

**REPORT OF THE BOARD OF DIRECTORS OF DAMIANI S.P.A.
REGARDING THE AGENDA OF THE ORDINARY SESSION OF
THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 3 OF
MINISTERIAL DECREE NO. 437 DATED 5 NOVEMBER 1998**

Dear Shareholders,

Pursuant to Article 3 of Ministerial Decree No. 437 of November 5, 1998 as well as pursuant to Consob Resolution No. 11971/1999 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 an explanatory report concerning the items included in the agenda of the Shareholders' meeting called, in both ordinary and extraordinary sessions, by means of a notice published in the daily newspaper "La Repubblica" on 15th June 2010 at the registered office of the Company in Valenza (AL), Viale Santuario, 46, on 21 July 2010 at 6:00 pm on first call and, if necessary, on 30th July 2010, on second call at the same place and time, to discuss the following agenda:

Ordinary session:

- 1. Presentation of the Consolidated Financial Statements and of the Yearly Financial Statements as on 31st March 2010; Report of the Board of Directors on the management, reports of the Board of Statutory Auditors and of the External Auditing Company; resolutions connected thereto.*
- 2. Appointment of the new Board of Statutory Auditors; determination of the remuneration; resolutions connected thereto.*
- 3. Proposal to authorize the purchase and disposal of the Company's own shares, upon prior revocation of the resolution approved by the Shareholders' Meeting on 22nd July 2009 within the limit the same has not been already executed; resolutions connected thereto.*

4. *Proposal to adopt a plan based on financial instruments pursuant to Article 114 bis of Legislative Decree no. 58/98; resolutions connected thereto.*

Extraordinary session:

1. *Amendment to Articles 10, 11, 16 and 24 of the Company's By-laws and introduction of the new Article 34 further to the implementation in Italy of Directive 2007/36/CE; resolutions connected thereto.*

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1. ***Presentation of the Consolidated Financial Statements and of the Yearly Financial Statements as on 31st March 2010; Report of the Board of Directors on the management, reports of the Board of Statutory Auditors and of the External Auditing Company; resolutions connected thereto.***

Dear Shareholders,

The explanation of the first point on the agenda is detailed in the Directors' Report on management which has been provided to the public and to shareholders as of 14th June 2010 together with the yearly financial statement and the consolidated financial statement and the "Annual Report on Corporate Governance and the Shareholders' structure of Damiani S.p.A. – for the financial year starting on 1st April 2009 to 31st March 2010"; furthermore please note that the Statutory Auditors' Report and the External Auditing Company Report are at public disposal and at the Shareholders disposal according to the provisions of law.

All the above is also in compliance with the provisions of the laws applicable to companies listed on the Borsa Italiana S.p.A. stock exchange.

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Shareholders are therefore invited to approve the following resolution:

"Dear Shareholders,

following our report and believing you agree with the structure and criteria utilized for drafting the financial statement as of 31st March 2010, you are called to resolve upon:

- 1. approving the yearly financial statement of Damiani S.p.A. as of 31st March 2010;*
- 2. set off this year financial loss of Euro 11.207.091 against the existing reserves”.*

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2. Appointment of the new Board of Statutory Auditors; determination of the remuneration; resolutions connected thereto.

Dear Shareholders,

Please be informed that the mandate of the current Board of Statutory Auditors will expire with the Shareholders Meeting called to approve the financial statement as of 31st March 2010; the Board of Directors has therefore called the Shareholders Meeting to resolve upon the proposed appointment of new members of the Board of Statutory Auditors that pursuant to Article 24 of the current Bylaws shall be constituted of three (3) effective members and two (2) substituting members.

In this respect we remind you that the appointment of the effective and substituting members will occur by means of voting as per lists of candidates pursuant to Article 24 of the Bylaws.

Therefore a number of Shareholders representing at least 2.5% of the ordinary share capital can present a list of candidates in numerical order filing it at the registered office of the Company within the limitation period of 15 days before the day of the Shareholders Meeting in the first call. The declarations required by the laws and regulations in place at the time and by Article 24 of the Bylaws shall be filed together with the lists, including details of the identity of Shareholders presenting the list, their percentage ownership and the related certifications, the declaration of the Shareholders presenting the minority list stating the absence of any connection with the majority list as per the relevant laws and regulations, and the curricula vitae shall also be filed with a full account of personal and professional qualifications of each candidate together with

the declarations in which single candidates accept the candidatures and represent at their own responsibility and at the risk of being excluded from the list, the absence of causes of ineligibility or incompatibility and the possession of the requirements provided by the laws and the regulations in force at the time and provided by the Bylaws for the acceptance of the post of director.

Minority list (if any) shall be accompanied by a declaration stating the absence of any connection with the majority list as per the relevant laws and regulations enforced at the time.

Any list for which the above declarations are not all in order shall be regarded as not having been presented.

Considering that pursuant to Article 2400 last paragraph of the Civil Code, at the time of appointment and before accepting the post, the Shareholders Meeting should be informed of other positions as director and statutory auditor held in other companies by candidates to the present position of statutory auditor, candidates are invited to provide such information in the curricula filed with the Company taking care of updating them until the day of the Shareholders Meeting which is called to decide on the appointment.

If within the term indicated above no list is presented which is non connected to the majority list, pursuant to Article 144 sexies, paragraph 5 of the Issuers Regulation and pursuant to Article 24 of the Bylaws, it is possible to present lists up to the fifth day following such indicated term; in such a case the threshold share capital required for the presentation of the list will be reduced to 1.25%.

