

REPORT OF THE BOARD OF DIRECTORS OF DAMIANI S.P.A.

DRAFTED PURSUANT TO ARTICLE 3 OF MINISTERIAL DECREE NO. 437/1998

**INTEGRATIVE PROPOSAL TO THE AGENDA OF THE ORDINARY
SESSION OF THE SHAREHOLDERS' MEETING PURSUANT TO
ARTICLE 126 BIS OF LEGISLATIVE DECREE NO. 58/98**

Dear Shareholders,

With reference to the Shareholders meeting called in the ordinary and extraordinary session by a notice published on the daily newspaper "La Repubblica" dated 15th June 2010 at the Registered office of the Company, in Valenza (AL) Viale Santuario no. 46, on first call for the day 21st July 2010 at 6.00 pm and if necessary on second call for the day 30th July 2010 same date and time, we inform you that the Shareholder Leading Jewels S.A., holding a participation equal to around 56,4% of the share capital, on 18th June 2010 pursuant to article 126 bis of Legislative Decree no. 58/98, has requested the integration of the agenda of the ordinary session of the Shareholders meeting with the following:

Ordinary session:

5. *Appointment of a Director following the increase in number of members of the Board of Directors; relevant and related resolutions.*

Pursuant to Article 3 of Ministerial Decree dated 5 November 1998, no. 437, and pursuant to Consob Regulation no. 11971/99 (as amended and integrated), the Board of Directors of Damiani S.p.A. (defined also as the "Company" or "Issuer") provides you with the integrative report with respect to the new point on the agenda inserted pursuant to article 126 bis of Legislative decree no. 58/98.

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Please note that following the request for integration the Shareholders meeting will be called to resolve upon the following agenda in the ordinary and extraordinary session:

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.*
5. *Appointment of a Director following the increase in number of members of the Board of Directors, 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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5. *Appointment of a Director following the increase in number of members of the Board of Directors; determination of fees; resolutions connected thereto.*

Dear Shareholders,

Following the request for integration of the proposed agenda pursuant to Article 126 bis of Legislative Decree no. 58/98 by Shareholder Leading Jewels S.A., you are called to resolve upon the appointment of a new member of the Board of Directors following the increase in number of the members of the Board of Directors.

Considering that the Shareholders meeting is called to resolve upon the appointment of a single Director, the mechanism of voting by list should not apply, as such a mechanism is provided for by the By-laws only in case of total renewal of the Board of Directors: thus the general principles provided by the Civil Code should be applicable, resolving with a majority voting on the appointment of the new Director.

Please note that Shareholders have the right to propose their own candidates for the position till the day when the meeting starts, and that proposed candidatures should be accompanied by the confirmation to accept the candidature and the declaration of the candidates that there are no issues of ineligibility and incompatibility as provided for by the law, and that all requirements provided by law and regulations in force and by the By-laws are met; together with the candidatures, Shareholders shall provide the curricula of the proposed candidates, and suitable documentation showing the possess of independence by the candidates as provided for by the relevant law and regulations.

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The Board of Directors therefore invites the Shareholders' Meeting to approve the following resolution:

"The Shareholders' Meeting:

- considering the request for integration provided pursuant to Article 126 bis of Legislative Decree no. 58/98;

RESOLVES

- a) to determine in 8 (eight) the number of members of the Board of Directors;
- b) to appoint as Director Mr. [●] born in [●] on [●], Fiscal Code [●];

c) that the Director will be appointed to the position till the expiration of the current Board of Directors and therefore till the approval of the financial statement for the fiscal year ending as of 31st March 2012;

d) to recognise the Director a fee equal to that paid to the other Directors as determined by the Shareholders' Meeting dated 3rd April 2009, corresponding to Euro 15,000.00 per fiscal year, save for the provisions of the By-laws and of article 2389, 3^o paragraph of the Civil Code concerning the remuneration of Directors exercising some special functions;

e) to expressly authorize the appointed Director to exercise powers and activities as provided for by Article 2390 of the Civil Code".

Valenza, 1st July 2010

*For the Board of Directors
The President
(Dr. Guido Grassi Damiani)*