



(Translation from the Italian which remains the definitive version)

**REPORT ON CORPORATE GOVERNANCE AND
OWNERSHIP STRUCTURE
PURSUANT TO ART. 123-BIS OF THE CONSOLIDATED FINANCIAL LAW**

YEAR 2009

(TRADITIONAL ADMINISTRATION AND CONTROL SYSTEM)

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 1ST 2010

REGISTERED OFFICE: MILANO, VIA CANTÙ 2

WEBSITE: WWW.LUXOTTICA.COM

Set out below are the corporate governance rules and procedures of the management and control system of the group of joint-stock companies controlled by Luxottica Group S.p.A. (hereinafter, “Luxottica,” “Luxottica Group,” the “Group” or the “Company”).

Luxottica complies, as illustrated below, with the Code of Conduct prepared by the committee for corporate governance of listed companies promoted by Borsa Italiana S.p.A. (hereinafter, “**Borsa Italiana**”), as amended in March 2006 (hereinafter the “**Code of Conduct**”), the text of which is available on the website www.borsaitaliana.it.

The Report refers to the fiscal year which ended on December 31st 2009 and includes the most relevant subsequent events, up until the date of its approval.

SECTION I – GENERAL INFORMATION AND OWNERSHIP STRUCTURE

I. INTRODUCTION

The group of companies controlled by Luxottica Group S.p.A. (hereinafter “Luxottica Group”, the “Group”), a world leader in eyewear, is driven by a single business strategy implemented through the presence of subsidiary companies in the various countries it operate in. On December 31, 2009, Luxottica Group comprised 167 companies in Europe, America, Australia and New Zealand, China, South Africa and the Middle East. Its operations are particularly significant in terms of product turnover and personnel in Europe, North America, Australia and China.

Luxottica Group S.p.A. is listed on the New York Stock Exchange and on the telematic stock exchange (“MTA”) organised and managed by Borsa Italiana and complies with the obligations issued by US and Italian regulations for listed companies, in particular, with the provisions issued both by the U.S. Securities and Exchange Committee (“SEC”) and Consob. As a result of its being listed in the United States, the company is subject to the provisions of the Sarbanes-Oxley Act (“SOX”) which pertain to the Company’s existing governance structure with respect to internal controls. In particular, certain responsibilities, which pursuant to the Code of Conduct are to be performed by the Internal Control Committee, are instead performed by the Company's Board of Auditors in its function as Audit Committee under SOX.

Luxottica Group S.p.A., the parent company of the group, manages and coordinates, pursuant to art. 2497 et seq. of the Italian Civil Code, directly or indirectly controlled Italian companies, constantly aiming at attaining overall favourable and sustainable results for Luxottica Group.

The main instruments for implementing unified management of the subsidiary companies are:

- preparation of industrial and commercial plans;
- preparation of budgets and the assignment of objectives and projects;
- establishment of adequate information flows for management and control;
- review and approval of extraordinary or particularly significant operations;
- preparation of certain financial policies (for example: the definition of indebtedness and cash investment or cash equivalent investment criteria);
- establishment of central structures to provide professional services and support to all the companies belonging to the Group;
- adoption of codes of conduct and procedures binding for the entire Group;
- adoption of common organisation models; and
- formulation of guidelines on the composition, operation and role of the board of directors of the subsidiary companies as well as on the assignment of management responsibilities in the subsidiary companies, consistent with those adopted by the parent company.

The corporate governance system of the parent company, applicable to all the companies belonging to Luxottica Group, is based on five key principles:

- 1) defined, acknowledged and shared values, which are set out in the Code of Ethics;
- 2) the central role of the Board of Directors;
- 3) the effectiveness and transparency of management decisions;
- 4) the adoption of an adequate internal control system; and
- 5) the adoption of proper and transparent rules regarding transactions carried out by related parties and the processing of confidential information.

The system is established in compliance with the provisions of Borsa Italiana, Consob, the SEC and the New York Stock Exchange (“NYSE”), according to the highest standards of corporate governance.

The values established in the Code of Ethics of Luxottica Group bind all employees to ensure that the activities of the Group are performed in compliance with applicable law, in the context of fair competition, with honesty, integrity and fairness, respecting the legitimate interests of shareholders, employees, clients, suppliers, business and financial partners, as well as of the societies of the countries in which Luxottica Group operates.

II. STRUCTURE OF LUXOTTICA GROUP S.P.A. AND INFORMATION ON THE OWNERSHIP STRUCTURE PURSUANT TO ART. 123 OF THE CONSOLIDATED FINANCIAL LAW

The Luxottica governance system – based on a traditional management and control system – is characterised by the presence of:

- a Board of Directors, responsible for the management of the Company;
- a Board of Auditors, responsible to supervise: (i) compliance with applicable law and with Company’s by-laws; (ii) compliance with the guiding principles; (iii) the adequacy of the organisational structure, of the internal control system and the accounting management system, as well as its reliability to correctly report the affairs of the Company; (iv) the procedures to implement the Corporate governance rules provided for by the codes of conduct compiled by management companies of regulated markets or by trade associations, with which the Company declares to comply through a public announcement; (v) the adequacy of the regulations given by the Company to the subsidiary companies pursuant to art. 114, paragraph 2 of the Consolidated Financial Law; the Luxottica Group Board of Auditors also acts as the Audit Committee pursuant to SOX; and
- the Shareholders’ meeting, which has the power to vote – both in ordinary and extraordinary meetings – among others upon (i) the appointment and removal of the members of the Board of Directors and of the Board of Auditors and their

remuneration, (ii) the approval of the annual financial statements and the allocation of profits, (iii) amendments to the Company's by-laws.

The audit task is assigned to an audit company registered with Consob and appointed by the Shareholders' Meeting.

The powers and responsibilities of the Board of Directors, of the Board of Auditors, of the Shareholders' Meeting and of the Audit Committee are illustrated more in detail later in the Report.

The Company's share capital is made up exclusively of ordinary, fully paid up voting shares, entitled to voting rights both at ordinary and extraordinary shareholders' meetings. As of January 31, 2010, the share capital is equal to Euro 27,877,129.98 divided up in 464,618,833 shares, each having a nominal value of 0.06 Euro.

There are no restrictions on the transfer of shares. No shares have special controlling rights. There is no employee shareholding scheme.

According to the information available and the communications received pursuant to art. 120 of Legislative Decree no. 58/1998 ("Consolidated Financial Law") and to Consob Resolution no. 11971/1999, at January 31, 2010, the Company's shareholders with an equity holding greater than 2% of Luxottica Group S.p.A. share capital are the following:

- Delfin S.a.r.l., with 67.67% of the share capital (314,403,339 shares);
- Giorgio Armani, with 4.89% of the share capital (22,724,000 shares, of which 13,514,000 ADRs in the name of Deutsche Bank Trust Company Americas); and
- Deutsche Bank Trust Company Americas, with 7.42% of the share capital (34,489,857 ADRs)¹ on behalf of third parties.

The Chairman Leonardo Del Vecchio controls Delfin S.a.r.l.

The Company is not subject to management and control as defined in the Italian Civil Code.

The Board of Directors has performed an assessment in this respect, as it deemed that the presumption indicated in article 2497 *sexies* was overcome, as Delfin S.a.r.l. acts as Group parent company and from an operational and business perspective there is no common managing interest between Luxottica Group and the parent company nor between Luxottica Group and the other affiliates of Delfin.

More details on the stock option plans and the performance share plan assigned to employees are available in the notes to the separate financial statements and in the documents prepared

¹ The shares held by Deutsche Bank Trust Company Americas represent ordinary shares that are traded in the US financial market through issuance by the Bank of a corresponding number of American Depositary Shares; such ordinary shares are deposited at Deutsche Bank S.p.A., which in turn issues the certificates entitling the holders to participate and vote at the meetings.

pursuant to article 84 bis of the Issuer Regulations, available on the Company's website in the Governance section.

The Company is not aware of any agreements among shareholders pursuant to article 122 of the Consolidated Financial Law.

Except as indicated below, Luxottica and its subsidiary companies are not parties to any agreement, which is amended or terminated in the event of a change in control.

On June 3, 2004, Luxottica Group S.p.A. and its subsidiary Luxottica US Holdings Corp. entered into a loan agreement for Euro 1.13 billion and for USD 325 million expiring on March 10, 2013, with a number of banks – among whom are Banca Intesa, Bank of America, Citigroup, Royal Bank of Scotland and Mediobanca e Unicredito. The agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of the Company and at the same time the majority of lenders believe, reasonably and in good faith, that such third party is not able to repay the debt.

On October 12, 2007, Luxottica Group S.p.A. and its subsidiary, Luxottica US Holdings Corp., entered into a loan agreement for the total amount of USD 1.5 billion expiring on October 12, 2013 with a number of banks – among whom are Citibank, Unicredit, Royal Bank of Scotland, Banca Intesa, BNP Paribas, Bank of America, Calyon and ING. The agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of the Company and at the same time, the vast majority of lenders believe, reasonably and in good faith, that such third party is not able to repay the debt.

On April 8, 2008, Luxottica Group S.p.A. entered into a loan agreement with Banca Nazionale del Lavoro for the total amount of Euro 150 million expiring on October 8, 2009. The agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of the company and at the same time, the majority of lenders believe, reasonably and in good faith, that such third party is not able to repay the debt.

On May 29, 2008, Luxottica Group S.p.A. entered into a loan agreement for the amount of Euro 250 million expiring on May 29, 2013 with Banca Intesa, Banca Popolare di Vicenza and Banca Antonveneta. The agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of the Company and at the same time, the vast majority of lenders believe, reasonably and in good faith, that such third party is not able to repay the debt.

On June 30, 2008, the subsidiary company, Luxottica US Holdings Corp. issued debt notes on the US Private Placement market for a total amount of USD 275 million with the following expiry dates: 20 million USD on July 1, 2013, USD 127 million on July 1, 2015 and USD 128 million on July 1, 2018. The agreement with institutional investors provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of at least 50% of the Company's shares.

On June 16, 2009, Luxottica Group S.p.A. amended the loan agreement entered into with Banca Nazionale del Lavoro on April 8, 2008 for the total amount of Euro 150 million. The amendment extended the expiry of the agreement to July 13, 2011. The agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of the Company and at the same time, the lender believes, reasonably and in good faith, that such third party is not able to repay the debt.

On November 11, 2009 Luxottica Group S.p.A. entered into a loan agreement for the total amount of Euro 300 million expiring on November 30, 2012 with Mediobanca, Calyon, Unicredit and Deutsche Bank. The agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of the Company and at the same time, the vast majority of lenders believe, reasonably and in good faith, that such third party is not able to repay the debt.

On November 30, 2009, Luxottica US Holdings Corp. amended the loan agreement, originally entered into on October 12, 2007 and already amended a first time in April 2008, with Bank of America and Unicredit for the amount of USD 500 million, subsequently reduced to USD 150 million. The amendment deals with the extension of the expiration date of the agreement to November 30, 2011, the repayment of USD 75 million to Unicredit leaving an outstanding loan of USD 75 million with remaining contracting party Bank of America. The agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of the Company and at the same time, the lender believes, reasonably and in good faith, that such third party is not able to repay the debt.

On January 29, 2010 the subsidiary company Luxottica US Holdings Corp. issued debt notes on the US Private Placement market for a total amount of USD 175 million with the following expiry dates: USD 50 million on January 29, 2017; USD 50 million on January 29, 2020 and USD 75 million on January 29, 2019. The Note Purchase Agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of at least 50% of the Company shares.

With regard to the agreements between the Company and the directors on the indemnity to be paid in the event of resignation or termination of employment without just cause or in the event of termination of the employment relationship following a take-over bid, please refer to Section II (see *Remuneration of the Directors*).

The appointment and the removal of directors and auditors are respectively governed by article 17 and by article 27 of the company's by-laws, which are available for review on the company website www.luxottica.com. With regard to what is not expressly provided for by the by-laws, the current legal and regulatory provisions shall apply.

The Company's by-laws can be modified with a resolution taken by the extraordinary meeting of shareholders according to the provisions of law.