For the election of the Board of Statutory Auditors the following is proposed:

- two effective members and one substituting member shall be drawn from the list gaining the highest number of votes, in the order in which they appear on that list;*
- the remaining director shall be drawn from the list which gains the highest number of votes out of all the lists not connected in any way, even indirectly, with the members which presented or voted for the list referred to in above, in the order in which they appear on that list.*

The above mentioned procedure shall not apply if only one admissible list is presented or voted; thus in such cases Shareholders vote by majority voting.

Pursuant to applicable laws and regulations and pursuant to the Bylaws, the Shareholders' Meeting appointing the Statutory Auditors and the President of the Statutory Auditors resolve upon their remuneration as well.

Please note that the mandate of the effective and substituting Statutory Auditors appointed by the Shareholders' Meeting should remain in force for three financial years – and therefore it will expire with the Shareholders' Meeting called to approve the financial statement for the third year – and it is renewable.

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3. Proposal to authorize the purchase and disposal of the Company's own shares, upon prior revocation of the resolution approved by the Shareholders' Meeting on 22nd July 2009 within the limit the same has not been already executed; resolutions connected thereto.

Dear Shareholders,

as usual, we ask you to renew the authorization to the Board of Directors to the purchase and disposal of the Company's own shares, pursuant to the applicable laws and regulations.

Therefore, please find below the reasons and methodologies for the purchase and disposal of the Company's own shares pursuant to which the Board of Directors intends to ask you to give the relative authorization.

Please be aware of the fact that with the resolution adopted on 22nd July 2009, the Shareholders' Meeting has authorized the purchase of its ordinary own shares in an amount not exceeding one tenth (1/10) of the share capital for a period up to 18 (eighteen) months from the date when the Shareholders' Meeting passes the relative resolution. On 22nd January 2012 the authorization will expire.

Therefore we deem it appropriate to use the scheduled Shareholders' Meeting instead of calling an hoc meeting closer to the deadline mentioned above, in order to submit to your approval the renewal of the authorization to the purchase and disposal of

the Company's own shares, subject to cancellation of the resolution adopted on 22nd July 2009, within the limit the same has not been already executed

Please note that, at the date of approval of this Report by the Board of Directors, the Company holds directly no. 5.619.609 own shares equal to the 6.8% of the share capital of the Issuer. On the other side, the Company does not hold any shares of the Issuer through any of its subsidiary companies, fiduciaries or representative.

3.1 Reasons for requesting the authorization for the purchase and disposal of the Company's own shares.

Pursuant to the combination of measures laid down in Article 2357 and Article 2357 ter, of the Italian Civil Code and in Article 132 of Legislative Decree 58/1998, (i.e. the "Consolidated Finance Act" TUF), the Shareholders' Meeting is hereby requested to authorize the purchase and disposal of the Company's own shares, complying to the parity of treatment of Shareholders and relevant laws and regulations in force at the time, for the following reasons:

- possibility to utilize the Company's own shares within the context of operations linked to industrially based projects, relative to which there arise business opportunities concerning the exchange or transfer of packets of shares;*
- possibility to make investments in the shares of the Company, whenever the progress and/or trend of the shares' Stock Exchange price quotations, or the amount of available cash within the Company, render such actions financially advantageous, also in the interest of Shareholders, and to carry out, while observing all the relative rules and regulations, a liquidity supportive activity on the stock markets, complying to the parity of treatment of Shareholders;*
- possibility to put in place incentive plans for consideration or for free based on the shares of the Company and on financial instruments linked to the same shares for the benefit of Directors, employees and consultants of the Damiani Group, and to put in place gratuitous stock options plans in favour of the Shareholders, observing all the relative laws and regulation that are currently in force regarding such matters.*

3.2 Maximum number, type and nominal value of the shares to which the proposal authorization refers.

The authorization that the Board of Directors is asking from the Shareholders' Meeting is relative to legal acts of purchase of the ordinary shares of the Company to be carried out, also on differing occasions, until there is reached the maximum purchase of a number of 8,260,000 (eight million two hundred and sixty thousand) ordinary shares, with a nominal value of Euros 0.44 (zero point forty four cents) each but, in any case, for an overall value that does not exceed one tenth (1/10) of the share capital of the Company, while also taking into account for this purpose any shares that may be held by subsidiary companies, and within the limits of the distributable profits and the available reserves, based on the relative balances contained in the last set of regularly approved Financial Statements.

The authorization also includes the faculty, afterwards, to handle the shares that are in portfolio, also before having completed the purchases and to buy back the shares, in such amounts and with such modalities as laid down in this authorization.

3.3 Further information that is useful for evaluating the observance of the measure that is laid down in article 2357, paragraph 3, of the Italian Civil Code.

For the purposes of evaluating the observance of the limits that are contained in Article 2357, paragraph 3, of the Italian Civil Code, as recently amended by Law no. 33 of 9th April 2009, it is hereby declared that, as of today, the share capital of the Company amounts to Euros 36,344,000.00 (thirty six million three hundred and forty four thousand zero cents), divided into 82,600,000 (eighty two million six hundred thousand) ordinary shares and also the fact that, at the date of this Report, the Company holds directly no. 5.619.609 own shares, while, the Company does not hold any shares of the Issuer through any of its subsidiary companies, fiduciaries or representative. The nominal value of the shares for which the authorization is being requested shall not, in

any case, exceed one tenth (1/10) of the share capital of the Company, also taking into account for this purpose any shares that may, eventually be purchased by the subsidiary companies; therefore in no circumstance the limit laid down in Article 2357, paragraph 3 of the Italian Civil Code, will be exceeded.

