

**Illustrative report of the Board of Directors of Bulgari S.p.A. (the “Company”) for the ordinary and extraordinary shareholders’ meetings called in first and second call on 21 and 22 July 2009 respectively to discuss and adopt a resolution on the proposal to amend the resolution adopted by shareholders on 16 April 2009 authorising the purchase of treasury shares.**

**Point I on the agenda of the ordinary part of the meeting**

Shareholders,

The Board of Directors considered it appropriate to convene you in order to submit for your approval a proposal to amend the resolution adopted by you on 16 April 2009 concerning the purchase and sale of treasury shares.

On 16 April 2009 the ordinary shareholders’ meeting of Bulgari S.p.A. authorised, for a period of 18 months, the purchase of 30,000,000 (thirty million) ordinary shares of the Company at a unit price ranging between a minimum of Euro 1.5 and a maximum of Euro 10, within the limits of law and in any case up to a maximum comprising the distributable profits and available reserves as stated in the most recent set of approved financial statements.

The alternative objectives underlying the authorisation of this purchase, as discussed in the illustrative report of the Board of Directors of 11 March 2009 supporting the shareholders’ resolution, were as follows: (i) to assist in stabilising movements in the share price and the liquidity of the share on the stock market or (ii) to create a portfolio of treasury shares which may then be used to service an issue of convertible bonds or bonds with warrants or (iii) to enable share capital to be reduced by cancelling the shares.

On 10 June 2009 the Company signed a Subscription Agreement with Goldman Sachs International under which Goldman Sachs International undertook to find subscribers or, in default, to subscribe directly to the index-linked bonds entitled “100% Equity Linked Bonds due 2014” (referred to in the following as the “Index-linked Bonds”) having a value of Euro 130 million, subsequently increased to Euro 150 million following the exercising by Goldman Sachs International on 15 June 2009 of its over-allotment option.

Each Index-linked Bond assigns to its holder the right to request early redemption in cash any time after the issue date for a period ending seven days before the due date of the Index-linked Bonds.

Under the regulations for the Index-linked Bonds the Company may, at its discretion, decide to satisfy the request made by the bondholder for early redemption in cash by delivering ordinary shares of the Company which are either newly issued or treasury shares.

At its meeting of 16 June 2009 the Company’s Board of Directors decided that it would be useful to make an addition to the current resolution authorising the purchase of treasury shares in order to introduce as part of the objectives of the resolution the possibility of: (i) making purchases on the market for the purpose of taking defensive action against a hypothetical public tender offer and/or public exchange offer which the Board considers to be “hostile”, (ii) creating a portfolio of treasury shares that may be used to service an issue of index-linked bonds, including the Index-linked Bonds as per the Subscription Agreement signed on 10 June 2009 with Goldman Sachs International, or to service the issue of other financial instruments that provide in any form for redemption in shares

and (iii) satisfying the obligations resulting from programmes for granting stock options or shares to directors and employees of the Company and the Group, whether for consideration or not.

The Board of Directors would like to point out that in the light of the recent changes introduced by Decree Law no. 185/08, converted into Law no. 2 of 28 January 2009, which amongst other things repealed - save express statutory decision in that sense - the passivity rule as per article 104 of Legislative Decree no. 58 of 24 February 1998, resolutions for shareholder authorisation and the decision to make purchases for the purpose of taking defensive action against hypothetical “hostile” public tender offers and/or public exchange offers may be adopted with ordinary responsibilities and quorums.

In respect of the matters discussed above the following resolution is submitted to the ordinary meeting of shareholders for approval:

“Without altering the shareholders’ resolution of 16 April 2009, to authorise the purchase of treasury shares within the terms and limits and by the means provided by the resolution of the shareholders’ meeting adopted on 16 April 2009 and in any case in compliance with applicable laws and regulations additionally (i) for the purpose of taking defensive action against hypothetical “hostile” public tender offers and/or public exchange offers, (ii) to create a portfolio of treasury shares that may be used to service present or future issues of index-linked bonds, including the Index-linked Bonds as per the Subscription Agreement signed on 10 June 2009 with Goldman Sachs International, or to service future issues of other financial instruments that provide in any form for redemption in shares and (iii) to satisfy the obligations resulting from programmes for granting stock options or shares to directors and employees of the Company and the Group, whether for consideration or not.”

Rome, 16 June 2009

On behalf of the Board of Directors

The Chairman

Paolo Bulgari