Pursuant to article 14 of the Company's by-laws, with regard to the validity of the composition of the meetings of shareholders and of the relevant resolutions, the provisions of

the law shall be complied with. Each shareholder is entitled to one vote for each share held or represented.

Pursuant to article 12 of the by-laws, those shareholders who have submitted to the Company a notice by the intermediary keeping the relevant accounts, pursuant to article 2370 of the Italian Civil Code, no later than two working days before the date scheduled for the meeting, shall be entitled to attend the Meeting.

The shares for which a notice of attendance of the Meeting has been submitted may not be transferred before the Meeting has taken place.

The Board of Directors has not been granted a proxy to increase the share capital pursuant to article 2443 of the Italian Civil Code.

The General Meeting of May 13, 2008, authorised, for a period of time of 18 months from such date, the purchase and subsequent transfer – the latter with no time limits – of 18,500,000 ordinary Company shares. By virtue of this authorisation, which expired on November 13, 2009, the Company purchased a total of 1,325,916 shares at an average price of Euro 17.13 per share, for a total aggregate of Euro 22,714,251.

The General Meeting of October 29, 2009 authorised, for a period of time of 18 months from such date, the purchase and subsequent transfer – the latter with no time limits – of 18,500,000 ordinary Company shares. By virtue of this authorisation the Company purchased on January 31, 2010, 1,614,154 shares at an average price of Euro 17.37 per share, for a total aggregate of Euro 28,035,169.

Concurrently with the purchase operations on the **MTA** carried out by Luxottica Group S.p.A. in the context of the aforementioned buyback programs, the subsidiary Arnette Optics Illusions Inc., a company incorporated under US law, disposed of 3,099,824 of the 6,434,786 Luxottica Group shares originally in its portfolio. On January 31, 2010, Arnette Optics Illusions Inc. hold 3,334,962 Luxottica Group shares.

In total, on the date of approval of this report, the Company directly and indirectly holds, through subsidiary company Arnette, 6,275,032 of its own shares, equal to 1.35% of the Company's share capital.

Please note that the information concerning the characteristics of the risk management and internal control system are listed below in Section II, which describes the Risk Management and Internal Control System.

SECTION II – INFORMATION ON THE IMPLEMENTATION OF THE PROVISIONS OF THE CODE OF CONDUCT

I. BOARD OF DIRECTORS

Role and duties

The Board of Directors plays a central role in Luxottica's corporate governance.

It has the power and responsibility to direct and manage the Company, with the objective of maximizing value for shareholders.

To this end, the Board deliberates the necessary actions to achieve the Company's business purpose, except for those matters which, under the applicable law or the company by-laws, are expressly reserved for the Shareholders' Meeting.

Pursuant to art. 23, paragraph 5, of the Company by-laws, the Board of Directors has sole responsibility to deliberate the following matters:

- 1) the definition of the general development and investment programs and of the Company and Group objectives;
- 2) the preparation of the budget;
- 3) the definition of the financial plans and the approval of the indebtedness transactions exceeding 18 months' duration; and
- 4) the approval of agreements having a strategic nature.

With regard to this last issue, it should be noted that the Board of Directors resolved that the following must be considered "agreements having a strategic nature" and therefore be submitted for review by the Board itself: i) those agreements that may have a significant impact on the future prospects of the Company and of the Group; ii) those transactions, which, if required by the law, must be notified to the market pursuant to art. 114 of Legislative Decree 58/1998 by virtue of their capacity to impact on the value of Luxottica Group shares.

The Board of Directors reserves in any case the right to review:

1. all the agreements having a significant economic value, that is to say those agreements with a value equal to or higher than Euro 30 million;
2. without prejudice to the provisions under point 1, the agreements which bind the Company and/or its subsidiary companies for a period of time exceeding 3 years, with the exception where the same are entered in the ordinary course of business..

The Board of Directors annually assesses the adequacy of the organisational, administrative and accounting structure of Luxottica and of the strategically relevant subsidiary companies through the examination of a report prepared each fiscal year. The Board of Directors reviews and approves the Company's governance code also in connection with the Group structure.

The Board of Directors grants and revokes managing powers, defining their limits and

conditions of exercise. For a more detailed description of the managing powers currently granted to directors as well as the frequency with which the bodies in question must report to the Board on the activities performed in exercising such powers, please refer to the following sub-section entitled *Executive Directors* of this Section II.

The Board shall determine, after discussion with the Human Resources Committee and the Board of Auditors, the remuneration of the Directors appointed to particular positions and, if the Shareholders' meeting has not already done so, the distribution of the total remuneration awarded to the individual members of the Board. For further information on this matter, please refer to the paragraph entitled *Directors' Remuneration* of this Section II.

The Board of Directors evaluates the general performance of the Company, paying particular attention to the information received from the managing bodies and by the Internal Control Committee, periodically comparing the results achieved with the forecast data.

In particular, the Board carries out its assessments taking into account the information supplied by the CEO, who on the basis of the guidelines issued by the Board, supervises all business structures and formulates proposals to be submitted to the Board with regard to the organisational structure of the Company and of the Group, the general development and investment plans, the financial plans and provisional financial statements as well as any other matter submitted to him/her by the Board itself.

The Directors report to the other directors and to the Board of Auditors on the transactions in which they hold an interest on their own behalf or on behalf of third parties. Each Director is responsible for reporting to the Board and to the Board of Auditors any such interest in a transaction.

Usually, the Board of Directors reviews and approves the transactions of the Company and of its subsidiaries, in which one or more Directors hold an interest.

For detailed information on the procedure for the approval of transactions with related parties, please refer to section III of this Report.

The Board of Directors annually performs, through the results of an appropriate questionnaire filled in by the Directors, a self-evaluation of the size, composition and performance of the Board of Directors and of its Committees, with the goal of identifying improvement initiatives. In particular, the analysis profiles concern: the adequacy of the number of its members and of the composition of the Board and of its Committees, the organisation of the meetings, the information provided to the Directors and the decision making processes. The Board of Directors acknowledged the substantial adequacy of the composition of the Board of Directors and of its Committee in terms of the number of the Directors and the professionals therein represented and of the correct performance of the information flows between the Board and the Executive Directors.

During fiscal year 2009, the Board of Directors of Luxottica met eight times; the percentage of attendances is listed in the annexed table and the average length of the meetings was approximately one and a half hours. Where the Board deemed it appropriate to deal more in

depth with the items on the agenda, the Directors of the Company and of the Group were invited to participate in the meetings, only with regard to such items. On the occasion of the meetings, the Directors were provided, in due time prior to the meetings, with the relevant documents and information to enable them to make the decisions for which the Board is competent. In January 2010, a meeting day was organised for the Group's top management and the Company Directors, in order to promote a more in-depth knowledge of the corporate dynamics.

In January 2010, the Company issued the calendar of Corporate events for the fiscal year, which is available on the website: www.luxottica.com. During the period from January 1 through March 1, 2010, the Board of Directors met two times.

Composition

The Board of Directors currently in office was appointed by the Shareholders' Meeting on April 29, 2009, and shall remain in office until the Shareholders' Meeting approves the financial statements for the fiscal year ended on December 31, 2011. The Board has fifteen members, as specified below.

Name	Position
Leonardo Del Vecchio	Chairman
Luigi Francavilla	Vice Chairman
Andrea Guerra	Chief Executive Officer
Roger Abravanel*	Member of the Human Resources Committee
Mario Cattaneo*	Chairman of the Internal Control Committee
Enrico Cavatorta	
Roberto Chemello	
Claudio Costamagna*	Chairman of the Human Resources Committee
Claudio Del Vecchio	
Sergio Erede	
Sabina Grossi	Member of the Human Resources Committee
Ivanhoe Lo Bello*	Member of the Internal Control Committee and Lead Independent Director
Marco Mangiagalli*	Member of the Internal Control Committee
Gianni Mion*	Member of the Human Resources Committee
Marco Reboa*	Member of the Internal Control Committee

*Director satisfying the requirement of independence set forth in the Consolidated Financial Law and in the Self-Regulatory Code

The Board of Directors holding such office until April 29, 2009, appointed by the Shareholders' Meeting of June 14, 2006, was made up by fourteen Directors: Leonardo Del Vecchio, Chairman, Luigi Francavilla, Vice Chairman, Andrea Guerra, CEO, Roger Abravanel, Tancredi Bianchi, Mario Cattaneo, Enrico Cavatorta, Roberto Chemello, Claudio Costamagna, Claudio Del Vecchio, Sergio Erede, Sabina Grossi, Gianni Mion, Lucio Rondelli.

The Chief Executive Officer is also an employee of the Company.

Set out below is a brief profile of each member of the Board, listing the most significant other offices held by such directors as of December 31, 2009, in listed companies as well as in financial, banking, insurance companies or companies of a significant size. In the Luxottica Group, only the most significant companies or those companies having a strategic relevance have been considered. Please note that the summary tables annexed to the Report take into consideration also the positions held in other listed companies, in financial, banking and insurance companies as well as in those companies of significant size, identified through the criteria implemented by the Company in 2007 and illustrated below.

Leonardo Del Vecchio

Company founder and Chairman of the Board of Directors since its incorporation. In 1986, the President of Italy conferred on him the badge of honour Cavaliere dell'Ordine al "Merito del Lavoro". In May 1995, he was awarded an honorary business administration degree by the University Cà Foscari in Venice. In 1999, he was awarded an honorary Master's degree in International Business by MIB, Management School in Trieste and in 2002 he was awarded an honorary management engineering degree by the University in Udine. In March 2006, he received an honorary degree in materials engineering by the Politecnico in Milan.

He is a member of the Board of Directors of Assicurazioni Generali S.p.A., of Beni Stabili S.p.A., of GiVi Holding S.p.A., of Gianni Versace S.p.A.; he is Vice Chairman of the Surveillance Committee of Fonciere des Regions and a member of the Board of Directors of Delfin S.a.r.l., Aterno S.a.r.l. and of Luxottica UK.

Luigi Francavilla

Mr. Francavilla joined Luxottica Group in 1968, he has been a Director since 1985 and Deputy Chairman since 1991. He is currently the Group's Chief Quality Officer. Between 1977 and 2009 he was the Group's Product & Design Director. He is the Chairman of Luxottica S.r.l., one of the major subsidiary companies of the Group, where he held the position of Technical General Manager between 1969 and 1971. In April 2000 he was awarded an honorary business administration degree by the Constantinian University, Cranston, Rhode Island, U.S.A. Mr. Francavilla is also a member of the Board of Directors of the Venice branch of Bank of Italy.

Andrea Guerra

Mr. Guerra holds a business administration degree, he has been Chief Executive Officer of the Company since July 27, 2004 and is a Director in the Company's leading subsidiaries. Prior to this, he had worked for ten years in Merloni Elettrodomestici, a company he had joined in 1994 and where he had become Chief Executive Officer in 2000. Before joining Merloni, he had worked for five years in Marriott Italia, holding various positions and being promoted to Marketing Director. He received his business administration degree at Università La Sapienza in Rome in 1989.

In the Luxottica Group, Mr. Guerra is, among others, Chief Executive of Luxottica S.r.l., Chairman of OPSM Group PTY Limited, member of the Board of Directors of Luxottica U.S. Holdings Corp., of Luxottica Retail North America Inc. and of Oakley Inc. He is also a member of the Board of Directors of Parmalat S.p.A. and of DEA Capital S.p.A.

Roger Abravanel

Mr. Abravanel has been a member of the Board of Directors of the Company since 2006. He received a degree in engineering from the Politecnico in Milan and a MBA from INSEAD in Fontainebleau, France. He worked for 34 years in McKinsey as a consultant for Italian and multinational companies in Europe, America and in the Far East. In 2006 he left McKinsey and he is currently a member of the Board of Directors of various companies and advisors of Private Equity funds in Italy and abroad. He has published numerous essays.

He is a member of the Board of Directors of COFIDE S.p.A., Teva Pharmaceutical Industries LTD, of Banca Nazionale del Lavoro S.p.A. and of Coesia S.p.A.