In any case, the subsidiary companies will be given specific instructions according to which they must speedily communicate any eventual purchases of shares that are carried out pursuant to Article 2359 bis of the Italian Civil Code.

3.4 Period of time for which the authorization is requested.

The authorization to purchase the Company's own shares is requested to last for a time period of 18 (eighteen) months, from the date when the Shareholders' Meeting passes the relative resolution.

The authorization regarding the ability to allocate the Company's own shares, also before having completed the purchases, is asked to be given without any time limit.

3.5 Minimum and maximum purchase price and market value.

Purchase of the Company's own shares

The purchase price of each one of the Company's own shares will be set by the Board of Directors, with the discretionary faculty of being able to delegate this to one or more Directors of the Company, while there must be observance of the following methodologies: the purchase price must, including all the ancillary purchase price charges, be a minimum of not less than 20% (twenty percent) and, as a maximum, not greater than 20% (twenty percent) of the official trading price of the share dealings that have been recorded on the Mercato Telematico Azionario (Computerized Stock Market) for the day before that of the purchase.

Allocation of the Company's own shares

Regarding the allocation that takes place, afterwards, of the shares that have been purchased there is only set the minimum price limit of the sale to third parties, which

has to be such as not to create any negative financial impacts for the Company but, in any case, it cannot be less than 90% (ninety percent) of the average of the official trading prices that have been recorded on the Mercato Telematico Azionario (Computerized Stock Market) during the five days before the sale. This price limitation can only be derogated in the case of exchanges or transfers of the Company's own shares, in the context of the realization of industrial projects, and/or commercial projects and/or however in the interest of the Issuer, also in the case of the trading and/or selling of the shares in order to carry out distribution plans for consideration and for free based on the shares of the Company and on financial instruments linked to the same shares for the benefit of Directors, employees and consultants of the Damiani Group, and in general in any other plan adopted pursuant to Article 114 bis of TUF in gratuitous stock options plans in favour of the Shareholders.

3.6 Methodologies of making the purchases and carrying out the allocations of the Company's own shares.

The transactions regarding the purchase of the Company's own shares will be carried out pursuant to Article 132 of TUF and Article 144 bis of the Consob Regulation no. 11971/99, through purchase and tender offers, following the operational methodologies that are laid down within the rules and regulations regarding the organization and management of the markets in question themselves, that do not allow the direct linkage of the purchase trading proposals with pre-set sales proposals, or through purchase and sale of financial derivatives negotiated on the market, pursuant to the applicable laws and regulations, and in any case subject to compliance with rules providing that the shareholders involved are ensured to have parity of treatment and with European law regulations.

The purchase of the Company's own shares can take place following methodologies that are different from those that have been described above pursuant to the legislation that may, from time to time, be applicable and in any case subject to compliance with rules providing that the shareholders involved are ensured to have parity of treatment.

The purchases of the shares can take place in one or more installments.

Regarding the allocation of the shares in question, this can take place one or more times, also before all the purchases have actually been carried out and finalized. The allocation can take place in those ways that are considered to be most opportune in the context of the interests of the Company, including their disposal by trading them on the stock market, in blocks of shares, or by means of exchanging them for other holdings or other assets in the context of industrial projects and/or commercial projects and/or however in the interest of the Issuer, in the operation of incentive plans and in general of any other plan adopted pursuant to Article 114 bis of TUF and also by means of purchase and tender offers.

Shares can also be matched with other different financial instruments.

3.7 Information regarding the impact of the purchase on a reduction of the share capital of the Company.

It is hereby declared that the aforementioned purchase of the Company's own shares will not have any impact that results in a reduction of the share capital of the Company.

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Thus the Shareholders' Meeting is invited to approve the following proposed resolution:

"The Shareholders' Meeting having acknowledged the Report of the Board of Directors and the applicable laws and regulations,

RESOLVES

- 1) to cancel the resolution adopted on 22nd July 2009, for the part regarding the authorization to purchase and dispose of the Company's own shares, within the limit the same has not been already executed;*
- 2) to authorize the purchase and disposal of the Company's own shares, for the reasons mentioned in the Report of the Board of Directors and in the following ways and times:*

- *the purchase can be carried out, also on differing occasions, until there is reached the maximum purchase of a number of 8,260,000 (eight million two hundred and sixty thousand) ordinary shares, with a nominal value of Euros 0.44 (zero point forty four cents) each but, in any case, for an overall value that does not exceed one tenth (1/10) of the share capital of the Company, while also taking into account for this purpose any shares that may be held by subsidiary companies, and within the limits of the distributable profits and the available reserves, based on the relative balances contained in the last set of regularly approved Financial Statements;*
- *the authorization to purchase the Company's own shares is resolved to last for a time period of 18 (eighteen) months, from the date when the Shareholders' Meeting passes the relative resolution;*
- *the authorization also includes the faculty, afterwards and without any time limit, to handle the shares that are in portfolio, also before having completed the purchases and eventually to buy back the shares, in such amounts and with such modalities as laid down in this authorization;*
- *the transactions regarding the purchase of the Company's own shares will be carried out pursuant to Article 132 of TUF and Article 144 bis of the Consob Regulation no. 11971/99, (i) through purchase and tender offers, (ii) on the market following the operational methodologies that are laid down within the rules and regulations regarding the organization and management of the markets in question themselves, (iii) through purchase and sale of financial derivatives negotiated on the market, pursuant to the applicable laws and regulations, providing for the material delivery of the underlying shares, (iv) through any other methodology allowed by the applicable laws and regulations, in any case subject to compliance with rules providing that the shareholders involved are ensured to have parity of treatment;*
- *the purchase price of each one of the Company's own shares must, including all the ancillary purchase price charges, be a minimum of not less than 20% (twenty percent) and, as a maximum, not greater than 20% (twenty percent) of the official trading price of the share dealings that have been recorded on the Mercato Telematico Azionario (Computerized Stock Market) for the day before that of the purchase;*

