



PRESS RELEASE

MARIELLA BURANI FASHION GROUP

Cavriago, October 29, 2009

Report from the Directors of MBFG and determination of the measures to be taken to cover losses pursuant to Articles 2446 and 2447 of the Civil Code

On October 23, 2009, the Board of Directors of Mariella Burani Fashion Group S.p.A. approved and published a report on the equity structure of the Company on June 30, 2009 (pursuant to Articles 2446 and 2447 of the Civil Code and Article 74 of Consob Regulation No. 11971/98). This report was published for the shareholders meeting convened - in first call on October 30, 2009 and in second call on November 16, 2009 - to submit to the shareholders the approval of the measures necessary to cover losses registered in the first half-year ended June 30, 2009 by means of the contribution of new financial resources, for a total amount equal to € 83.5 million to cover the registered losses and to reconstitute shareholder's equity to prior levels.

The Board of Directors deliberated to submit to shareholders the approval of the following measures in order to replenish the € 83.5 million loss:

- (i) To apply all existing capital reserves for an amount equal to Euro 16.641.805,7 for the purposes of partially reducing the losses of the period, which would be consequently decreased to Euro 66.855.689,27 of losses to be replenished;
- (ii) To apply the existing share capital for an amount equal to Euro 15.551.999,84 for the purposes of partially reducing the losses of the period, which would be consequently decreased to Euro 51.303.689,43 of losses to be replenished;
- (iii) To integrate and increase the Company's share capital in a divisible manner, for a total of Euro 83.502.276,06, including a share premium equal to Euro 67.950.276,22 to be realized with the issue of 29.907.692 options to existing shareholders for new common shares in a ratio of one new common share for each common share held prior to the recapitalization, at a price of Euro 2,792 per share, of which 0,52 (fifty two cents per share) is par value per share and Euro 2,272 (two and two hundred seventy two euro per share) of premium per share;
- (iv) Recovery of the remaining losses of Euro 51.303.689,43 with the above noted share premium reserve.



As communicated with the press release issued on October 28, 2009, Mariella Burani Family holding S.p.A., the Company's majority shareholder - holding an equity interest of approximately 71%, and indirectly controlled by Mr. Walter Burani - sent a letter to the Company declaring its intention not to attend said shareholder meeting. The controlling shareholder supported its decision not to attend said shareholder meeting by the fact that it intends to postpone all decisions concerning the recapitalization of MBFG until the possible conclusion of the restructuring agreement in course of negotiation between the Company and its lending institutions.

The conclusion of negotiations with the financial institutions prior to the shareholders meeting was a condition precedent to the effectiveness of the undertaking of the controlling shareholder, Mr. Walter Burani to support the recapitalization of MBFG for a minimum amount of Euro 50 million (please refer to the Report on the items on the Agenda of the shareholders meeting published on October 15, 2009 paragraph "Shareholders which have manifested interest in subscribing to the capital increase in proportion to shares owned" and to the Report on the Equity Structure of the Company on June 30, 2009 pursuant to Articles 2446 and 2447 of the Civil Code and Article 74 of Consob Regulation No.11971/98 published on October 23, 2009, paragraph "Proposals regarding the steps to be taken in order to replenish the losses and for the eventual capital increase"). The Board can not exclude the possibility that, should the restructuring plan not be concluded, or the negotiation thereof be protracted after the date fixed for the Shareholders meeting, Mr. Walter Burani could decide to renounce adherence to the share capital increase.

On the other hand, it should be noted that, if concluded, the structure and terms of the restructuring agreement, might provide in the context of a more articulated complex of transactions, for a significant change of the recapitalization transaction from the structure originally proposed in the Agenda to the shareholders meeting.. Therefore, in case the conclusion of the restructuring agreement was reached prior to the date of the shareholders meeting (also in second call), the Board of Directors would analyze, based on the terms of such restructuring agreement, the adoption of additional deliberations which may be necessary in order to re-launch the Company's operations.

It should also be noted that, in the case in which a restructuring plan was not agreed upon and the proposal to recapitalize the Company was not approved – also as a function of the majority shareholder not adhering to the capital increase – even in second call, the Board of Directors would have to review the admission of the Company to a court review, as provided by applicable law.

Contacts:

Investor Relations and Strategic Development: Carol Brumer, tel. (+39) 02 76420111 e-mail: cbrumer@mariellaburani.com

Corporate Communication: Daniela Zari, tel. (+39) 02 76015354 e-mail: dzari@mariellaburani.com