Mario Cattaneo

Mr. Cattaneo has been a member of the Board of Directors of the Company since 2003. He is Emeritus Professor of Corporate Finance at the Università Cattolica in Milan, Italy. He was a member of the Board of Directors of Eni from 1998 to 2005, of Unicredito from 1999 to 2005 and auditor of Bank of Italy between 1991 and 1999.

He is Chairman of Euromobiliare Asset Management SGR S.p.A., member of the Supervisory Board of UBI Banca S.C.p.A.; Chairman of the Board of Auditors of Italiana Assicurazioni S.p.A. and of Sara Assicurazioni S.p.A.; member of the Board of Directors of Bracco S.p.A. and of Banca Sella Holding S.p.A.; Auditor of Michelin Italiana SAMI S.p.A.

Enrico Cavatorta

Mr. Cavatorta received a Business Administration degree at the Università LUISS in Rome, Italy, and has been a member of the Board of Directors since 2003; he has held his position as Chief Financial Officer since he joined Luxottica Group in 1999; he is a member of the Board of Directors of the leading subsidiaries of the Group. Before joining Luxottica Group, he was Planning and Control Officer for the Piaggio Group. Between 1993 and 1996 he was a consultant for McKinsey & Co, and prior to that he was a financial controller of Procter & Gamble Italia, where he worked between 1985 and 1993.

He is, among others, a member of the Board of Directors of Luxottica US Holdings Corp., of Luxottica S.r.l., of OPSM Group Pty Ltd., of Luxottica Retail North America Inc., of Oakley Inc., all of which belong to Luxottica Group.

Roberto Chemello

Mr. Chemello holds a degree in Corporate Finance from the Cà Foscari University in Venice. He joined Luxottica Group in 1979. Until 1985 he was Chief Financial Officer of the Company. Between 1985 and 2004 he was Chief Executive Officer of Luxottica Group. He

then took over the position of Chief Operations Officer, which he held until July 2008, when he left all operational positions held in Luxottica Group.

In 2007 he acquired the control share of Woodn S.r.l., a company that specialises in the manufacturing and marketing of wooden based composites, where he holds the position of Chairman of the Board of Directors.

In 2008 he was appointed Chairman of the Board of Directors of the Chinese company Sunbow Environmental Decoration Material Co Ltd, fully owned by Woodn S.r.l., which manufactures wooden composites for distribution both on the Chinese and on the international market. Also, in 2008 he was appointed member of the Board of Directors of the Entrepreneurs' Association of the Belluno Province.

Mr. Chemello is a member of the Board of Directors of Stefanel S.p.A.

Claudio Costamagna

Mr. Costamagna has been a member of the Board of Directors of the Company since 2006. He holds a business administration degree and has held important offices in Montedison, Citigroup and Goldman Sachs where he was for years Chairman of the Investment Banking division for Europe, the Middle East and Africa. He is currently Chairman of "CC e Co S.r.l.", a financial advisory boutique he founded. He is also Chairman of the Alumni Association of the Università Bocconi.

Mr. Costamagna is a member of the Board of Directors of Autogrill S.p.A., Bulgari S.p.A., DEA Capital S.p.A., Mandel Partners S.A.

Claudio Del Vecchio

Mr. Del Vecchio joined Luxottica Group in 1978 and he has been a member of the Board of Directors of the Company since 1986. Between 1979 and 1982 he was responsible for distribution in Italy and Germany. From 1982 to 1997 he was in charge of the Group business in North America.

He is Chairman and Chief Executive Officer of Retail Brand Alliance, Inc. He is also a Director in Luxottica US Holdings Inc.

Sergio Erede

Mr. Erede has been a member of the Board of Directors of the Company since 2004. He holds a degree in jurisprudence, which he received in 1962 at the Università degli Studi in Milan, Italy; in 1964 he received a masters in law from the Harvard Law School, Cambridge, Massachusetts, U.S.A. He worked for the Hale & Door law firm, in Boston, between 1963 and 1964 and for the Sullivan & Cromwell law firm in New York, between 1964 and 1965. From 1965 to 1969 he was head of the legal department of IBM Italia S.p.A. Since 1969 he has been working as a freelance professional. The law firm he founded in 1999, Erede e Associati, merged into the law firm Bonelli Erede Pappalardo, which served prestigious clients in the major transactions of extraordinary finance to take place in Italy.

Mr. Erede is a member of the Board of Directors of Interpump Group S.p.A., of Gruppo Editoriale L'Espresso S.p.A., of Manifatture Lane Gaetano Marzotto & Figli S.p.A., of Società Italo Britannica L. Manetti - H. Roberts S.p.A., of Manuli Rubber Industries S.p.A., of Gruppo IPG Holding S.r.l., of Sintonia S.A., he is Chairman of AON Italia S.p.A., Vice Chairman of the Board of Directors of Banca Nazionale del Lavoro S.p.A.; member of the Surveillance Committee of Fonciere des Regions.

Sabina Grossi

Ms. Grossi holds a degree in Business and Economics; she is a certified public accountant registered in the Auditors Register and has been a member of the Board of Directors of the Company since 2003. Since 2005 she has also been a member of the Human Resources Committee of the Company. She was head of Investors Relations of the Group from 1996 to 2004. Between 1994 and 1996 she worked for Caboto Sim S.p.A. as a financial analyst, focusing on the Italian stock market. Between 1991 and 1993, she was an assistant professor for Mathematical Analysis at the Engineering Department of the La Sapienza University in Rome, Italy. During the same time, she also worked as a professor for statistical sciences at the school of Revenue Police.

She is a member of the Board of Directors of Molmed S.p.A. and Chairman of the Italian OneSight Foundation.

Ivanhoe Lo Bello

Mr. Lo Bello received a degree in Law at the University of Catania, he has been a member of the Board of Directors of the Company since April 29, 2009 and was appointed by the minority shareholders. He has been Chairman of Banco di Sicilia – Gruppo Unicredit since April 2008, where he previously held the positions of Vice Chairman and member of the Board of Directors.

Between 2004 and 2008 he was a member of the Board of Directors of the Siracusa branch of Bank of Italy.

Mr. Lo Bello is a member of the National Council of Confindustria and since September 2006 Chairman of Confindustria Sicilia. He is also Chairman of the Siracusa Chamber of Commerce and a member of the Board of Directors and of the Board of the Union of Italian Chambers of Commerce, where he is head of the Culture Department.

Marco Mangiagalli

Mr. Mangiagalli has been a member of the Board of Directors since April 2009. He holds a degree in political economics, received from the Università “L. Bocconi” in Milan, Italy, in 1973.

He spent most of his career working for the ENI Group; however he did also work for the Barclays Group in Italy and for the Nuovo Banco Ambrosiano Group.

In ENI, he held positions of increasing responsibility and was appointed Financial Director and afterwards Chief Financial Officer between 1993 and 2008. Since August 2008 he has been Chairman of Saipem S.p.A.

Gianni Mion

Mr. Mion holds a degree in Business Administration, he is a certified public accountant and auditor and he has been member of the Board of Directors of the Company since 2004. He has been Chief Executive Officer of Edizione S.r.l. (previously Edizione Holding S.p.A.) since 1986. His professional career began as Auditor in KPMG, he then became financial controller in McQuay Europa S.p.A. In 1974 he joined Gepi S.p.A., where he became Vice General Manager in 1980. He was Managing Director of Fintermica S.p.A between 1983 and 1985, and later Chief Financial Officer for Marzotto S.p.A., until 1986.

He is Chief Executive Officer of Edizione S.r.l. (previously Edizione Holding S.p.A.), a member of the Board of Directors of Benetton Group S.p.A., of Autogrill S.p.A., Atlantia S.p.A., di Sintonia S.A., Burgo Group S.p.A.

Marco Reboa

Mr. Reboa holds a degree in Business Administration, received at the Università Commerciale L. Bocconi in Milan, Italy, in 1978; he is registered in the Association of Certified Accountants since 1982 and he is a certified public accountant pursuant to Ministerial Decree April 12, 1995. He is currently full professor at the Law School of the Libero Istituto Universitario Carlo Cattaneo in Castellanza, Italy, and works as freelance professional in Milan, notably in the field of operations of extraordinary finance. Over the past few years, he has published a series of books and articles on financial statements, economic appraisals and corporate governance. He is Editor of the Magazine of Certified Accountants. He has been a member of the Board of Directors since April 2009, after serving as Chairman of the Board of Auditors of Luxottica Group S.p.A. between June 14, 2006 and April 29, 2009.

He is a member of the Board of Directors of ENI S.p.A. and of Interpump Group S.p.A.; Chairman of the Board of Auditors of Mediobanca S.p.A., Auditor of Group Lactalis Italia S.p.A.

With regard to the assessment of the maximum number of positions as members of the board or auditors in other companies listed on regulated markets, in financial companies, banks, insurance companies or other companies of a significant size compatible with the office of member of the Board of Directors of Luxottica Group S.p.A.; in 2007 the Company implemented the following criteria:

MAXIMUM NUMBER OF APPOINTMENTS AS MEMBER OF THE BOARD OF DIRECTORS OR AUDITOR IN OTHER COMPANIES	
	Listed companies, financial companies, banks, insurance companies or companies of a significant size
Executive role	3 + LUXOTTICA
Non-executive role	9 + LUXOTTICA

For the purpose of multiple appointments, (i) the only positions to be taken into consideration are those as member of the Board of Directors or auditor for companies listed on regulated markets (domestic and foreign), in banks, insurance companies, or companies of a significant size, that is to say companies with a total value of business or a turnover exceeding Euro 1,000 million (hereinafter, “Relevant Companies”), (ii) the appointments by one or more Relevant Companies belonging to the same group, including Luxottica Group, are counted as one, whereby the appointment requiring the most significant commitment (i.e. the executive role) shall be considered the prevailing one.

The appointments held by the members of the Board of Directors in other companies, in compliance with the criteria indicated above, are compatible with the appointment in Luxottica Group. With regard to the Chairman, please note that he serves four relevant roles pursuant to the above-mentioned criteria. However, after taking into consideration the fact that he does not enjoy any managing powers in the Company and that his role in Beni Stabili S.p.A. is directly related to his role in Fonciere des Regions, the Board agreed that such appointments were compatible with his role in Luxottica Group.

The members of the Board of Directors possess the required professionalism and experience to perform their role effectively and efficiently.

It should be noted that neither the Company by-rules, nor any board resolutions, have authorised, generally or conditionally, any derogations from the non-competition clause.

Executive Directors

On April 29, 2009, the Shareholders Meeting confirmed Mr. Leonardo Del Vecchio as Chairman of the Company. On the same date, Mr. Luigi Francavilla was confirmed as Vice Chairman, and Mr. Andrea Guerra as Chief Executive Officer.

The Chairman retains the functions granted to him by law and by the company by-laws and supervises the Internal Auditing function.

Although he is not in possession of executive managing powers, the Chairman is still regarded as an executive director by virtue of his commitment to the Company and his involvement in all the relevant strategic decision-making.

Through Delfin S.a.r.l., the Chairman is the majority shareholder of the Company.

The powers granted to the Chief Executive Officer to manage the Company have been confirmed, by virtue of the resolution adopted by the Board of Directors on April 29, 2009, except that he needs board approval for the following actions:

- a) to approve strategic agreements and agreements with a financial value exceeding Euro 30 million, as a unit or aggregate amount – when dealing with transactions of the same nature or with a similar object, which were concluded in the same context as well as agreements requiring a commitment exceeding the time limit of three years, except where the same qualify as ordinary or recurring;
- b) to acquire, transfer, sell, grant holdings, enterprises or business branches for a unitary or aggregate amount or value (also taking into consideration financial indebtedness) - when dealing with transactions of the same nature or with a similar object and concluded in the same context – exceeding Euro 10 million;
- c) to request banks, financial and commercial institutions to grant lines of credit or credit lines in general, to issue financial debt under any form, for an amount exceeding Euro 15 million per transaction;
- d) to issue debt (other than intra-group transactions and those transactions for payment of tax and employees wages), on current accounts of the Company in banks and post offices, for a unitary or aggregate amount - when dealing with transactions of the same nature or with a similar object and concluded in the same context – exceeding Euro 15 million;
- e) to issue and grant to banks, financial institutions and third parties in general collateral securities on the debts of third parties and, when on own debts or debts of companies belonging to Luxottica Group for amounts totalling over Euro 15 million;
- f) to issue and grant to banks, financial institutions and third parties in general, guarantees on debt by Luxottica Group for amounts totalling over Euro 15 million and if on corporate debts of Luxottica Group, over the existing credit limits; and
- g) to carry out transactions for foreign exchange risk hedging and interest rate risk hedging, such as buying and selling currency futures, currency swap, interest rate swap, call and put option for a unitary or aggregate value - when dealing with transactions of the same nature or with a similar object and concluded in the same context – exceeding Euro 50 million.