- the authorization to dispose of the shares also before having completed the purchases is given without any time limit;
- the minimum price of the sale to third parties cannot be less than 90% (ninety percent) of the average of the official trading prices that have been recorded on the Mercato Telematico Azionario (Computerized Stock Market) during the five days before the sale. This price limitation can only be derogated in the case of exchanges or transfers of the Company's own shares, in the context of the realization of industrial projects, and/or commercial projects and/or however in the interest of the Issuer, also in the case of the trading of the shares in execution of incentive plans and in general in any other plan adopted pursuant to Article 114 bis of TUF.

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4. Proposal to adopt a plan based on financial instruments pursuant to Article 114 bis of Legislative Decree no. 58/98; resolutions connected thereto.

Dear Shareholders,

the Board of Directors proposes you to adopt a stock option plan pursuant to Article 114 bis of TUF, the guide lines of which have been approved by the Board of Directors, on the proposal of the Remuneration Committee, on 11th June 2010.

In particular, the Board of Directors intends to propose the adoption of a stock option plan for the purchase of shares of Damiani ("Stock Option Plan 2010") in one or more tranches, within five (5) years from the date when the Shareholders' Meeting passes the relative resolution, the beneficiaries of which will be chosen by the Board of Directors, with the help of the Remuneration Committee, between executive Directors, managers and other employees, advisors and consultants of the Company and other companies of the Damiani Group (also defined as the "Plan").

The underlying shares at service of the Plan will be the Company's own shares purchased and held in stock in compliance with the Shareholders' Meeting

authorization to purchase and dispose of the Company's own shares pursuant to Articles 2357 and 2357 ter of the Italian Civil Code; alternatively, subject to prior resolution adopted by the competent bodies, it will be possible to carry out a share capital increase. The maximum total number of underlying shares at service of the Plan is equal to 3.500.000.

This Report, drafted pursuant to Art. 3 of Ministerial Decree no. 437/98, is also compliant to the provisions of Articles 114 bis of TUF and 84 bis of Consob Regulation no. 11971/99 (hereinafter "Issuers Regulation"), and therefore includes the illustrative documents provided for by the laws and regulations in force.

All the information missing on the date of approval of the present Report will be provided, pursuant to Article 84 bis, paragraph 5, letter a), of the Issuers Regulation, as of the implementation of the Plan.

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INFORMATION DOCUMENT
CONCERNING THE STOCK OPTION PLAN 2010

*(drafted pursuant to Article 84 bis of Consob Regulation no. 11971 of 14
May 1999, as amended and integrated)*

DEFINITIONS

In the present information Document the following terms will be used:

- "ASSIGNMENT DATE":** *means the date of the Board of Directors resolution assigning the Options, following the identification of the Beneficiaries.*
- "BENEFICIARIES":** *means the executive directors, managers and other employees, advisors and consultants, including agents, of the Company or other companies of the Damiani Group, as determined by the Board of Directors of the Company to whom the options will be allocated.*
- "BOARD OF DIRECTORS":** *means the board of directors of the Company.*
- "BUSINESS DAY":** *means each calendar day excluding Saturdays, Sundays and the other days when banks in Milan are not performing their usual business.*
- "CODE OF CONDUCT":** *means the Code of Conduct for listed companies as approved by Borsa Italiana S.p.A.*
- "COMPANY" or "ISSUER":** *means Damiani S.p.A., with registered office in Valenza (AL), viale Santuario*

no. 46, Fiscal code and inscription number at the Company's Register of Alessandria no. 01457570065.

"GROUP":

the Company and the Company's subsidiaries – directly or indirectly controlled pursuant to the relevant law.

"ISSUERS REGULATION":

means the Consob Regulation no. 11971, approved with resolution of 14th May 1999, as amended and integrated.

"OPTIONS":

means the maximum no. 3.500.000 free, personal and non transferable inter vivos options ("Stock Option") conferring to each Beneficiary the right to purchase (or, eventually, to subscribe) Shares in the ratio of no. 1 (one) Share for every no. 1 (one) Option exercised pursuant to the terms and conditions provided for by the Regulation.

"REGULATION":

means the "Regulation for the Stock Option Plan 2010 of the Damiani Group" which will be approved by the Board of Directors of the Company pursuant to the provisions as indicated below.

"SHARES":

means the maximum number 3.500.000 ordinary shares of Damiani S.p.A. with

a nominal value of Euro 0,44 each, part of the Company's own shares portfolio or eventually part of a capital increase resolved by the competent Company's bodies for that purpose.

"STOCK OPTION PLAN" or "PLAN":

means the Stock Option Plan 2010 of the Damiani Group for the subscription of Options concerning maximum no. 3.500.000 ordinary shares subject to the resolution of the Ordinary Shareholders' Meeting of the Company of 21st July 2010.

"SUBSIDIARIES":

means the Italian and/or foreign companies controlled by the Company pursuant to applicable law.

"TUF":

means the Legislative Decree of 24 February 1998, no. 58.

"TUIR":

means the Unified Income Tax Act approved with Presidential Decree of 22 December 1986, no. 917.

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INTRODUCTION

This Information Document (hereinafter the "Information Document") is provided by Damiani S.p.A. in order to inform in detail its Shareholders and the market on the Stock Option Plan which will be resolved upon by the Ordinary Shareholders Meeting of the

Company on 21st July 2010. In particular, the Information Document has been drafted pursuant to Article 84 bis of the Issuers Regulation and in compliance with – including paragraphs numerical order, the provisions of Form no. 7 of Annexe 3A of the Issuers Regulation.

