



(TRANSLATION FROM THE ITALIAN, WHICH REMAINS THE DEFINITIVE VERSION)

REPORT ON CORPORATE GOVERNANCE

YEAR 2008

(TRADITIONAL ADMINISTRATION AND CONTROL SYSTEM)

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 12TH 2009

REGISTERED OFFICE: MILANO, VIA CANTÙ 2
WEBSITE: WWW.LUXOTTICA.COM

Set out below are the 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**"), whose text is available on the website www.borsaitaliana.it.

This report (the "**Report**") is prepared taking into consideration the instructions of Borsa Italiana and of the document "Handbook on Corporate Governance Reports" by Assonime and Emittente Titoli S.p.A.

The Report refers to the fiscal year which ended on December 31st 2008 and includes the most relevant events which occurred afterwards, up until the date of its approval.

SECTION I – GENERAL INFORMATION

I. INTRODUCTION

1. The group of companies controlled by Luxottica Group S.p.A., world leader in eyewear, is driven by a single business strategy implemented through the subsidiary companies in the various countries they operate in.
2. As of December 31st, 2008, Luxottica Group comprises 177 companies operating in Europe, America, Australia and New Zealand, China, South Africa and the Middle East.
The activity is particularly significant in terms of product turnover and personnel in Europe, North America, in Australia and in China.
3. 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 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 control. In particular, certain responsibilities, which pursuant to the Code of Conduct are to be performed by the Internal Control Committee, are in Luxottica Group instead performed by the Board of Auditors in its function as Audit Committee under SOX.
4. Luxottica, the parent company, manages and coordinates, pursuant to art. 2497 et sequitur of the Italian Civil Code, directly or indirectly controlled Italian companies constantly aiming at attaining overall favorable and sustainable results for Luxottica Group.

5. The main instruments for the unitary 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 the 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;
- 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 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 (a) supervise: (i) compliance with applicable law and with the company 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 company governance rules provided for by the codes of conduct compiled by management companies of regulated markets or by trade associations, which the Company declares to comply with through notice to the public; (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; and (b) act as Audit Committee under SOX;
- the Shareholders' meeting, which is competent to resolve – 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 by-laws.

The audit task is assigned to an audit company registered with the CONSOB register 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 company are illustrated more in detail later in the Report.

The Company's capital is made up exclusively by ordinary, fully paid up voting shares, entitled to voting rights both at ordinary and extraordinary shareholders' meetings. As of February 28th 2009 the share capital is equal to Euro 27,809,887.98 divided up in 463,498,133 shares, each having a nominal value of 0.06 Euro.

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

The Company does not hold own shares directly, while the US subsidiary, Arnette Optics Illusions Inc., a subsidiary of Luxottica U.S. Holdings Corp., also a company incorporated under US law, owns 6,434,786 Luxottica Group shares.

The shareholders' meeting on May 13th 2008 authorised, for a period of 18 months after such date, the repurchase and subsequent placement – the latter with no time restraints -

of the Company's own shares for a maximum number of 18,500,000 ordinary shares of the Company. Within the context of such authorisation, it will be possible to purchase also the 6,434,786 Luxottica Group shares, held by the subsidiary company Arnette Optics Illusions Inc.

As of the approval date of this report, the Company has not yet begun the repurchase plan of the Company's own shares.

According to the most recent records in the Shareholders register, from the communications made in compliance with the law and from other information available as of the date of this report, 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 67.83% of the share capital (314,403,339 shares);

Giorgio Armani, with 4.90% of the share capital (n. 22,724,000 shares, of which 13,514,000 ADRs in the name of Deutsche Bank Trust Company Americas);

Harris Associates L.P. -as investment fund management company- with 2.04% of the share capital (9,436,900 shares);

Deutsche Bank Trust Company Americas, with 7.63% of the share capital (n. 35,361,918 ADRs)¹ on behalf of third parties.

The Chairman Leonardo Del Vecchio controls Delfin S.a.r.l. Leonardo Del Vecchio also controls the 6,434,786 Luxottica Group shares, held by the subsidiary company Arnette. The Chairman thus controls indirectly, through Delfin S.a.r.l. and Arnette, a total amount of 320,838,125 Luxottica Group shares equal to 69.22% of the share capital.

The Company is not subject to management and control.