The Chief Executive Officer is authorised by the Board of Directors to supervise all business units. He also makes proposals to be submitted to the Board of Directors regarding the organisation of the Company and of the Group, the general development and investment programs, the financial programs and the budget, as well as any other matter the Board might

require. He ensures that the organisation, administration and accounting structure of the Company is suitable to its nature and size.

The Chief Executive Officer is also the executive director responsible for supervising the internal audit function in compliance with the guidelines of the Code of Conduct.

Vice Chairman, Mr. Luigi Francavilla, and member of the Board, Mr. Enrico Cavatorta, hold managerial positions in the Group and have been authorised to perform transactions with a value not exceeding Euro 10 million.

Mr. Luigi Francavilla, Vice chairman, Mr. Andrea Guerra, Chief Executive Officer and Mr. Enrico Cavatorta, member of the Board of Directors, hold positions with managerial functions in industrial and commercial companies of significant size controlled by Luxottica Group.

The Board of Directors, therefore, has four Executive Directors: Mr. Leonardo Del Vecchio, Mr. Luigi Francavilla, Mr. Andrea Guerra and Mr. Enrico Cavatorta.

In accordance with the Company's by-laws, the designated bodies report to the Board of Directors and to the Board of Auditors regularly and in any case at least quarterly, on the general performance of the business and on the procedures to exercise the managing powers granted to them, as well as on the most relevant economic, financial and assets transactions performed by the Company and by its subsidiaries.

Non-executive and Non-independent Directors

According to the information received from the interested parties or in any case available to the Company, Mr. Roberto Chemello, Mr. Claudio Del Vecchio, Mr. Sergio Erede and Ms. Sabina Grossi are non-executive and non-independent directors.

Independent Directors

On occasion of their appointment on April 29, 2009, the following members of the Board: Mr. Roger Abravanel, Mr. Mario Cattaneo, Mr. Claudio Costamagna, Mr. Ivanhoe Lo Bello, Mr. Marco Mangiagalli, Mr. Gianni Mion and Mr. Marco Reboa declared that they satisfy the requirement of independence set forth by art. 148, paragraph 3 of Legislative Decree 58/1998, as quoted in art. 147-ter of same decree and in art. 3 of the Code of Conduct of the Listed Companies.

Mr. Ivanhoe Lo Bello was also appointed Lead Independent Director, point of reference and co-ordinator of petitions by the independent directors. During 2009, the Lead Independent Director resolved not to call a meeting for the sole independent directors as the number and frequency of the meetings of the Board of Directors and of the Internal Control Committee allowed to appropriately follow up on the issues they were interested in.

The Board of Directors has determined that the independence requirements continued to be met on the basis on the information provided by the interested parties.

The Board of Auditors has verified the assessment carried out by the Board on the independence of the Directors on the basis of the above-mentioned criteria.

Of the Board of Directors in office until April 29, 2009, the following directors qualified as independent Directors based on the parameters identified in Code of Conduct previously in force: Mr. Tancredi Bianchi, Mr. Mario Cattaneo, Mr. Gianni Mion, Mr. Lucio Rondelli, Mr. Claudio Costamagna and Mr. Roger Abravanel. These directors satisfied the requirements for independence set forth at art. 148, paragraph 3 of the Consolidated Finance Law.

Appointment of Directors

The Board of Directors currently in office was appointed by the meeting of April 29, 2009, according to the list-based voting system set forth in article 17 of the company by-laws (refer to the same).

Leonardo Del Vecchio, Luigi Francavilla, Andrea Guerra, Roger Abravanel, Mario Cattaneo, Roberto Chemello, Enrico Cavatorta, Claudio Costamagna, Claudio Del Vecchio, Sergio Erede, Sabina Grossi, Gianni Mion, Marco Mangiagalli, Marco Reboa were selected from the list submitted by majority shareholder Delfin S.a.r.l..

Ivanhoe Lo Bello was selected from the minority list submitted by various institutional investors.

The lists and the relevant support documentation, filed within the deadlines, on occasion of the meeting, are available for review on the Company's internet website under the Corporate Governance section.

Pursuant to the current Company by-laws, shareholders with a shareholding equal to at least the percentage set by Consob pursuant to article 147-ter, paragraph 1, Legislative Decree 58/1998 may submit a list of candidates for appointment to the Board of Directors. Through Consob ruling no. 16779 of January 27, 2009, such percentage had been set for Luxottica at 1% of the share capital.

The lists, which must include the professional curricula of the selected candidates and be signed by the shareholders who submitted them, shall be submitted to the registered office of the Company no later than fifteen days prior to the first shareholders meeting, together with the documents certifying the share ownership.

By the same deadline, the declarations of the individual candidates must also be submitted, whereby the candidates accept their candidacy and declare, on their own responsibility, that there are no legal grounds for their ineligibility or incompatibility, as well as the compliance with possible requirements indicated in the relevant list.

The lists of candidates are made public according to the procedures and time limits defined by the legislation in force at the time.

Each list must include and explicitly indicate at least one independent Director pursuant to art. 147-ter of the Consolidated Financial Law, with a progressive number up to a maximum of seven. Where the list is made up by more than seven candidates, it must include and explicitly indicate a second independent Director pursuant to art. 147-ter of the Consolidated Financial Law. Each list can also explicitly indicate, where appropriate, the directors who are in compliance with the requirement of independence provided for by the codes of conduct prepared by management companies of regulated markets or by trade associations.

The minority lists may not be linked, even indirectly, to shareholders who have submitted the majority list.

At the end of the voting, the candidates of the two lists with the highest number of votes are appointed according to the following criteria:

a) from the list which received the highest number of votes (the “Majority List”), is appointed a number of directors equal to the total number of the members of the Board, as previously agreed by the participants to the meeting, less one; in compliance with these numerical limitations the candidates are appointed, according to the numerical order indicated in the list;

b) from the second list which obtained the highest number of votes and which may not be linked, even indirectly, to the shareholders who submitted or voted the Majority List in accordance with the applicable provisions (the “Minority List”), is appointed one member of the Board, the candidate appearing as candidate number one on the list; however, in the event that no Independent Director pursuant to art. 147-ter is appointed in the Majority List, where the Board of Directors is made up of a maximum of seven members, or in the event that only one Independent Director is appointed pursuant to art. 147-ter, where the Board is made up by more than seven members, in place of the head of the Minority List, the first Independent Director pursuant to art. 147-ter indicated in the Minority list shall be appointed.

The lists which did not reach a percentage of votes equal to at least half of the percentage of votes required to submit a list, shall not be taken into consideration.

The candidate listed at the top of the Majority List will be appointed Chairman of the Board of Directors.

The Board of Directors has so far deemed it unnecessary to establish an Appointment Committee to propose candidates for appointment as directors because of the shareholding structure.

Remuneration of Directors

The Shareholders Meeting resolves on the remuneration of Directors.

The Board of Directors is solely responsible for determining, after prior consultation with the Human Resources Committee and the Board of Auditors, the remuneration of the Directors performing special duties as well as the distribution of the total remuneration to be paid to

each individual member of the Board, where this has not been already determined by the Shareholders' Meeting.

The Shareholders' Meeting on April 29, 2009 approved a gross monthly remuneration for the Board of Directors of Euro 101,497.50 for the entire duration of its term in office and thus until the approval of the financial statements on December 31, 2011. On the same day, the Board of Directors approved and directed that the gross monthly remuneration be divided equally between the members of the Board.

The Chairman receives a fixed remuneration for the office held in the Company, pursuant to article 2389, paragraph 3 of the Italian Civil Code. The Chairman also receives additional remuneration for the office held in a subsidiary company.

The aggregate remuneration of the Chief Executive Officer, also based in part on the quality of his role as company manager, is composed of a fixed amount and a variable amount, linked to the attainment of predetermined objectives.

Executive Directors Mr. Francavilla and Mr. Enrico Cavatorta receive, in addition to the fixed remuneration as members of the Board of the Company, remuneration as Company managers, which is composed of a fixed amount and a variable amount, linked to the attainment of predetermined objectives. The Deputy Chairman also receives remuneration for his office in the subsidiary company, Luxottica S.r.l.

Also, for managers in strategic roles, a significant part of the salary is linked to the attainment of predetermined objectives.

The remuneration of the non-executive Directors is not linked to the Company's performance and they do not benefit from stock-based incentive plans.

With the exception of the Chief Executive Officer, there are no agreements in place between the Company and the Directors, providing for indemnity payments in the event of resignations or wrongful dismissal or in the event of termination of the employment relation as a result of a tender offer.

In particular, in the event of a wrongful termination of Andrea Guerra, the Company shall pay, in addition to such amounts as are provided for by Italian law, a separation allowance which is a gross one-time all-encompassing payment equal to twice the amount of: (i) his fixed remuneration, that is the sum of his fixed remuneration as employee of the Company plus the fixed remuneration for his role as director of the Company; and (ii) his variable remuneration, calculated based on the average of what he received during the three years prior to the termination of the relationship.

Such remuneration is also applicable in the event Andrea Guerra resigns for just cause or within 60 days after occurrence of any of the following events: substantial negative modification of the managing powers granted to him and/or reduction of the powers granted

therewith; or change of position in the company, following a change in control of the Company.

For the termination of the employment relationship occurred during 2008 with Mr. Roberto Chemello please see the Report on Corporate Governance issued last year.

For more details on the stock options and the performance shares plan granted to the Chief Executive Officer, to other Directors and to Managers in strategic roles, please refer to the information available in the notes to the financial statements as of December 31, 2009.

More details on the stock options plans prepared by the Company and on the performance shares plan are available in the documents published pursuant to article 84 bis of the Issuers Regulations on the Company website www.luxottica.com in the Corporate Governance section.

Human Resources Committee

The Board of Directors of April 29, 2009 confirmed as members of the Human Resources Committee, Claudio Costamagna, Roger Abravanel, Gianni Mion, Sabina Grossi, non-executive directors, the majority of whom are independent directors. Claudio Costamagna was appointed Chairman of the Committee. The Committee in office until April 29th, 2009 was made up by the same members and chaired by Gianni Mion.

The Committee, whose meetings are regularly reported in the minutes produced by the Group Director of Human Resources shall perform investigations, offer consultations and submit proposals to the Board of Directors, including for the following matters:

- the remuneration of the Members of the Board of Directors of the Company in special roles and for the determination of the criteria for the remuneration of top management of the Company and of the Group; and
- review of the incentive plans for Luxottica Group employees and the criteria for the composition of the management bodies of the subsidiary companies of significant size.

The Committee periodically assesses the criteria adopted for the remuneration of top management of the Company and of the Group and supervises their application. It also controls the development and the application of the incentive plans approved by the Company.

The Committee meets whenever the Chairman deems it necessary or whenever a request is submitted to him by another member of the Committee, deliberating in the absence of the interested parties.

Whenever the Committee deems it necessary to discuss certain issues in more detail, appropriate Company managers will be invited to take part in the meetings.

During fiscal year 2009, the Committee held 5 meetings during which, among others, it: (i) formulated proposals to the Board on the allotment of incentive plans (stock option,

performance share plan) to employees of the Company and of its subsidiaries; (ii) formulated proposals to the Board of Directors on the remuneration for the members of the Board pursuant to article 2389, paragraph 3 of the Italian Civil Code; (iii) formulated proposals to the Board of Directors on the reallocation of the stock option plans assigned in 2006 and 2007; and (iv) reviewed the general guidelines for the remuneration of employees for the year 2009.

