



PRESS RELEASE
MARIELLA BURANI FASHION GROUP
Cavriago (RE), December 9, 2009

Report from the Board of Directors of MBFG and determination of the measures to be taken to cover losses at September 30, 2009 as per articles 2446 and 2447 of the Civil Code

The Board of Directors of Mariella Burani Fashion Group, yesterday, December 8, 2009, approved and published a report on the capital structure of the Company at September 30, 2009, as per articles 2446 and 2447 of the Civil Code and article 74 of Consob regulation 11971/98, as an update to the report published on October 23, 2009 on the capital structure of the Company at June 30, 2009.

The new report has been prepared for the Extraordinary Shareholders meeting convened on third call on December 16th, 2009 (originally scheduled on October 30th, 2009, in first call, and on November 16th, 2009, in second call) to request shareholder approval of the measures proposed by the Board to replenish losses registered in the nine month period ended September 30, 2009 of Euro 104.3 million. Proposed measures include the injection of Euro 83.5 million of financial resources to replenish losses registered at September 30, 2009 and to restore shareholder's equity.

The Board of Directors agreed to propose to shareholders the following measures to be taken in order to replenish the above mentioned Euro 104,340,961 million of losses:

- (i) apply the existing capital reserves of Euro 18,049,593 towards reducing losses of the period, which would then leave Euro 86,291,368 of losses to be replenished;
- (ii) reduce the existing share capital, subject to the fulfillment of the capital increase referred to below, in paragraph (iii), from Euro 15,552,000 to Euro 120,000 which would then leave Euro 70,859,369 of losses still to be replenished;
- (iii) increase the Company's share capital by Euro 83,497,495, via the issuance of ordinary shares, to be offered, via options, to existing shareholders at a price, including any eventual share premium, not higher than Euro 2.574 per share. The price, to be determined by the Board of Directors, will be communicated to shareholders and the market in proximity to the capital increase, taking into account the most recent market price, norms for similar transactions, and the fact that options to acquire the newly issued shares will be offered to shareholders in proportion to existing share ownership;



- (iv) grant the Board of Directors the authority to freely allocate to third parties options to underwrite the remaining (un-opted) shares after having offered the options to the market as per article 2441, paragraph 3 of the Civil Code;
- (v) replenish the remaining loss of Euro 70,859,369 - subject to the successful completion and to the effectiveness of the capital increase referred to in the previous paragraph (iii) - by applying excess reserves and/or newly reducing the share capital (increased as indicated above) by Euro 70,859,369, without any share cancellation.

With respect to the potential conclusion of a debt restructuring plan with the financial institutions, and pursuant to the last press release, published on November 27, 2009, numerous meetings have been held during the past few weeks, and continue to be held, between the advisors of the Company and the advisors nominated by the lending banks, in which constructive discussions have taken place regarding a preliminary plan proposed by the Company for restructuring the outstanding debt of the subsidiary companies included in the transaction.

The lending banks have requested further information in order to come to a conclusion regarding the proposal received from the Company. The banks, with their respective advisors, will communicate their resolutions to the Company after having reviewed and analyzed the additional information. At this time, the Board of Directors does not believe that the debt restructuring agreement will be agreed prior to the date scheduled for the Shareholders meeting.

Should the restructuring plan be approved before the resolution of the capital increase, it could provide for, in the context of a more complex transaction, a significantly different structure of the capital increase from the one currently on the Agenda of the next shareholder meeting. In this case, the Board of Directors would examine, given the agreed restructuring plan, the necessity of adopting further resolutions in order to pursue the Company's re-launch.

Should the restructuring plan be not concluded prior to the shareholders meeting, and the share capital increase be proposed for shareholders' approval in accordance with the terms described in the report published today, the controlling shareholder, Walter Burani, could not confirm his undertaking to adhere to the recapitalization of MBFG for a minimum sum of Euro 50 million (please refer to the Agenda of the shareholders meeting as per article 3 of the Ministerial Decree n. 437/98 published on October 15, 2009 paragraph "Shareholders which have manifested interest in subscribing to the capital increase in proportion to shares owned"). The Board cannot exclude the possibility that, in case the restructuring plan is not concluded, or the terms of negotiation of such a plan are not extended past the date originally agreed for the Shareholders meeting, Walter Burani could decide to renounce its adherence to the share capital increase of the Company.



In any case, should the restructuring plan not be concluded and the proposal to recapitalize the Company not be approved – due to the majority shareholder not adhering to the capital increase – the Board of Directors would have to consider the existence of a cause for winding up of the company as per article 2484, paragraph 4 of the Civil Code, thereby resorting to the procedures as provided by applicable law.

Even if the proposed capital increase was approved, a mandate would be conferred by shareholders to the Board of Directors to consider the occurrence of a cause for winding up, including resorting to the procedures provided by applicable law if, (i) within February 12, 2010 inclusive, the Company does not receive evidence of a binding commitment from majority shareholders and/or third parties to replenish the remaining losses and to restore shareholder's equity (such evidence may take various forms and, for example, may include receivables conversion and/or evidence of the realization of contingent assets, but must be sufficient to replenish the remaining losses and to restore shareholder's equity), or (ii) within April 16, 2010 inclusive, the Company does not receive the liquidity and/or does not receive as compensation receivables, of any nature as long as they are certain, liquid, and collectible based on the accounting principles of the Company, and/or there is no evidence of the realization of contingent assets, sufficient to replenish the remaining losses and to restore shareholder's equity.

Moreover, in the case in which the restructuring plan was agreed upon after the date scheduled for the shareholders meeting, the Board of Directors will evaluate, in accordance with the time frame required by law, other options opportune for the completion of the restructuring that could also include the convocation of a new Shareholders meeting with a revised agenda that takes into consideration such restructuring agreement.

Finally, the Board of Directors has evaluated the Company's cash flow requirements, based on specific assumptions regarding projected cash outflows and possible cash inflows expected within the next few weeks. The receipt of such inflows will be closely monitored by the Board of Directors. If the expected cash inflows are not realized, the Board of Directors would evaluate adopting more opportune measures sooner, notwithstanding the expiration date of the proposed recapitalization.

The new Report on the capital structure of the Company as of September 30, 2009, published today, is to be read, in conjunction with (i) the Report from Directors pursuant to article 72 of Consob Regulation and (ii) the Notice as per article 3 of Ministerial Decree n. 437/98, already deposited and published on October 15, 2009 in the section Investors of the company website, www.mariellaburani.com.

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