

## **Report of the Board of Directors for the appointment of the Board of Statutory Auditors**

Ordinary Part – 4th point on the agenda

General Meeting of 18/4/2008

Shareholders,

Following the expiry of the 3-year appointment conferred upon the Board of Statutory Auditors by resolution of the General Meeting of 28 April 2005, pursuant to the provisions of Art. 148 – para. 1 and 2 of the Italian Legislative Decree 24 February 1998, No. 58, it is necessary to appoint the members of the Board of Statutory Auditors, whose term expires with the approval of the financial statements at 31 December 2007.

Pursuant to Art. 17 of the Articles of Association, the Board of Statutory Auditors shall consist of three standing members and two alternate members.

The appointment of the Board of Statutory Auditors shall take place on the basis of lists presented by the Shareholders in which the candidates are listed with a progressive number, and in any case with a number of names not exceeding that of the Board members to be elected. The list consists of two sections: one for candidates for the office of Standing Auditor, and another for candidates for the office of Alternate Auditor.

In accordance with the Articles of Association, entitlement to present these lists is accorded only to those Shareholders who, on their own behalf or by proxy, alone or in a group, are as a whole owners of shares with voting rights representing at least 3% of share capital with voting rights in the General Meeting, or another minimum percentage determined, up to the maximum amount allowed, by provisions of laws, regulations or decrees.

In this regard we inform you that the CONSOB, by resolution No. 16319 of 29 January 2008, has indicated the percentage of shareholdings for the presentation of the lists of candidates for the election of the administrative and supervisory bodies of the

companies, which closed the financial year at 31 December 2007.

With reference to Bulgari S.p.A. the CONSOB has indicated the minimum percentage of 1.5%.

It is recalled that no single shareholder nor the Shareholders who have jointly presented a list, who belong to the same Group or sign a shareholders' agreement concerning the shares of the Company, may present more than one list or vote different lists, not even through a third party or a trust Company. Each candidate may stand in one list only, and on the contrary shall be declared non-eligible. The lists presented shall be deposited at the registered offices of the Company at least 15 days before the date set for the General Meeting upon first summons. The declarations by which the individual candidates accept the candidacy and certify, under their own responsibility, the lack of any causes of non-eligibility and incompatibility, as well as the existence of the qualifications required by law and the Articles of Association for the offices concerned, shall be deposited together with each list within the term set forth above. The list for which the above conditions are not observed shall be deemed not to have been presented.

Should only one list be presented, the first three candidates in progressive order shall be elected as Standing Auditors and the fourth and fifth candidates shall be elected as Alternate Auditors. In this case, the Chairmanship of the Board of Statutory Auditors shall be assigned to the first candidate of the only list deposited.

Should two or more lists have the same number of votes, the entire General Meeting shall vote again on the candidates indicated in these lists, with the candidates obtaining the simple majority of votes being elected.

The aforesaid regulations for the election of Auditors shall not be applied if no list has been presented within the terms and the procedures stated above.

In all the latter cases the General Meeting shall vote with the majorities required by law.

In the light of the resolution by the Board of 11 March 2008, in compliance with the provisions contained in Art. 148 Consolidation Act (T.U.) 58/1998, you are invited to undertake the appointment of the members of the Board of Statutory Auditors for the 3-year period 2008 - 2010 and to determine their fees.

Rome, 11 March 2008

For the Board of Directors  
The Chairman  
Paolo Bulgari