The Committee has access to the information and the company functions necessary for the performance of its task in addition to being able to work with external consultants. The Board of Directors resolved to allocate for fiscal year 2010, Euro 25,000 to the Committee in order to provide it with adequate financial resources to perform its tasks. A similar decision had been taken for fiscal year 2009.

II. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Internal Control System consists of specific procedures for each area of activity, which are set forth in the manuals updated and distributed within the Group and which are aimed at allowing, through an appropriate risk identification, management and monitoring system, a healthy and fair management of the company, in line with the predetermined objectives.

This system is aimed at ensuring that the financial report is reliable, accurate and promptly submitted.

Particular importance is thus attributed to the control structure – defined on the basis of the COSO report model, which represents the best international practice to assess the adequacy of the internal control system – of the preparation and circulation of the financial reports and which has been further strengthened in the past few years to ensure compliance with the guidelines of the Sarbanes-Oxley Act (SOX).

In compliance with the provisions of art. 2381 of the Italian Civil Code, on the basis of the information received by the appointed bodies responsible for ensuring that the organisational, administrative and accounting structure is suitable to the nature and size of the business, the Board of Directors establishes guidelines for the internal control system and assesses their adequacy so that the major risks for the Group may be correctly identified and monitored.

To this end, the Board consults with the Internal Control Committee and with the Internal Control Officer, with the Internal Auditing and with the Supervisory Board on the organisational model provided for by Legislative Decree no. 231/2001.

By resolution on February 19, 2007, it was agreed that the Internal Auditing Supervisor would report to the Chairman and to the Chief Executive Officer.

This is all without prejudice to the supervisory and control duties, which are by law reserved to the Board of Auditors, while the auditing activity is assigned to an external auditing company in accordance with Italian regulations.

In the meeting on April 29, 2009, the Board of Directors confirmed the Chief Executive Officer as the executive administrator responsible for the supervision of the performance of the internal control system and of the duties and functions described in the Code of Conduct.

In the performance of his task, the Chief Executive Officer has supervised the identification of the major corporate risks also through a risk assessment process, which was expanded to the most important companies belonging to the Group. The criteria for the identification of corporate risks are linked to the nature of the risk itself (with specific reference to financial risks, risks concerning compliance with accounting regulations and risks with potential impact on the Company's reputation), its likeliness to occur and its size. Periodically and upon specific request, the Chief Executive Officer has provided reports to the Board of Directors on any risks identified and the undertaken corrective actions.

Moreover, the Chief Executive Officer has implemented the guidelines set by the Board, by planning, implementing and managing the internal control system, and constantly assessing its overall adequacy, its efficiency and effectiveness. The Chief Executive Officer has also dealt with the adjustment of the system to the changes in the operational conditions and of the legal and regulatory framework through the support of the relevant corporate structures.

In October 2009, the Board of Directors updated the **Financial Risk Management Policy**, applicable to all the companies of Luxottica Group and introduced in November 2006. The adjustment was necessary to implement some organisational changes with a view towards continuous improvement and alignment of the policy to the operating processes.

The policy sets forth the principles and rules for the management and monitoring of financial risks, with particular reference to activities by Luxottica Group to minimise the risks deriving from the fluctuations of interest rates and exchange rates.

The policy clarifies that "rate risk" hedging uses the "interest rate swaps", while for "exchange risk" the derivative instruments are used, such as "forward exchange contract", "stop loss order" and "collar zero cost". The use of derivative instruments for speculative purposes is not allowed.

In addition to the caps set for each individual transaction in derivatives instruments, the policy also sets a cap linked to the overall Luxottica Group debt exposure.

During 2007, a quarterly reporting system was implemented for the Internal Control Committee, to highlight the debt exposure and the hedging transactions implemented to minimize the "interest" and the "exchange rate" risks.

Another operational and control instrument that was implemented a while ago is the **Credit Policy**, which is applicable to all the wholesale companies of Luxottica Group.

This policy defines the rules and responsibilities for the management and collection of credit in order to prevent financial risks, optimise credits' revolving and reduce losses on such credits. In particular, this policy sets the guidelines for the following activities:

- apportionment and control of the credit lines;

- monitoring of credit trends;
- soliciting unpaid/expired credits;
- management and control of undertaken legal actions;
- management and control of the appropriations and losses on credits;
- determination and control of terms of payment in the various markets; and
- control over warranty terms.

The Board of Directors annually assesses the adequacy, effectiveness and efficient functioning of the control system, in accordance with the methods described in Section III of this Report.

The Internal Control Committee

By virtue of its stock being listed in the United States, the Company is subject to the provisions of the Sarbanes-Oxley Act which, in terms of internal controls, impacts the governance structure currently in place. In particular, some powers, which pursuant to the Code of Conduct should be assigned to the Internal Control Committee, are assigned instead in Luxottica Group to the Audit Committee, identified in the Board of Auditors. For more details, please refer to the relevant paragraph below.

On April 29, 2009, the Board of Directors appointed the following individuals as members of the Internal Control Committee: Mr. Mario Cattaneo, Chairman, Mr. Marco Reboa and Mr. Marco Mangiagalli. On July 28, 2009, Director Ivanhoe Lo Bello was also appointed member of the Committee.

All the members have significant experience in accounting and finance.

Up until April 29, 2009, the Committee was made up of Mr. Lucio Rondelli, Chairman, Mr. Tancredi Bianchi and Mr. Mario Cattaneo.

According to the provisions of its Rules, last updated in July 2009, the Internal Control Committee is responsible for performing investigations, offering consultations and submitting proposals to the Board of Directors.

In particular, the Committee performs the following activities:

- assists the Board in the execution of its tasks regarding internal controls;
- evaluates (i) the work program of the Internal Control Officer and the regular reports issued, (ii) the correct use of accounting principles, together with the manager responsible for the preparation of the Company accounting records and the managers and the auditors; and (iii) the results of the activity performed by the Internal Auditing function; and
- expresses opinions on specific aspects concerning the identification of corporate risks as well as the planning, implementation and management of the internal control system.

Specific competences on auditing are assigned to the Audit Committee, later described in this Report. Moreover, the Financial Expert was identified, by the Board of Directors, within the Audit Committee.

The Committee meets whenever the Chairman deems it appropriate or whenever a meeting is requested to him by another member and, usually, before the Board meetings for the approval of the annual, six months and quarterly reports.

Where the Committee deemed it appropriate to review in depth some items of the agenda, directors of the Company and of Luxottica Group have been invited to take part in the meetings, only with regard to the review of those items.

During fiscal year 2009, the Committee met eight times and it has, among other activities:

- evaluated the financial risks for the Company and the management criteria for the transactions in derivative instruments;
- examined, biannually, the reports of the Supervisory Board and the Guarantor of the Code of Ethics;
- reviewed the quarterly reports of the Internal Control Officer; assessed the development of activities aimed at compliance with the Sarbanes-Oxley Act;
- approved the audit plan and the integrations to same submitted over the year; and
- met with representatives of some departments to review in detail the progress of specific projects or the management of some specific risk areas.

The meetings, attended by the Chairman of the Board of Auditors, or by an Auditor appointed by same, are regularly reported in the meeting minutes.

The Internal Control Committee reports to the Board at least semi-annually on the activities performed.

The Committee has access to the information and the Company functions necessary for the performance of its task in addition to being able to work with external consultants. The Board of Directors approved the allocation for fiscal year 2010, of funds totalling Euro 50,000, to the Committee in order to provide it with adequate financial resources to perform its tasks independently. A similar decision had been taken for fiscal year 2009.

The Internal Control Officer

The Internal Control Officer is responsible for ensuring the adequacy and efficiency of the internal control system and proposing corrective measures, provided he is given adequate means to perform his duties. He has direct access to any information useful for the performance of his duties.

The Internal Control Officer has been identified by the Board of Directors, upon proposal by the Chief Executive Officer, as the manager of Internal Auditing of Luxottica Group, Mr.

Luca Fadda. The guidelines concerning his remuneration have been approved with the favourable opinion of the Internal Control Committee.

The Internal Control Officer reports to the Chairman and to the Chief Executive Officer – the executive manager supervising the functionality of the internal control system – and reports on the performance of his duties on the latter, as well as to the Internal Control Committee and to the Board of Auditors, also in its function as Audit Committee.

The Internal Control Officer is not responsible for any operational area and has access to any information useful for the performance of his duties. He is provided with a budget, determined by the Company, which is allocated consistently with the activities performed to reach the objectives set in the plan approved by the competent bodies.

In the course of the fiscal year, the Internal Control Officer has performed his role through the implementation of an activities and verifications plan, related to the Company and its main subsidiaries. Such actions, which the Officer periodically has reported to the Chairman, to the Chief Executive Officer, and to the Board, through the Internal Control Committee and the Board of Auditors, have allowed the Company to identify areas for improvement of the internal control system, for which specific plans have been implemented to further strengthen the foundations of the system itself.

Organisation, Management and Control System pursuant to Legislative Decree no. 231/2001

On October 27, 2005, the Board of Directors adopted the Organisation, Management and Control System, as established by Legislative Decree no. 231/2001 in order to prevent the risk of wrongdoing on the part of employees and consultants of the Company, with resulting administrative liability as provided for by Legislative Decree no. 231/2001 (hereinafter the “**Model**”).

On July 27, 2006, the Board of Directors approved the supplements to the Model in order to include market abuse and transnational organised crime in the list of offences. Lastly, the Model was updated by resolution of the Board of Directors on July 31, 2008, in order to incorporate the offences related to the health and safety of workers, IT activities and anti - money-laundering – recently introduced in the scope of the decree - and to deal more in detail with the areas already included in the previous version, through stronger reference to procedures and guidelines already in place in the Company. Particular importance is given to the “point persons” of the Supervisory Board (the Operational Unit Supervisors), perform functions considered to be the most “sensitive” activities pursuant to Legislative Decree 231, who constantly monitor the implementation of the Model, within their area of responsibility, and report semi-annually to the Supervisory Board. This reporting mechanism has been further extended and standardized in comparison to the one previously in force.

Following the update of the Model, and in continuation of the training programs from the past few years, training initiatives have been established for areas which are considered “sensitive” pursuant to Legislative Decree no. 231.

The purpose of the Model is the establishment of a structured and organic system of procedures and control activities carried out mainly for prevention, and as such, not to be violated except by fraudulent failure to comply with its provisions.

To this end, the Model serves the following purposes:

- to make all those working in the name of and on behalf of Luxottica aware of the need to accurately comply with the Model, the violation of which shall result in severe disciplinary measures;
- to support condemnation by the Company of any behaviour which, inspired by a misunderstanding of corporate interest, conflicts with the law, rules or more generally with the principles of fairness and transparency upon which the activity of the Company is based;
- to inform about the serious consequences which the Company may suffer (and therefore also its employees, managers and top managers) from the enforcement of money penalties and disqualifying sanctions provided for in the Decree and the possibility that such measures may be ordered as an interim measure; and
- to enable the Company to exercise constant control and careful supervision of its activities, in order to be able to react promptly in the event that risks arise and possibly enforce disciplinary measures provided for by the Model itself.

The Model is available on the website www.luxottica.com in the Corporate Governance section.

The Supervisory Board in office until the approval of the financial statements as of December 31, 2011, is composed of the manager of Internal Auditing, Mr. Luca Fadda, by Mr. Giorgio Silva and Mr. Ugo Lecis. The Board reports semi-annually to the Board of Directors, the Internal Control Committee and the Board of Auditors on the activities performed.

The Board of Director allocated specific funds, totalling Euro 50,000, in order to provide the Supervisory Board with adequate financial resources to perform its duties throughout fiscal year 2010. A similar resolution had been passed for fiscal year 2009.