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 are available in the financial statements and in the documents prepared pursuant to article 84 bis of the Issuer Regulations, available on the company's website in the Investor Relations section.

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

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 which entitle the holders to participate and vote at the meetings.

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

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.

With regard to significant agreements, which may be amended following a change of control, the following should be pointed out.

On June 3rd 2004 Luxottica Group S.p.A. and the subsidiary company Luxottica US Holdings Corp. entered into with a number of banks –among whom are Banca Intesa, Bank of America, Citigroup, Royal Bank of Scotland, Mediobanca e Unicredito – a loan agreement for 1.13 billion Euro and for 325 million USD expiring on March 10th 2013. 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 12th 2007 Luxottica Group S.p.A. and subsidiary company Luxottica US Holdings Corp. entered into with a number of banks – among whom are Citibank, Unicredit, Royal Bank of Scotland, Banca Intesa, BNP Paribas, Bank of America, Calyon and ING – a loan agreement for the total amount of 1.5 billion USD expiring on October 10th 2013. 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 8th 2008 Luxottica Group S.p.A. entered into with Banca Nazionale del Lavoro a loan agreement for the total amount of 150 million Euro expiring on October 8th 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 April 29th , 2008 the subsidiary company Luxottica US Holdings Corp. amended the loan agreement executed on October 12th 2007 with Bank of America and Unicredit for the amount of 500 million USD, with original expiry date on June 12th 2008. The amendment concerns the extension of the expiry to January 1st 2010 and the reduction of the value of the loan to 150 million USD. 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 May 29th , 2008 Luxottica Group S.p.A. entered into with Banca Intesa, Banca Popolare di Vicenza, Banca Antonveneta a loan agreement for the amount of 250 million Euro expiring on May 29th , 2013. 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 30th , 2008 the subsidiary company Luxottica US Corp. issued debt notes on the US Private Placement market for a total amount of 275 million USD with the following expiry dates: 20 million USD on July 1st , 2013, 127 million USD on July 1st , 2015 and 128 million USD on July 1st , 2018. 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 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*).

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 resolves on the necessary actions to achieve the Company's business purpose, save 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, amended by the Shareholder's Meeting on May 13th, 2008, the Board of Directors has sole responsibility to resolve upon 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 provisional financial statements;
- 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 must also be specified that the Board of Directors, at the meeting on May 13th, 2008, 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. On the same day, the Board of Directors resolved to reserve, in any case, to its review:

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

To the end of providing complete information, it is pointed out that in the previously effective formulation, article 23, paragraph 5 of the company by-laws established with regard to point 3), that the Board was solely responsible for the definition of financial plans and of indebtedness operations exceeding 12 months and, with regard to point 4),

that the Board was solely responsible for approving agreements having a strategic nature, those agreements having a significant economic value or in any case entailing a commitment for the Company exceeding three years.

In accordance with the resolution adopted on February 19th, 2007, the Board of Directors annually assesses the adequacy of the organizational, 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 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 the such powers, please refer to the following paragraph 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 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.

In compliance with the resolution adopted on February 19th, 2007, the Board of Directors annually performs, through the results of an appropriate questionnaire filled in by the Directors, an evaluation of the size, composition and performance of the Board of Directors and of its Committees, also to the end 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. At the meeting on February 17th, 2009 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 2008, the Board of Directors of Luxottica met 7 times; the average percentage of attendances is listed in the annexed table and the average length of the meetings was around two 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 Luxottica 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. On July 31st, 2008 the Board of Directors met in Agordo, to allow the independent administrators to get to know up close the production activity of the Group.

The Company issued in January 2009 the calendar of company events for the fiscal year: the calendar is available on the website: www.luxottica.com.

During the period January 1st – March 12th, 2009, the Board of Directors met three times.

Composition

The current Board of Directors was appointed by the Shareholders' Meeting on June 14th 2006 and shall remain in office until the Shareholders' Meeting approving the financial statements for the fiscal year ended on December 31st 2008. The Board has fourteen 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
Tancredi Bianchi	Member of the Internal Control Committee
Mario Cattaneo	Member of the Internal Control Committee
Enrico Cavatorta	
Roberto Chemello	
Claudio Costamagna	Member of the Human Resources Committee
Claudio Del Vecchio	
Sergio Erede	
Sabina Grossi	Member of the Human Resources Committee
Gianni Mion	Chairman of the Human Resources Committee
Lucio Rondelli	Chairman of the Internal Control Committee and Lead Independent Director

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 other offices held in listed companies as well as in financial, banking, insurance companies or companies of a significant size. It must be pointed out that in Luxottica Group, only the most significant companies or those companies having a strategic relevance have been considered. It is further pointed out 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 agreed upon by the Board of Directors at the Meeting on February 19th, 2007.

