

**REPORT OF THE BOARD OF DIRECTORS OF DAMIANI S.P.A.
ON THE RESIGNATION OF DIRECTORS AND RENEWAL OF THE BOARD OF
DIRECTORS PURSUANT TO ARTICEL 3 OF THE MINISTERIAL DECREE NO. 437
OF 5 NOVEMBER 1998**

Dear Shareholders,

Pursuant to Article 3 of the Ministerial Decree No. 437 of 5 November 1998 as well as Article 84 of the Consob Resolution No. 11971/1999 (so called, "Regulation of Issuers"), as subsequently amended and supplemented, the Board of Directors of Damiani S.p.A. (hereinafter referred to as the "Company" or the "Issuer") makes available – together with the further documentation – an explanatory report concerning the renewal of the Board of Directors, which is one of the items included in the agenda of the shareholders' meeting called, in both ordinary and extraordinary sessions, at the registered office of the Company in Valenza (AL), Viale Santuario 46, on 3 April 2009 at 6:30 PM on first call and, if necessary, on 6 April 2009 on second call at the same place and time.

The items on the agenda of the shareholders' meeting are specifically the followings:

Ordinary session:

1. Renewal of the Board of Directors, upon determination of the number of its members, following the resignation of directors; related and consequent resolutions.

Extraordinary session:

1. Modification of Article 1 of the Company's By-law with integration of the Company's name; related and consequent resolutions.

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In order to streamline the structure of the Company to face the current market conditions, the Board of Directors of the Issuer has convened a shareholders' meeting to propose the appointment of a new Board of Directors made of a reduced number of directors.

In this regard, please note that the appointment of the new Board of Directors will take place by voting lists of candidates, as per Article 16 of the Company's By-laws, upon determination of the number of its members by the Shareholders' Meeting.

Therefore, shareholders who represent at least 2.5% of Company's share capital (made up of ordinary shares) can present a list of up to a maximum of 15 candidates, listed progressively by numbers; at least 2 candidates, ranking at least at the fourth and the seventh position of the lists, must own the requirements of independence set forth for the auditors by Article 148 of the Legislative Decree n. 58/98.

The lists of the shareholders shall be validly presented if deposited at Company's register office at least fifteen days before the date of first call of the Shareholders' meeting; together with the lists, the following documents have to be deposited: (i) the certification released by a qualified intermediary certifying the ownership of the number of shares necessary to present the lists; (ii) indication of the identity of the shareholders presenting the lists and the percentage of shares held altogether; (iii) a *curriculum vitae* outlying the personal and professional qualifications of each candidate, including the requirements of independency set forth by the Law for company auditors, as well as the possible requirements for the qualification as "independent director" pursuant to the Code of Conduct of Listed Companies that the Company is complying with; and

(iv) the further certificates and statements required by the same Article 16 of the Company's By-laws.

The appointed directors shall be determined as follows:

- all the directors except one will be taken – with the same order they are presented in the relevant list – from the list which obtains the majority of the shareholders' votes;
- the remaining director will be taken from the list which receives the majority of votes after the first list above, and which is in no way connected, not even indirectly, to the members that presented or voted for the first list.

Pursuant to the Company's By-laws, the lists that do not receive a percentage of votes at least equal to half of the percentage required to present the lists will not be considered for the appointment.

In case only one list is presented or admitted, the directors will be taken from that same list.

In the event no list is presented, the shareholders' meeting shall resolve with the majorities of Law, without following to the described procedure.

Milan, 2 March 2009

On behalf of the Board of Directors
the Chairman
Guido Grassi Damiani