Please note that the Plan should be regarded as “of particular relevance” pursuant to Article 114 bis, paragraph 3 of TUF and Article 84 bis, paragraph 2 of the Issuers Regulation. The Information Document is at public disposal at the Company’s registered office in Valenza (AL), Viale Santuario no. 46, at Borsa Italiana S.p.A., and on the internet website www.damiani.com.

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1. RECIPIENTS

The Stock Option Plan has been drafted in accordance with customs recognised at international level and with the current Code of Conduct adopted by the Company, also taking into consideration the principles of the new Article 7 of the Code of Conduct, published on 24th March 2010 to be “applicable from within the end of the fiscal year commencing on 2011”.

The Beneficiaries of the Stock Option Plan will be determined by the Board of Directors with the help of the Remuneration Committee between executive directors, managers employees, advisors and consultants of the Company and the companies of the Group.

1.1. Indication of the Beneficiaries who are also members of the Board of Directors of the Issuer, of the holding company and the subsidiaries, directly or indirectly controlled

Beneficiaries of the Stock Option Plan can be executive directors of the Company, and also executive members of the Board of Directors of the holding or of the subsidiaries of the Issuer. In line with the new criteria expressed in article 7.C.4 of the Code of Conduct, non executive directors of the Company cannot be Beneficiaries.

The indication by name of the recipients of the Stock Option Plan who are members of the Board of Directors of the Company or of the Board of Directors of the holding or the subsidiaries companies, at the moment is not available and it will be provided at the time of execution of the Plan, in compliance with the provision of Article 84 bis, paragraph 5° of the Issuers Regulation.

At the moment the following directors Guido Roberto Grassi Damiani, Giorgio Andrea Grassi Damiani e Silvia Maria Grassi Damiani should not be Beneficiaries of the Plan.

1.2 Categories of employees and consultants of the Issuer and holding or subsidiary companies

Beneficiaries of the Stock Option Plan may be employees and consultants, including agents of the Company, the holding and the subsidiaries of the Issuer.

The categories of employees and consultants which will be considered as Beneficiaries of the Stock Option Plan will be specified at the time of execution of the Plan, in compliance with the provision of Article 84 bis, paragraph 5° of the Issuers Regulation.

1.3 Indication of the name of Beneficiaries belonging to particular groups

The Plan is of particular relevance pursuant to Article 114 bis, paragraph 3° of TUF and Article 84 bis, paragraph 2° of the Issuers Regulation as it can be addressed to subjects indicated in Article 152 sexies, paragraph 1°, lett. c)-c.2 and lett. c)-c.3 of the Issuers Regulation. Information concerning the name of those subjects are not available at the moment and will be released to the public at the time of the execution of the Plan, with the methodologies provided for in Article 84 bis, paragraph 5° of the Issuers Regulation.

At the moment it is not contemplated that Mr. Guido Roberto Grassi Damiani who is the person controlling the Issuer will be one of the Beneficiaries.

1.4 Description and indication of the number, categories and particular groups to which the Beneficiaries belong

Information concerning the description and the number, divided by categories, of the subjects to which Article 152 sexies, paragraph 1°, lett. c)-c.2 and lett. c)-c.3 of the

Issuers Regulation applies, and information concerning other categories (if any) of employees or consultants to which particular provisions of the Plan may be addressed, are not available at the moment and will be released to the public at the time of the implementation of the Plan, with the methodologies provided for in Article 84 bis, paragraph 5° of the Issuers Regulation.

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2. REASONS FOR THE ADOPTION OF THE STOCK OPTION PLAN

2.1. Aim of the Plan

The Stock Option Plan has been drafted in accordance with customs recognised at international level and with the current Code of Conduct adopted by the Company on the matter of remuneration of executive directors and managers with strategic powers with the aim to reach the following entrepreneurial goals:

- (i) to comply with the requirements applicable to companies listed on the “Star” segment of the Italian Stock Exchange with respect to management compensation, which have to provide for remuneration incentive mechanisms;*
- (ii) a better sharing of investors and management interests, providing for a remuneration system subject to, for a relevant part, a creation of value for the Company and the Shareholders;*
- (iii) to fidelize human resources available to the Company and to the Group, promoting the identification of the management and of the human resources with the Group.*

2.1.1 Further Information

In the determination of the vesting period starting from the assignment date of the Options to the Beneficiaries, the Board of Directors will fix the time which is more appropriate for the fulfilment of the goals (i.e. to motivate and to fidelize the management and the human resources as pursued by the Plan) in order to create value for Shareholders in a medium term perspective, complying to the provisions as per the applicative criteria stated in Article 7 of the Code of Conduct.

At the moment the ratio between the number of Options assigned to each Beneficiary and the total compensation earned has not been fixed.

The assignment of Options to Beneficiaries is free and therefore Beneficiaries will not be required to pay any consideration to the Company for such an assignment.

2.2 Performance indexes considered in order to assign Options

The exercise of the whole Options assigned in the Stock Option Plan is subject to the fulfilment of some performance goals which will be determined by the Board of Directors - with the help of the Remuneration Committee - at the time of implementation of the Plan, and which may include:

(a) General Objectives consisting of the fulfilment of economic targets by the Company by the end of the vesting period (i.e. compound EBITDA, etc.) determined at the time of implementation of the Plan, in accordance with the Company's plans;

(b) Specific Objectives of each Beneficiary, which – considering the category in which the Beneficiary has been placed – will be determined at the time of implementation of the Plan and verified by the President of the Board of Directors, in accordance with the guidelines of the Board of Directors and of the Remuneration Committee.