It should be noted that on the basis of the guidelines provided by the Parent Company and of the Risk Assessment performed, the subsidiary companies Luxottica S.r.l. and Luxottica Italia S.r.l. adopted their own Organisation Model pursuant to Legislative Decree no. 231 and appointed the respective Supervisory Bodies, in order to implement specific control measures specific to the different risk/offence potentials of each company.

Amendments to Models 231 in relation to the offences introduced during 2009 in the scope of Legislative Decree 231/2001, with specific reference to counterfeiting, offences related to copyright and offences against industry and trade, are currently under review.

Sarbanes-Oxley Act

Compliance with the provisions of the Sarbanes-Oxley Act (“SOX”), is compulsory for Luxottica Group since it is listed on the New York Stock Exchange (‘NYSE’), and therefore it represented and represents a significant motivation for the Group to continually improve its internal control system.

In particular, in complying with SOX, Luxottica not only intended to implement a regulation but has also taken a real opportunity to improve its administrative and financial governance and the quality of its internal control system in order to make it more systematic, consistently monitored and methodologically better defined and documented.

Luxottica is aware that the efforts made to define an efficient internal control system, capable of ensuring complete, accurate and correct financial information, do not represent a one-time activity but rather a dynamic process that must be renewed and adapted to the evolution of the business, of the socio-economical context and of the regulatory framework.

The objectives of the control system have been defined consistently with the guidelines of SOX, which differentiates between the following two components:

- controls and procedures to comply with the disclosure obligations related to the consolidated financial statements and the Form 20-F (Disclosure controls and procedures-DC&P);
- internal control system that supervises the preparation of the financial statements (Internal Control Over Financial Reporting-ICFR).

The disclosure controls and procedures are designed to ensure that the financial information is adequately collected and communicated to the Chief Executive Officer (CEO) and to the Chief Financial Officer (CFO), so that they may make appropriate and timely decisions about the information to be disclosed to the market.

The internal control system that supervises the preparation of the financial statements has the objective of ensuring the reliability of the financial information in accordance with the relevant accounting principles.

The structure of the internal control system was defined consistently with the model provided by the COSO report, the most widely used international model to define and assess the internal control system, which establishes five components (control environment, risk assessment, control activity, information systems and communication flows and monitoring activity).

For the most important companies of the Group (so called Material Control Units), which includes since 2008, Oakley, Inc., controls were designed and their effectiveness was assessed both at general/cross level (entity level controls), and at the level of each operational/administrative process. For the less important companies, which were however

still significant, especially when considered in the aggregate (so-called Material When Aggregated) the assessment was performed on the general effectiveness level of the control system.

Among the cross level controls, the controls to reduce the risk of fraud are particularly important. To this end, Luxottica has developed Anti Fraud Programs & Controls derived from an in-depth risk assessment which, after mapping the possible ways in which fraud could be committed, defined the necessary controls to reduce the risk of it happening and/or allowing its identification. This “anti-fraud” system was updated and improved during 2008.

In addition to defining and testing the internal control system in compliance with SOX requirements, Luxottica has also identified necessary actions to ensure its optimal functioning over time.

The entire system must be monitored at two levels: by line management, supervising the significant processes and by the Internal Audit function, which independently and according to an approved intervention plan, must check the effectiveness of the controls and report thereon to the relevant functions and bodies.

Moreover, as a result of an ongoing comparison with other companies listed on the NYSE, the designed control system is subject to continuous improvements and streamlining. Since 2007, on the basis of experience gained internally, of the independent evaluations by the external auditors and the introduction of the new audit standard no. 5 adopted by the PCAOB (Public Company Accounting Oversight Board), a significant activity has been implemented for the evaluation and rationalisation of the controls currently in place, which allowed on the one hand, to eliminate redundant controls that burdened operations without offering a real benefit in terms of strengthening of the internal control system and, on the other hand, to define and better protect the key controls and the monitoring controls. This activity has been performed for all of the most important companies of the Group.

The Board of Auditors

The Board of Auditors currently in office for the duration of three fiscal years, until the approval of the financial statements as of December 31, 2011, is composed of three statutory auditors (Francesco Vella, Chairman, Alberto Giussani and Enrico Cervellera, who were all appointed at the meeting of April 29, 2009) and by two substitute auditors (Alfredo Macchiati, who was appointed at the meeting of April 29, 2009 and Giorgio Silva, who was appointed at the meeting of October 29, 2009). Giorgio Silva was appointed in substitution of Mario Magenes, who had been appointed at the meeting of April 2009 and had subsequently deceased.

The Board of Auditors in office until April 29, 2009, had been appointed at the meeting of June 14, 2006, and was made up of Marco Reboa, Chairman, Enrico Cervellera and Giorgio

Silva. The Board of Auditors previously in office had been appointed from the single list submitted by the then principal stockholder Leoinvest S.r.l.

The appointment of the Board of Auditors currently in office took place through the list-based voting system: Enrico Cervellera, Alberto Giussani and Mario Magenes were appointed from the list submitted on occasion of the meeting of April 2009 by the principal stockholder Delfin S.a.r.l.; Francesco Vella and Alfredo Macchiati were appointed from the list submitted on occasion of the meeting of April 2009 by investment funds.

The addition to the Board with the appointment of Giorgio Silva took place through relative majority voting, with no list constraints, based on the candidacy submitted by the principal shareholder, Delfin S.a.r.l.

The procedures for the appointment of auditors are governed by article no. 27 of the Company by-laws; please refer to the same.

A candidate list for the appointment of the Board of Auditors may be submitted by any shareholder who owns, on its own or jointly with other shareholders submitting the list, a share holding equal at least to the one determined by Consob pursuant to article no. 147-ter, paragraph 1, of Legislative Decree 58/1998. By resolution by Consob no. 16779 of January 27, 2009, such percentage was set at 1% of the share capital.

The minority group – which may not be part of linked relationships, even indirectly, pursuant to article no. 148 paragraph 2° of Legislative Decree 58/1998 and related rules and regulations – shall appoint a statutory auditor to become Chairman of the Board of Auditors and a substitute auditor. The lists must be deposited at the registered office of the Company no less than 15 days before the day set for the shareholders meeting which shall appoint the Auditors. In the event that at the expiry of the deadline for the submission of the lists, one list only has been submitted, or lists have been submitted by shareholders who are linked to each other pursuant to the applicable provisions, additional lists may be submitted up to five days after such date. In that case, the thresholds set for the submission of lists are halved.

A shareholder may not submit or vote for more than one list, either individually, through a third party or through trustee companies. Shareholders belonging to the same group and shareholders who are party to a shareholders' agreement with respect to the issuer's shares, may not submit or vote for more than one list, even through third party or through trustee companies. A candidate may appear on one list only..

The Auditors are appointed as follows: (i) from the list which received the highest number of votes ("Majority List") are appointed, according to the progressive order in which they appear on the list, two statutory Auditors and one substitute Auditor; (ii) from the list which received the second highest number of votes and which may not be linked, even indirectly, to the shareholders who submitted or voted for the Majority List pursuant to the applicable regulations ("Minority List"), are appointed, according to the progressive order in which they appear on the list, a statutory Auditor, who is to become the Chairman of the Board of Auditors ("Minority Auditor"), and a substitute Auditor ("Minority Substitute Auditor"). In the event the lists receive the same number of votes, the list submitted by the shareholders

who hold the higher number of shares when the list is submitted or, alternatively, by the higher number of shareholders shall prevail.

In the event that one single list has been submitted, the shareholders meeting shall vote on same and in the event that the same receives the relative majority of the votes, without taking into account the non-voters, all the candidates for the positions of statutory and substitute Auditors indicated on the list shall be appointed. In this event, the first candidate for the position of statutory Auditor shall be appointed Chairman of the Board of Auditors.

In the event that no lists are submitted or that on any ground the names indicated in the lists are not sufficient, the Board of Auditors and possibly the Chairman are appointed by the Meeting with the ordinary majorities provided for by law. In the event that, on any ground, the Majority Auditor is missing, he is replaced by the Substitute Auditor appointed from the Majority List.

In the event that, on any ground, the Minority Auditor is missing, he is replaced by the Substitute Minority Auditor.

When the Meeting needs to replace members of the Board of Auditors, the Auditors appointed from the Minority List are appointed, where allowed by the applicable regulations, through relative-majority voting, although the counting shall not include the votes of the shareholders, who stated pursuant to the regulations in force that they hold, also indirectly or together with other shareholders who are part of a shareholders' agreement, relevant pursuant to art. 122 of Legislative Decree 58/1998, the relative majority of the votes that may be cast in the Meeting, as well as of the shareholders who control, are controlled or are under the common control by same.

In any case, the new Minority Auditor shall take over the position of Chairman.

As provided pursuant to the Italian regulations applicable to listed companies, the Board of Auditors supervises the compliance with the law and with the by-laws, with proper management principles, the appropriateness of the instructions given by the Company to the subsidiary companies, the appropriateness of the company structure with respect to the areas of responsibility, the internal control system and the administrative accounting system and the reliability of the latter in the correct reporting of the management-related issues and verifies the procedures for the implementation of the corporate governance rules provided for by the Code of Conduct.

Each Auditor reports to the other Auditors and to the Board of Directors on Company transactions in which he has an interest on his own account or on third parties' account.

The Board of Auditors formulates its duly formed proposal to the Shareholders' Meeting on the appointment of the auditing function to the external auditors.

In the performance of its duties, the Board of Auditors coordinates with the Internal Audit function and with the Internal Control Committee.

The Board of Auditors has checked the assessment of the members of the Board of Directors in relation to their independence.

Following its appointment in April 2009, the Board of Auditors assessed the compliance of its members with the requirements of independence.

The Board of Auditors was identified by the Board of Directors as the suitable body to act as Audit Committee as provided for by the Sarbanes Oxley Act and by SEC and NYSE rules and regulations.

The Board of Auditors:

- examines the reports of the Chief Executive Officer and Chief Financial Officer on any significant point of weakness in the planning or in the performance of internal controls which is reasonably capable of negatively affecting the capacity to record, process, summarize and disclose financial information and the shortcomings identified through the internal controls (Section 404 “Internal Controls over financial reporting”);

- examines the reports by the Chief Executive Officer and Chief Financial Officer on any fraud involving management or relevant officers in the context of the internal control system;

- evaluates the proposals of the auditing companies for the appointment as external auditor and submits to the shareholders meeting a justified proposal on the appointment or revocation of the auditing company;

- supervises the activities of the external auditors and their supply of consulting services, other auditing services or certificates;

- reviews periodic reports of the external auditors on: (a) the critical accounting criteria and practices to be used; (b) the alternative accounting processes generally accepted, analysed together with management, the consequences of the use of such alternative processes and the relevant information, as well as the processes which are considered preferable by the external auditors; and (c) any other relevant written communication between the external auditors and management;

- makes recommendations to the Board of Directors on the settlement of disputes between management and the external auditors regarding financial reporting;

- approves the procedures concerning: (i) the receipt, the archiving and the treatment of reports received by the Company on accounting matters, internal control matters of accounting nature and audit-related matters; (ii) the confidential and anonymous reporting on questionable accounting or auditing matters;

- assesses the requests to make use of the auditing company appointed to perform the auditing of the balance sheet for permitted non-audit services and reports on same to the Board of Directors;

- approves the procedures prepared by the Internal Auditing Supervisor for the pre-emptive authorisation of the permitted non-audit services, analytically identified, and examines the reports on the supply of the authorised services.

In accordance with US regulations, Alberto Giussani has been appointed Audit Committee Financial Expert. The position of Board of Auditors Expert had previously been assigned to Marco Reboa.

To perform the above-mentioned duties, the Board of Auditors has been allocated by the Board of Directors the appropriate skills and resources.

All the Auditors – both in office and retired - comply with the legal requirements and in particular with the requirements set forth in article no. 148, paragraph 3, of the Consolidated Financial Law.

Below is some background information on the members of the Board of Auditors currently in office and on the main offices held in other companies as of December 31, 2009.

