n. 262 of 28 December 2005).

Organisational, management and control model, pursuant to Italian Legislative Decree 231/2001.

Italian Legislative Decree 231/2001, pertaining to “*Rules on administrative liability of legal entities, companies and associations, including those without legal personality*” is embodied into

the Italian legal system whereby companies are administratively liable for offences committed by any of its directors, executives and employees in the interest of or to the advantage of the company.

In 2005, the Board of Directors approved the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 and appointed a collegiate body of three members to act as a Regulatory Body: two external members who are experts in legal matters (Professor of Law and lawyer Mr Bruno Assumma, acting Chairman, and lawyer Mr Cristiano Fava) and the head of the Internal Control function (Ms Lucilla Marchetti). The foregoing Model was also approved on the grounds of the guidelines regarding trade associations and with the help of external consultants.

The Regulatory Body, with due decisional and control powers, is authorised to update the Model based on any changes to pertinent laws and/or the company's organisational structure, to oversee the performance and observance of the Model and to ensure the Company's personnel are aware of the information in the Model. These activities are aimed at continually ensuring the Model is efficient and suited to needs. In 2006, the Regulatory Body met four times and provided the Board of Directors and the Internal Control Committee with due reports. The Regulatory Body also updated the Model in order to comply with new law 262/2005 ("Legge sul Risparmio") and the law on international crime (Law 146/2006). The Regulatory Body also carried out an intensive personnel training programme regarding the provisions of Italian Legislative Decree 231/2001.

Lastly, in 2006 Bulgari Gioielli S.p.A., Bulgari Italia S.p.A. and Bulgari Parfums Italia S.p.A., all of which are 100% owned by Bulgari S.p.A., adopted their own Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001; said Model was approved and adopted by the pertinent Boards of Directors.

Report on the application of the Self-disciplinary Code issued by Borsa Italiana in March 2006

In compliance with Section IA.2.6 of the "Instructions to the Rules on Organised and Managed Markets" issued by Borsa Italiana S.p.A., the Company referred to the Self-disciplinary Code issued by Borsa Italiana in March 2002 to draft its annual report on corporate governance, with due regard to the fact that the tenure of the entire Board of Directors is due to expire and that when the new members are elected the principles of the Self-disciplinary Code will be taken into consideration, particularly the new requirements that (i) board members shall be independent, (ii) at least one of the members to be elected to the Internal Control Committee shall be proficient in accounting and financial matters.

Articles of Association

On approving the financial statements for financial year 2006, the shareholders shall meet in an Extraordinary Shareholders' Meeting to adopt the amendments to the Articles of Association in order to adapt the current Articles of Association to the provisions of the new law on savings "Legge sul Risparmio" (Law n. 262, 28 December 2005).

The main amendments to the Articles of Association regard:

1. the introduction of a "list voting" system for the election of directors;
2. introduction of a minimum number of participants for a list of nominees to be filed, in any case not greater than 2.5% of the equity capital ;
3. the way the Chairman of the Board of Statutory Auditors is elected from auditors nominated by the minority shareholders;
4. the way an executive required to prepare the accounting documents is appointed.

TABLE 1: BOARD OF DIRECTORS and COMMITTEES

| <u>Board of Directors</u> | | | | | | <u>Internal Control Committee</u> | <u>Compensation Committee</u> |
|---|-----------------------------|-----------|---------------|-------------|---------------------------|--|--------------------------------------|
| Position | Names | Executive | Non-executive | Independent | Number of other positions | | |
| Chairman | Bulgari Paolo | X | | | | | |
| <i>Deputy Chairman</i> | Bulgari Nicola | | X | | | | |
| CEO | Trapani Francesco | X | | | | | |
| Director | Ago Francesco | | X | X | 1 | X | X |
| Director | Ansaldo Giuseppe | | X | | | | X |
| Director | Figarolo di Gropello Giulio | | X | X | | X | |
| Director | Zanchi Roberto | | X | X | | X | X |
| Number of meetings during reference financial year | 6 | | | | | 4 | 2 |

TABLE 2: BOARD OF STATUTORY AUDITORS

| Position | Names | Number of times participated in Board Meetings and percentage | Number of other positions** |
|--|-----------------------------|--|------------------------------------|
| Chairman | De Magistris Maurizio | 6 out of 6 (100%) | |
| Statutory Auditor | Libori Stefania | 6 out of 6 (100%) | |
| Statutory Auditor | Francesco Mariano Bonifacio | 5 out of 6 (83%) | 1 |
| Substitute Auditor | Odilia Petrolillo | - | |
| Substitute Auditor | Dott. Fabrizio del Franco | - | |
| Number of meetings held during reference financial year: 13 (including meetings pursuant to law TU58/1998) | | | |
| Specify the quorum required for lists from minority shareholders to be filed for the election of one or more statutory auditors (art. 148 TUF): 3% of the equity capital with voting rights in an ordinary shareholders' meeting. | | | |

TABLE 3: OTHER PROVISIONS OF THE SELF-DISCIPLINARY CODE

| | YES | NO | Summary of reasons for any shift from the Code recommendations |
|---|-----|----|--|
| Delegation system and operations with associated parties | | | |
| Does the BoD have delegation powers to set: | | | |
| a) limits | X | | |
| b) application methods | X | | |
| c) and when information is released? | X | | |
| Does the BoD have the right to examine and approve operations with particular economic, company asset and financial relevance (including operations with associated parties)? | X | | |
| Has the BoD set guidelines and criteria to establish the “most significant” operations? | | X | |
| Are the above guidelines and criteria described in the report? | | X | |
| Has the BoD defined specific procedures to examine and approve operations with associated parties? | X | | |
| Are the procedures to approve operations with associated parties described in the report? | X | | |
| | | | |
| Procedures in the recent election of members of the Board of Directors and Board of Auditors | | | |
| Does the filing of nominees for members of the BoD occur at least fifteen days before the election date? | X | | |
| Are nominations for directors backed by exhaustive information on nominees? | X | | |
| Are nominations for directors backed by information on the nominees’ suitability to qualify as an independent director? | X | | |
| Does the filing of nominees for members of the Board of Auditors occur at least fifteen days before the election date? | X | | |
| Are nominations for statutory auditors backed by exhaustive information on nominees? | X | | |
| Shareholder Meetings | | | |
| Has the company approved the Rules to the Shareholders’ Meetings? | X | | |
| Are the Rules attached to the report (or mentions where it can be obtained/downloaded)? | X | | |
| | | | |

| | | | |
|---|--|--|--|
| Internal controls | | | |
| Has the company appointed people for internal control? | X | | |
| Are the above people independent of heads of operating department? | YES | | |
| Internal control body (art. 9.3 of the Code) | Lucilla Marchetti Lungotevere Marzio, 11 Tel. 06.68810418 – fax 06.68810614 Lucilla.Marchetti@bulgari.com | | |
| | | | |
| <i>Investor relations</i> | | | |
| Has the company appointed an Investor Relations Officer? | YES | | |
| Organisational and information office (address/telephone /fax/e-mail) of the Investor relations Officer | Renata Casaro Lungotevere Marzio, 11 Tel. 06.68810467 – fax 06.68810614 Renata.casaro@bulgari.com | | |

Rome, 22 March 2007
For the Board of directors
The Chairman
Paolo Bulgari