The Board of Directors in case of failure to fulfil the Specific Objectives and if deemed appropriate at its own unchallengeable discretion, considering the circumstances of the case, has the power to authorize the exercise of the Options anyway.

2.2.1 Further Information

The Board of Directors, with the help of the Remuneration Committee, will determine at the time of the implementation of the Stock Option Plan the criteria to complete the lists of Beneficiaries of the Plan, taking into consideration the contribution to the development of the Group which each person has been able to make in the past and will most probably be able to contribute in the future.

Information concerning factors – also in terms of performance – and criteria utilized to determine the particular characteristics of remuneration based on financial instruments to be assigned to executive directors, and managers of the Company, are not available at the moment as they will be provided at the moment of implementation of the Plan.

2.3. Criteria to determine the number of Options to be assigned

The number of Options to be assigned individually to each Beneficiary will be determined at the discretion of the Board of Directors at the time of implementation of the Stock Option Plan, based on the indications provided on the matter by the Remuneration Committee and taking into consideration the contribution to the development of the Group which each person has been able to make in the past and will most probably be able to contribute in the future.

2.3.1 Further information

Pursuant to the new Principle in 7.P.2 of the Code of Conduct and in order to be consistent with similar incentive plans implemented in the past, this Stock Option Plan aims to link a significant part of the remuneration of executive directors and managers with strategic powers within the Group to the fulfilment of performance goals as described at point 2.2 above.

The number of Options to be assigned individually to each Beneficiary who is an executive director of the Company will be determined by the Board of Directors with the concerned director abstention for the part of its interest, and with the help of the Remuneration Committee and the favourable opinion of the Board of Statutory Auditors.

2.4 Reasons for the decision (if any) to assign stock options based on financial instruments not issued by the Issuer

Not applicable, as the Plan provides the assignment of Options giving right only to purchase (or eventually subscribe) Damiani S.p.A. ordinary shares.

2.5 Significant tax and accounting implications

Tax and accounting implications did not have a significant impact on the structure of the Stock Option Plan.

2.6 Support (if any) to the Plan from the special Fund for increasing the participation of workers to companies, pursuant to Article 4, paragraph 112, of the Law 24th December 2003, no. 350.

Not applicable.

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3. PROCEDURE FOR THE APPROVAL AND TIMETABLE FOR THE ASSIGNMENT OF INSTRUMENTS

3.1 Powers and functions delegated by the Shareholders' meeting to the Board of Directors

On 11th June 2010 the Board of Directors, as suggested by the Remuneration Committee which convened on the same date, resolved upon proposing to the Shareholders' Meeting called on 21st July 2010 to adopt the "Stock Option Plan 2010" of the Group, for the assignment of Options in a maximum number of 3.500.000 ordinary shares of the Company with a nominal value of Euro 0.44 each, part of the Company's own shares portfolio with a nominal value of Euro 0.44 each, to be carried out in one or more tranches until the expiration of five years from the date of the shareholders' approval.

The resolution proposed to the Shareholders' Meeting includes the provision of a mandate to the Board of Directors for the management of the Stock Option Plan, conferring the most extensive powers, without exceptions to the Board of Directors, and for example, the power to indicate Beneficiaries, the power to issue one or more tranches of Options, to determine the objectives subject to which the exercise of the Options to be assigned can be triggered and anyway all the powers which are required to better manage the Plan, including the power to modify the Stock Option Plan if necessary for the better implementation of the Plan.

3.2 Subjects in charge of administering the Plan

The proposal for the approval of the Stock Option Plan provides that the management of the Plan should be delegated by the Shareholders Meeting to be held on 21st July 2010 to the Board of Director to which all powers will also be attributed as provided above. The Board of Directors furthermore, is allowed to delegate the management of the Plan to the Remuneration Committee.

3.3 Procedures in place for the amendment of the Plan

Apart from the provisions of the following point 4.23, the Plan can be amended and integrated by the Board of Directors - with the help of the Remuneration Committee - taking into consideration the interest of the Company, provided that the rights of Beneficiaries are not impaired by the amendments.

3.4 Methods for the determination of availability and the assignment of Shares

The Options will be given to Beneficiaries for free and will include the right to purchase ordinary shares of the Company already existing and held in portfolio at the terms and conditions provided for by the regulation of the Plan or eventually, subject to the resolution of the competent bodies, the right to subscribe new shares in the context of a capital increase resolved for that purpose by the Company.

3.5 Part which each director played in determining the characteristics of the Plan

The decision to propose to the Shareholders' Meeting the approval of the Stock Option Plan, with the relevant terms and conditions, has been taken by the directors of the Company and it has been examined by the Remuneration Committee on 11th June 2010. The proposal which will be considered for resolution by the Shareholders' Meeting of 21st July 2010 has been approved by the Remuneration Committee on 11th June 2010, and then, on proposal of the mentioned Committee, by the Board of Directors convened on the same date.

In full compliance with the Conduct principles concerning remuneration of the directors and with the regulations applicable to companies listed on the STAR segment, Beneficiaries of the Plan may be the executive directors of the Company who have taken

part in the board resolution concerning the proposal to the Shareholders' Meeting to adopt the present Stock Option Plan, and therefore they have informed the other directors, pursuant to article 2391 Civil Code of their conflict of interest.