Francesco Vella, Chairman

An attorney at law, Mr. Vella is full professor of commercial law at the University in Bologna, Italy, where he currently teaches in the Master's degree course. He has written three essays and several publications for miscellaneous volumes and magazines specialised in banking, financial and corporate matters. Mr. Vella is a member of the desk of the following magazines: "Banca Borsa, Titoli di Credito", "Mercato Concorrenza e Regole", "Il Mulino", "Banca, Impresa e Società", "Giurisprudenza Commerciale" and "Analisi Giuridica dell'economia", which he helped to set up, as well as the website "lavoce.info".

He is a member of the Board of Directors of UGF S.p.A., of Unicredit Banca S.p.A., of BolognaFiere S.p.A., of ATC Azienda di Trasport Consorziali di Bologna S.p.A.

Enrico Cervellera – Statutory Auditor

Mr. Cervellera received a degree in Business and Economics from the Università L. Bocconi in 1963 and a degree in jurisprudence from the Università Cattolica in 1968; he is registered in the Register of Chartered Accountants since 1965; he is auditor as per Ministerial Decree April 12, 1995. Between 1965 and 1983 he works in the Tributary Bureau associated with Arthur Andersen. Since 1983 he has been working as an freelance professional in Milan, focusing mainly on company transactions (takeovers, transfers, mergers, etc.) and on financial consulting to companies.

He is Chairman of the Board of Auditors of Interpump Group S.p.A. and of Seat Pagine Gialle S.p.A., auditor of Tamburi Investment Partners S.p.A.; he is member of the Board of Directors of Ferrero S.p.A., Chairman of the Board of Auditors of San Lorenzo S.p.A., Chairman of the Board of Auditors of Gruppo Lactalis Italia S.p.A., of biG S.r.l, of Egidio Galbani S.p.A.

Alberto Giussani – Statutory Auditor

Mr. Giussani received a degree in Business and Economics from the Università Cattolica in Milan, Italy. He is registered in the Register of Accountants and Tax Advisers since 1979 and in the Register of Chartered Accountants since 1995, when the Register was set up.

Between 1981 and 2000 he was a member of the Accounting Principles Commission of the Accountants and Tax Advisers and he serves currently as Vice Chairman of the Scientific

Technical Committee of the Italian Accounting Body. [Between 2001 and 2008 he was a member of the Standard Advisory Council of the IASC Foundation for the provision of international accounting principles. He was a partner in the auditing company PricewaterhouseCoopers between 1981 and 2007.

He is Chairman of the Board of Auditors of Mediaset S.p.a., member of the Board of Directors of Credito Artigiano S.p.A., of Fastweb S.p.A., of Seat Pagine Gialle S.p.A., of Finanziaria Casanova S.p.A., of Istifid S.p.A. and Statutory Auditor of Carlo Tassara S.p.A.

Alfredo Macchiati, Substitute Auditor

Mr. Macchiati holds a degree in Business and Economics received at the Università degli Studi in Rome. He is General Director of the Institutional Affairs and of Competition for Ferrovie dello Stato. He previously held the position of Head of the Financial Studies Division of Consob and General Manager of Regulatory Affairs of Enel S.p.a. He also worked for the Italian Antitrust Authority. Between 2007 and 2009 he was a member of the Board of Directors of Trenitalia S.p.A.

He is a member of the management of magazine “Mercato Concorrenza Regole” and he has published several publications on privatisation, regulation of financial markets and public utility services.

Giorgio Silva – Substitute Auditor

Mr. Silva holds a degree in Business and Economics at the Università Cattolica del Sacro Cuore in Milan, Italy, he is registered in the Register of Chartered Accountants of Busto Arsizio since 04/07/1975 and in the Register of Varese since 03/05/1989. Chartered Accountant since 1981. Auditor since 1995 (Ministerial Decree 12/04/1995 published on the Official Gazette no. 31 bis of 21.4.1995). Managers in the fiscal section of the auditing company Peat Marwick & Mitchell (now KPMG) in Milan between 1973 and 1976. In 1977 he joined the Studio Legale Tributario L. Biscozzi - A. Fantozzi, currently Studio Legale e Tributario Biscozzi Nobili, of which he was a founding member. Speaker at conventions and author of articles and publications on tributary matters.

He is member of the Board of Auditors of ENI S.p.A., of RCS Mediagroup S.p.A., of Hewlett Packard Italiana S.r.l., of Bolton Alimentari S.p.A., SIA-SSB S.p.A., of Alitalia Compagnia Aerea Italiana S.p.A., of CAI Second S.p.A., of Air One S.p.A., of Air One City Liner S.p.A., of Air One Technic S.p.A., Chairman of the Board of Auditors of Kedrios S.p.A. and of T.S.P. – Tecnologie e Servizi per il Pubblico S.r.l.

Auditing Firm

The auditing activity is entrusted to an auditing company registered in the Register of Auditors, whose appointment is approved by the Shareholders' Meeting.

The auditing company serving until the approval of the financial statements for the year 2011 is Deloitte & Touche, in accordance with the resolution of the Shareholders' Meeting on June 14, 2006.

The "Group procedure to appoint external auditors", adopted to safeguard the independence of the external auditor, guarantees the reliability of the financial report of the subsidiaries companies appointing the auditor and was modified on February 14, 2008, in order to make it consistent with the new regulations on the subject.

The procedure is available on the website www.luxottica.com, in the Governance section.

Manager responsible for the preparation of the company's financial reports

On April 29, 2009, the Board of Directors confirmed the Group Chief Financial Officer, Enrico Cavatorta, as the manager responsible for the preparation of the company's financial reports.

The appointed manager will remain in office until: (a) termination of the entire Board of Directors which appointed him, (b) dismissal from the office or (c) revocation of the office by the Board itself.

The appointed manager has all the powers and resources necessary to perform his duties according to the applicable regulations of the Consolidated Financial Law and of the relevant performance regulations. In particular, the appointed manager has been granted wide powers relative to: (i) the preparation of adequate administrative and accounting procedures for the preparation of the separate and of the consolidated financial statements as well as of any communication of a financial nature, (ii) the issuance of certifications pursuant to art. 154 bis paragraph 2, of the Consolidated Financial Law with reference to the acts and the communications of the Company disclosed to the market and relating to the accounting report, including half year reports, of the Company; and (iii) the issuance, together with the Chief Executive Officer of certificates pursuant to art. 154 bis paragraph 5, of the Consolidated Financial Law, with reference to the separate financial statements, the semi-annual financial statements and the consolidated financial statements. More generally, he has been granted the power to perform any activity necessary or useful for the appropriate performance of the above-mentioned task. All this, with power to expend Company funds within the limits of the powers already granted to Mr. Cavatorta, save for the possibility of spending amounts in excess of the above-mentioned limits, where necessary upon specific and justified request by the appointed manager, subject to prior approval by the Board of Directors.

III. BY-LAWS, CODE OF CONDUCT AND PROCEDURES

Code of Conduct

The Company adheres to the principles of the Code of Ethics, as well as of those of the Code of Conduct prepared in 2006, whose recommendations have thoroughly been implemented by the Company, except as otherwise specified in this Report.

By-laws

The current Company by-laws are available on the website www.luxottica.com, in the Corporate Governance section.

The by-laws were most recently amended by resolution of the extraordinary meeting of shareholders on May 13, 2008, whereby articles 10,11 and 23 were updated.

Code of Ethics and Procedure for Handling Reports and Complaints regarding Violations of Principles and Rules Defined and/or Acknowledged by Luxottica Group

The Code of Ethics of Luxottica Group represents the values underlying all of the Group's business activities and is subject to constant verification and updating to reflect the proposals derived in particular from US regulations.

The Code, originally approved by the Board of Directors on March 4, 2004, has been adapted over the years and was finally updated by the Board itself during the meeting on July 31, 2008, in the context of the review of the above-mentioned Model 231 revision.

In addition to the Code, there is a Procedure for the Handling of Reports and Complaints of Violations of principles and rules defined and/or acknowledged by Luxottica Group.

The procedure covers reports, complaints and notifications of alleged fraud, violation of ethical and behavioural principles set forth in the Code of Ethics of the Group and of irregularities or negligence in accounting, internal controls and auditing.

Complaints received from both internal and external subjects to the Group are taken into consideration; the Group undertakes to safeguard the anonymity of the informant and to ensure that the employee reporting the violation is not subject to any form of retaliation.

The reports of violations of principles and rules defined or recognised by the Group are submitted to the person in charge of the Internal Audit, who in turn submits them to the Chairman of the Board of Auditors.

The Code of Ethics is available on www.luxottica.com, in the Company section.

Guidelines for transactions with related parties

On February 14, 2008, the Company amended its "Guidelines for Transactions with Related Parties" which is aimed at ensuring fairness and transparency of such transactions.

The Guidelines, which identify concerned parties pursuant to principle IAS 24, distinguish among different categories of transactions.

The Intra-Group transactions (transactions performed by and among Luxottica Group S.p.A. and its subsidiaries), require the prior approval of the Board of Directors if they are atypical or unusual or concluded under conditions other than ordinary course conditions and having a value exceeding Euro 5 million; the transactions which are atypical, unusual or concluded under conditions other than ordinary course conditions and with a value of less than Euro 5 million must be reported to the Board of Directors.

Transactions with Other Related Parties (all other transactions with related parties carried out by the Company or by its subsidiary companies, other than the Intra-Group Transactions described above) require prior approval by the Board of Directors if atypical or unusual or concluded under conditions other than ordinary course conditions and having a value exceeding Euro 2.5 million; such transactions, if atypical or unusual or concluded under conditions other than ordinary course conditions and having a value of less than Euro 2.5 million, must be reported to the Board of Directors. Likewise, Transactions with Other Related Parties with a value exceeding Euro 2.5 million, which fall within the ordinary activities of Luxottica Group and its subsidiaries, must be reported to the Board of Directors.

The Board of Directors deliberates over the transactions with related parties that require its approval with the help of independent experts, where necessary.

The “Guidelines for Transactions with Related Parties” are available on the website www.luxottica.com, in the Governance section.

Internal Dealing Procedure

On March 27, 2006 in order to implement internal dealing regulatory changes, as set forth in art. 114, seventh paragraph, of the Consolidated Financial Law and articles 152-*sexies* et seq. of the Issuers Regulations, the Board of Directors approved the Internal Dealing Procedure. This policy was last updated on March 13, 2008.

The Internal Dealing Procedure regulates in detail the behavioural and disclosure obligations relating to transactions in Luxottica shares or American Depositary Receipts (ADRs) completed by the so-called “interested parties”.

The interested parties, which are directors, auditors of the company and two managers with strategic functions (pursuant to art. 152 *sexies* letter c2), report to the Company, to Consob and to the public on any transactions involving the purchase, sale, subscription or exchange of Luxottica shares or of ADRs, whose overall value equals at least Euro 5,000 per year, calculated adding the transactions involving Luxottica shares and ADRs, completed by each interested party and the transactions completed on behalf of the people closely associated with such parties.

The policy provides for black-out periods during which the interested parties are not allowed to trade any Luxottica securities.

The policy is available on the website www.luxottica.com, in the Governance section.

Procedure for the Processing of Confidential Information

On March 27, 2006, in compliance with articles 114, 115-*bis* of the Consolidated Financial Law and of articles 152-*bis* et seq. of the Issuers Regulations, as well as the regulations contained in the Code of Conduct, the Board of Directors adopted a policy for the processing of confidential information (pursuant to article 181 of the Consolidated Financial Law), in order to ensure that the disclosure thereof is timely, thorough and adequate. This policy was last updated on March 13, 2008.

The following persons are required, among others, to comply with the confidentiality of such documents and information: (i) directors; (ii) auditors; (iii) any manager in Luxottica and in the companies belonging to the Group; and (iv) any other employee of Luxottica and of the companies belonging to the Group who, by virtue of their function or position, becomes aware of information and/or acquires information classified as confidential information.

The policy for the processing of confidential information also requires the identification of the persons responsible for external relations, their expected behaviour, the operational procedures and relevant obligations to comply with the same. The policy also indicates the characteristics, contents and procedures for updating the Register of people with access to confidential information.

Such Register was implemented by Luxottica in order to comply with the provisions of art. 115-*bis* of the Consolidated Financial Law.