At the moment Guido Roberto Grassi Damiani, Giorgio Andrea Grassi Damiani and Silvia Maria Grassi Damiani are not included between the Beneficiaries of the Plan, considering that these people are also shareholders of the Company, and therefore they are enough motivated as their interests are already matching with those of the Company.

3.6 Date of the relevant resolution adopted by the competent body to propose the adoption of the Plan to the Shareholders Meeting

The Board of Directors, based on the proposal of the Remuneration Committee which met on 11th June 2010, resolved upon presenting the Stock Option Plan for the approval of the Shareholders' Meeting on 21st July 2010, in the meeting held on 11th June 2010.

3.7 Date of the decision adopted by the competent body on the assignment of the Options and of the proposal to that body by the Remuneration Committee

Not applicable, as the Plan is still to be approved by the Shareholders' Meeting.

3.8 Market price of the Shares on the dates of the decisions concerning the proposal of the Plan

On 11th June 2010 the market price of the ordinary shares of Damiani S.p.A. on the Italian Stock Exchange managed and organized by Borsa Italiana S.p.A. was Euro 0.814.

The Options which will be assigned for free to Beneficiaries are not traded on the market.

3.9 Considerations (if any) on the circulation of relevant information during the definition of the timetable for the assignment of the Options

At the moment it is not required to define and limit the timetable for the assignment of Options to the Beneficiaries of the Stock Option Plan, knowing that the whole execution

of the Plan will be carried out, in every respect, in compliance with the obligations to inform the public in order to guarantee transparency and equitable treatment to the market.

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4. CHARACTERISTICS OF THE INSTRUMENTS ASSIGNED

4.1 Description of the structure of the Plan

The Stock Option Plan provides for the assignment for free and on a personal basis to Beneficiaries of Options, which will give, at established conditions, the right to purchase (or eventually, subject to a resolution of the relevant bodies, to subscribe) Shares in the ratio of one Share every Option assigned, with a physical delivery.

4.2 Indication of the period of effective implementation of the Plan

The Stock Option Plan provides for the assignment for free to Beneficiaries of a maximum number of 3.500.000 Options, to be used for the purchase or eventually the subscription, subject to a resolution of the competent bodies, of no. 3.500.000 Shares, equal to the 4.2% of the share capital.

The Plan has a duration of 5 years and will be implemented in one or more tranches with the specification that the last day for the free assignment of the Options can never fall after the fifth anniversary from the date of the shareholders' approval and therefore, if the Shareholders' Meeting called on 21st July 2010 should approve the Plan, the Beneficiaries could receive Options up to the 21st July 2015.

4.3 Duration of the Plan

The Options may be assigned for free to Beneficiaries in one or more tranches, for a term of five years from the date of the shareholders' approval and therefore, if the Shareholders' Meeting called on 21st July 2010 should approve the Plan, the Beneficiaries could receive Options up to the 21st July 2015.

The Options assigned can be exercised by the Beneficiaries only at the end of the maturity period at the terms and conditions which will be determined by the Board of Directors at the assignment of the Options.

4.4 Maximum number of Options assigned during one year

The maximum number of Options to be assigned in a year has not been determined.

In any way, the maximum number of Options which can be assigned under the Stock Option Plan is all together no. 3.500.000, to be used for the purchase (or eventually, subject to a resolution of the relevant bodies, the subscription) of the same number of Shares in the ratio of one Share every Option assigned.

4.5 Methods and clauses for the implementation of the Plan

As for the methods and clauses for the implementation of the Plan, please refer to the relevant paragraphs in this Information Document.

In particular, as already stated at paragraph 2.3, the number of Options to assign, in one or more tranches, to each Beneficiary will be decided at the discretion of the Board of Directors in collaboration with the Remuneration Committee, considering the position held, the responsibilities and professional competences of each Beneficiary within the organizational structure of the Group.

The exercise of Options is subject to the fulfilment of performance objectives which will be thereafter indicated by the Board of Directors – with the help of the Remuneration Committee – at the time of implementation of the Plan, as provided for under paragraph 2.2 above.

The right to exercise the Options is genetically and functionally connected and subject to the relevant relationship (i.e. employment, collaboration, agency, management, advice, etc.) to remain in place between the Beneficiaries and the Group at the date of the exercise of the Options.

The price for the exercise of the Options will be determined by the Board of Directors, with the help of the Remuneration Committee, time by time at the assignment of the same in the amount deemed more convenient for the social interest, taking into consideration the average market price of the Shares on the market managed by Borsa

Italiana in the period between the assignment date of the Options for free and the same day of the previous month, but also considering role and position held by the Beneficiaries also with respect to the established objectives.

4.6 Obligations to be available charged on the Options and on the underlying Share

The Options recognised to the Beneficiaries will have a vesting period fair in respect to the goals of this Plan, also considering the new applicative Criteria 7.C.2 of the Code of Conduct.

The Plan provides for the free assignment of Options, on a personal basis, and furthermore provides that the Options cannot be transferred for any reason but “mortis causa”; in such a case, the Options assigned to the deceased Beneficiary can be exercised by the heirs at the maturity date of the same Options, in compliance with the methods referred to in the following paragraph 4.8.

The Shares originating from the exercise of the Options can be transferred without any limitation or, alternatively, there can be provided that at the time of implementation of the Plan, pursuant to new article 7 of the Code of Conduct, all or some of the Beneficiaries have to maintain for a fix period of time a certain amount of Shares equal to all or a part of the Shares assigned during the exercise period of the Options.

The regulation of the Stock Option Plan may provide that the Board of Directors can, in the interest of the Company, establish some further obligations for the exercise of the Options and/or the transfer of the underlying Shares and, in particular, fix maximum limits to the amount of stock exchanged in a certain period of time and/or determine some periods when the stock can be freely transferred, also with the aim to protect and maintain the right price of the Shares in the market.

4.7 Conditions (if any) to terminate the Plan in case the Beneficiaries carry out hedging transactions which may neutralize the ban on sale

At the time of implementation of the Stock Option Plan, the Board of Directors can provide for some conditions (if any) to terminate the Plan in case the Beneficiaries carry

out hedging transactions which may neutralize the ban on sale of the Options assigned and the obligations charged on the Shares originating from the exercise of the Options.

4.8 Effects of the termination of the relevant relationship

The right to exercise the Options and purchase the Shares is genetically and functionally connected and subject to the relevant relationship of employment, collaboration, agency, management, advice, etc. to remain in place between the Beneficiaries and the Group at the date of the exercise of the Options.

As a consequence, in case the relevant relation should terminate for any reason before such a date, the Options will be annulled with the following exceptions:

(i) in case of retirement, permanent disability or any other cause of termination save for dismissal and resignation, the Board of Directors will apply the measure which at its unchallengeable judgement it will deem more appropriate for the handling of the individual cases;

(ii) in case of decease of the Beneficiary, the Options assigned to him can be exercised by the heirs or successors at the maturity date of the same Options, subject to presentation on part of the heirs and successors of the order of succession and/or of the fulfilment of other requirements – including tax requirements – in force and applicable.

4.9 Indication of other causes of termination of the Plan

Save as specified before, at the moment no other causes of termination of the Plan are provided, that anyway might be established at the time of implementation of the Plan.

4.10 Reasons to provide a redemption (if any)

At the moment no redemption right is provided for by the Company. The Board of Directors at the time of implementation of the Plan can provide, in favour of the Company, for the right to redeem for free the Options assigned, and the Shares originating from the exercise of the Options, if the Beneficiaries don't comply with the conditions of the Plan and with its regulation.

4.11 Any loans or facilitations offered for the purchase of Shares

At the moment the provision of loans or other facilitations pursuant to article 2358 Civil Code are not contemplated for the purchase (or eventually subscription) of the Shares originated from the exercise of the Options assigned. Such provision might be contemplated at the time of implementation of the Plan.

4.12 Evaluations on the expected burden on the Issuer at the assignment date

While drafting the present Information Document the elements are not enough to provide for exact evaluations on the expected burden on the Issuer at the assignment date of the Options.

4.13 Possible dilution effects on the share capital caused by the Plan

The Options recognise in first place a right to purchase own shares of the Company held in portfolio without any dilution on the shareholders and only if the increase of capital should take place there might be a dilution effect of maximum 4.2%.

4.14 Limitations (if any) to the exercise of the voting right and the exercise of patrimonial rights

At the moment no limitation is provided for the exercise of the voting right and the exercise of patrimonial rights concerning the Shares underlying the Stock Option Plan.

4.15 Information regarding shares not listed on the Italian stock exchange or alternatively on other regulated markets

Not applicable, as Shares which can be purchased by exercising the Options are listed on the Italian Stock Exchange, organized and managed by Borsa Italiana.

4.16 Number of Shares underlying each Option

Each Option gives the right to the relevant Beneficiary to purchase one Share.

4.17 Expiration of the Options

Options will expire on the dates established by the Board of Directors as provided for the execution of the Stock Option Plan, in the course of assignment dates which will be

decided by the management body. The free assignment of Options cannot take place after five years from the date of the shareholders' meeting which approved the Plan, while the exercise of the Options will only take place after the expiration of the vesting period, within the terms and conditions provided for by the Board of Directors when assigning the Options.

4.18 Methodologies, timetable and exercise clauses

Options can be exercised pursuant to a "European" methodology.

The exercise period will be determined by the Board of Directors when implementing the Stock Option Plan.

4.19 Exercise Price of the Options i.e. methodologies and criteria for its determination

The exercise price of each Option which Beneficiaries have to pay to the Company in order to receive the relevant Share will be determined by the Board of Directors – with the help of the Remuneration Committee – time after time at the moment of assignment in the amount regarded as more convenient for the Company's interest, taking into consideration the average price of the official quotations in the Italian Stock Exchange, governed by Borsa Italiana in the period between the date of the free assignment of the Options and the same date of the prior calendar month.

4.20 Reasons for the difference between the exercise price and the market price

Not applicable.

4.21 Criteria based on which the exercise price for each Beneficiary will be different

The exercise price of the Options will depend either on the Assignment Date of the Options, i.e. on the average market price of the Shares during the month before the assignment of the Options, or on the position and designation of the Beneficiaries with respect to the respective goals.

4.22 Indication of the value of the financial instruments underlying the Options and not listed on the financial markets

Not applicable, as the Shares underlying the Options given to the Beneficiaries of the Plan are listed on the Italian stock exchange, organised and managed by Borsa Italiana S.p.A.

4.23 Criteria for adjustments which are required following extraordinary transactions on the share capital and other transactions giving rise to a change in the number of underlying Shares

The Board of Directors has the right to modify and integrate the Stock Option Plan, without prejudice to the rights of Beneficiaries, at its own unchallengeable judgement, when required to face particular events happening in the Company like, for example, operations on the share capital, or extraordinary transactions (increase of capital, mergers, split ups, transfers of goods, etc.), and in any case when required in the interest of the Company, without prejudice to the rights of Beneficiaries.

In the modification and integration process the Board of Directors can collaborate with the Remuneration Committee.

Valenza, 11th June 2010

*For the Board of Directors
The President and Executive officer
(Dr. Guido Roberto Grassi Damiani)*