On the date of approval of this Report, 83 people are listed in the functional section.

This policy is available on the website www.luxottica.com, in the Governance section.

Appointment of External Auditors

U.S. regulations provide that either the Audit Committee or the equivalent body under the specific rules of the relevant country must approve the services provided by external auditors to the Company and to its subsidiaries.

To this end, on October 27, 2005, the Board of Directors approved the “Group Procedure for the Appointment of External Auditors”, in order to protect the independence of the external auditor, which is the fundamental guarantee of the reliability of the accounting information regarding the appointing companies. This policy was last updated on February 14, 2008.

The parent company’s external auditor is the main auditor for the entire Luxottica Group.

The limitations on the appointment contained in this policy derive from current regulations in Italy and in the United States, by virtue of the fact that the Company’s shares are listed both

on the MTA, organised and managed by Borsa Italiana, and on the New York Stock Exchange, without prejudice to any additional constraints imposed by any local laws applicable to the individual non-Italian subsidiary companies.

The policy is available on the website www.luxottica.com, in the Governance section.

IV. SHAREHOLDERS' MEETINGS AND RULES AND PROCEDURES FOR SHAREHOLDERS' MEETINGS

The Board of Directors determines the venue, date and time of the shareholders' meeting in order to facilitate the participation of shareholders.

The Luxottica Directors and Auditors endeavour to attend the meetings, in particular those Directors who, by virtue of their position, may contribute significantly to the discussion and report on the activities performed.

A specific section of the Company's internet website contains the relevant information regarding shareholders' meetings held over the most recent fiscal years with the most significant resolutions adopted, the notices of call as well as the documentation concerning the items on the agenda.

Additional documentation for the meetings is made available also on the internet website of the Company within the time limits set by current provisions of the law.

The Rules and Procedures for the Shareholders' Meeting, approved at the Shareholders' Meeting of September 14, 2004, were adopted to ensure the regular and functional management of Luxottica Group S.p.A. ordinary and extraordinary shareholders' meetings and to ensure that each shareholder is allowed to speak with regard to the items being discussed. The Rules and Procedures are available to shareholders at the company's office and at the venues in which the Shareholders' Meetings are held; they are also available to the public on the website www.luxottica.com, in the Governance section.

Pursuant to article 14 of the by-laws, the provisions of the law are applied in relation to the validity of the composition of the meeting and the relevant resolutions. Each shareholder is entitled to one vote for each share held or represented.

Pursuant to article 12 of the by-laws, those shareholders who have submitted to the Company a notice by the intermediary holding the relevant accounts, pursuant to article 2370 of the Italian Civil Code, no later than two working days before the date schedule for the meeting, shall be entitled to attend the Meeting.

The shares for which a notice of attendance of the Meeting has been submitted, may not be transferred before the Meeting has taken place.

Each shareholder entitled to attend the meeting may be represented through written proxy prepared as required by the law.

The Chairman of the meeting, with the assistance of selected officials, if required, is responsible for checking that the meeting is validly composed, checking the identity and entitlement to attend of those in attendance, managing the meeting and confirming the results of voting.

The company by-laws do not provide for voting by mail.

During 2009, the Shareholders' Meeting convened on two occasions. The Shareholders' Meeting held on April 29 deliberated on the following items on the agenda:

1. Approval of the financial statements as of and for the year ending December 31, 2008;
2. Allocation of net profit;
3. Appointment of the Board of Directors, determination of the number of members and their remuneration; and
4. Appointment of the Board of Auditors and determination of relevant remuneration;

The Shareholders' Meeting held on October 29, 2009, deliberated on the following items on the agenda:

1. Distribution of dividends;
2. Authorisation to repurchase and transfer of the Company's own shares; and
3. Additions to the Board of Auditors.

V. INVESTOR RELATIONS

An investor relations team, directly reporting to the Chief Executive Officer, is dedicated to relations with the national and international financial community, with investors and analysts, and the market.

A specific section of the Company website provides information that may be of interest to Company shareholders. Documents on corporate governance are also available on the website www.luxottica.com and may be requested through e-mail to the following address: Investorrelations@luxottica.com.

Information relating to periodic reports and any significant events/transactions are promptly disclosed to the public including through posting on the Luxottica website.

SECTION III – SUMMARY OF THE MOST RELEVANT CORPORATE EVENTS SUBSEQUENT TO THE CLOSING OF FISCAL YEAR 2009

Below is a summary of the most significant events that occurred after the closing of fiscal year 2009 up to the date of this Report. The most relevant events have already been described in the paragraphs above.

After closing fiscal year 2009, the Board of Directors:

- (a) approved, in accordance with the application criteria 1.C.1. (a) and 1.C.1. (b) of the Code of Conduct, the annual report concerning the organisational and accounting corporate structure of Luxottica Group, identifying subsidiaries of strategic importance;
- (b) assessed, on the basis of the answers to a specific questionnaire, the size, composition and performance of the Board itself and of the Committee in compliance with Application Criteria 1.C.1. (g) acknowledging the adequacy of the composition of the Board, of the Committee and their respective performance;
- (c) evaluated the independence of the non-executive directors on the basis of the applicable provisions of the Consolidated Financial Law and of the Code of Conduct; Roger Abravanel, Mario Cattaneo, Claudio Costamagna, Ivanhoe Lo Bello, Marco Mangiagalli, Gianni Mion and Marco Reboa are considered to be independent directors;
- (d) verified that the present composition of the Board of Directors is compatible with the criteria established with respect to the maximum number of posts to be held in other companies;
- (e) decided, in compliance with Application Criteria 5.C.1.(e), to allocate specific funds to be made available to the Internal Control Committee and to the Human Resources Committee, as well as to the Board of Auditors in its capacity as Audit Committee and to the Supervisory Board in order to provide them with adequate financial resources to perform their respective tasks;
- (f) evaluated, in compliance with Application Criteria 8.C.1. (c), the adequacy, efficiency and effective functioning of the internal control system as described in the report in point a) above and by the report of the Internal Control Committee;
- (g) approved the audit plan for 2010, already approved by the Internal Control Committee.

In accordance with the provisions of the Code of Conduct, the Board of Auditors assessed the evaluation made by the Directors on their independence and has verified the compliance with the requirements for each individual auditor as outlined by the Code of Conduct (articles 10.C.2 and 3.C.1).

Milan, March 1 , 2010

COMPOSITION OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES – FISCAL YEAR 2009

Directors in office							Internal Control Committee		Human Resources Committee	
Position	Members	Executive	non-executive	Independent	*	Number of other offices **	***	*	***	*
Chairman	LEONARDO DEL VECCHIO	X			100%	4				-
Vice Chairman	LUIGI FRANCAVILLA	X			87.5%	1				
CEO	ANDREA GUERRA	X			100%	2				
Director	ROGER ABRAVANEL			X	87.5%	4			X	100%
Director	MARIO CATTANEO			X	100%	7	X	100%		
Director	ENRICO CAVATORTA	X			100%	-				
Director	ROBERTO CHEMELLO		X		87.5%	1				
Director	CLAUDIO COSTAMAGNA			X	100%	3			X	100%
Director	CLAUDIO DEL VECCHIO		X		87.5%	-				
Director	SABINA GROSSI		X		100%	1			X	80%
Director	SERGIO EREDE		X		62.5%	6				
Director (since April 29th, 2009)	IVANHOE LO BELLO			X	100%	1	X	100%		
Director (since April 29th, 2009)	MARCO MANGIAGALLI			X	100%	1	X	80%		
Director	GIANNI MION			X	87.5%	6			X	100%
Director (since April 29th, 2009)	MARCO REBOA			X	100%	4	X	100%		

Directors retired on April 29 th , 2009						Internal Control Committee		Human Resources Committee	
Position	Members	Executive	non-executive	Independent	*	***	*	***	*
Director	TANCREDI BIANCHI			X	100%	X	66.6%		-
Director	LUCIO RONDELLI			X	100%	X	100%		

Number of meetings held during fiscal year 2009	BoD: 8	Internal Control Committee: 8	Human Resources Committee: 5
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NOTES

*Indicates the percentage of participation of the Directors in the meetings of the Board of Directors and of the Committees.

**Lists the number of offices as director or auditor performed by the interested party in other listed companies, banks, financial, insurance companies or companies of a significant size, in compliance with the criteria implemented by the Company and described in section II of this Report.

***An "X" indicates that the member of the Board of Directors is also a member of the Committee.

**BOARD OF AUDITORS
IN OFFICE UNTIL APRIL 29TH, 2009**

Position	Members	Percentage of attendance at the Board meetings	Number of other offices *
Chairman	Marco Reboa	100%	7, 2 of which listed
Statutory Auditor	Giorgio Silva	100%	12, 2 of which listed
Statutory Auditor	Enrico Cervellera	100%	8, 3 of which listed
Number of meetings held between January 1st and April 29th, 2009: 5			

**BOARD OF AUDITORS
IN OFFICE SINCE APRIL 29TH, 2009**

Position	Members	Percentage of attendance at the Board meetings	Number of other offices *
Chairman	Francesco Vela	100%	4, 1 of which listed
Statutory Auditor	Alberto Giussani	100%	7, 4 of which listed
Statutory Auditor	Enrico Cervellera	87.5%	8, 3 of which listed
Number of meetings held between April 29th, 2009 and December 31, 2009: 7			

*Indicates the number of offices as director or auditor performed by the interested party in other listed companies indicated in book V, title V, paragraphs V, VI and VII of the Italian Civil Code, with the number of offices held in listed companies

Pursuant to article 27 of the company by-law, a candidate list for the appointment of the Board of Auditors may be submitted by any shareholder who, at the time of submission, owns, on its own or jointly with other shareholders submitting the list, an interest equal at least to the one

determined by Consob pursuant to article no. 147-ter, paragraph 1, of Legislative Decree 58/1998. In the event that at the expiry of the deadline for the submission of the lists, only one list has been submitted, or lists have been submitted by shareholders who are affiliated with each other pursuant to the applicable provisions, additional lists may be submitted up to five days after such date. In that case, the thresholds set for the submission of lists are reduced by half.

TABLE 3: OTHER PROVISIONS OF THE CODE OF CONDUCT

	YES	NO	Summary of the grounds for possible divergence from the Code's recommendations
Granting of authorities and transactions with related parties			
The Board of Directors granted authorities defining their:			
a) limits	YES		
b) conditions of exercise	YES		
c) and frequency of reporting?	YES		
Did the Board of Directors reserve the review and approval of the transactions having a significant economic, assets and financial relevance (included transactions with related parties)?	YES		
Did the Board of Directors define guidelines and criteria for the identification of "significant transactions"?	YES		
Are the above-mentioned guidelines and criteria described in the Report?	YES		
Did the Board of Directors define specific procedures for the review and approval of the transactions with related parties?	YES		
Are the procedures for the approval of transactions with related parties described in the report?	YES		
Procedures of the most recent appointment of Directors and Auditors			
Were the candidacies to the office of director submitted at least			

ten days in advance?	YES		
Were the candidacies to the office of director accompanied by extensive information?	YES		
Were the candidacies to the office of director accompanied by an indication of the compliance with the requirement of independence?	YES		
Were the candidacies to the office of auditor submitted at least ten days in advance?	YES		
Were the candidacies to the office of auditor accompanied by extensive information?	YES		
Meetings			
Did the company approve Rules and Procedures for the Shareholders' Meeting?	YES		
Are the Rules and Procedures annexed to the Report or is there an indication as to where they may be found/downloaded?	YES		They may be found and downloaded on the website www.luxottica.com
Internal Control			
Did the company appoint internal control officers?	YES		
Are the officers independent from managers of operational areas?	YES		
Organisation department responsible for internal control	Internal Auditing		
Investor relations			
Did the company appoint an investor relations manager?	YES		

<p>Organisation department and contact details (address/telephone/fax/e-mail) of the investor relations manager</p>	<p>Investor Relations Director Alessandra Senici Via Cantù 2, Milano Fax: 02.8633.4092 Tel: 02.8633.4662 Investorrelations@luxottica.com</p>
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