Leonardo Del Vecchio

Company founder and Chairman of the Board of Directors since its establishment. 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 Economics by MIB, Management School in Trieste and in 2002 he was awarded an honorary engineering degree 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 Supervisory Board 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 and is the Vice Chairman of Luxottica and 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 and General Manager since 1972. In April 2000 he was awarded an honorary business administration degree by the Constantinian University, Providence, U.S.A.

Mr. Francavilla is the Chairman of Luxottica S.r.l.; he is also a member of the Board of Directors of the Belluno branch of the Bank of Italy.

Andrea Guerra

Mr. Guerra holds a business administration degree and has been Chief Executive Officer of the Company since July 27th, 2004. 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.

Mr. Guerra is 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 Lenscrafters Inc. and of Oakley Inc. He is also member of the Board of Directors of Parmalat S.p.A., of Banca Nazionale del Lavoro S.p.A., of DEA Capital S.p.A.

Roger Abravanel

Mr. Abravanel received a degree in engineering from the Politecnico in Milan and a MBA from the University of 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 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.

Tancredi Bianchi

Mr. Bianchi has been awarded the honour Cavaliere del Lavoro and is a member of the Board of Directors of the Company since 1990. He is Emeritus Professor of Bank Management at the University "L. Bocconi" in Milan, where he also held the position of full

professor of the same subject between 1978 and 2003; prior to that he was permanent professor of banking at the University of Venice, of Pisa and of Rome. He has been a member of numerous Boards of companies such as Montedison S.p.A., Credito Bergamasco S.p.A. (where he was Executive Vice Chairman, Chief Executive Officer and Chairman between 1981 and 1989), Credito Emiliano, Credito Romagnolo, Cassa di Risparmio di Verona S.p.A. Between 1982 and 2003 he was Chairman of the National Private Banks Association and between 1991 and 1998 he was Chairman of the Associazione Bancaria Italiana (Italian banking association).

He is a member of the Supervisory board of A2A S.p.A.; Chairman of the Board of Directors of Unione Fiduciaria S.p.A., member of the Board of Directors of Unione Gestioni S.i.m and sole director of Gen I.M.I. S.r.l. Mr. Bianchi is also common representative of the saving shareholders of Italcementi Group S.p.A.

Mario Cattaneo

Mr. Cattaneo 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 the Bank of Italy between 1991 to 1999.

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

Enrico Cavatorta

Mr. Cavatorta received a Business Administration degree and is 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 a member of the Board of Directors of Luxottica US Holdings Corp, of Luxottica S.r.l., of OPSM Group Pty Ltd, of Lenscrafters 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. Always in 2008 he was appointed member of the Board of Directors of the Entrepreneurs' Association of the Belluno Province.

Mr. Chemello received in 1999 the prestigious university award Cafoscarino of the Year and in 2000 he was appointed member of the Social Ombudsman of the Ca' Foscari University.

Claudio Costamagna

Mr. Costamagna 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 Soci", a financial advisory boutique he founded.

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., Breakingviews Ltd.

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 1981. 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 a member of the Board of Directors of Luxottica US Holdings Corp., a subsidiary of Luxottica Group, and Chief Executive Officer of Retail Brand Alliance, 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 Carraro 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. (Gruppo Interpump), 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 Supervisory Board 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 been also a member of the Human Resources Committee of the Group. 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.

Gianni Mion

Mr. Mion holds a degree in Business and Economics, 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 Mc Quay 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.), member of the Board of Directors of Benetton Group S.p.A., of Autogrill S.p.A., Autogrill Group Inc., Fondazione Cassa di Risparmio Venezia, Atlantia S.p.A., di Sintonia S.A., Burgo Group S.p.A., Il Gazzettino S.p.A., Eurostazioni S.p. A.

Lucio Rondelli

Mr. Rondelli has been a member of the Board of Directors of the Company since 1990. Until 2001 he was Chairman of the Board of Directors of Unicredito Italiano S.p.A., where he had held various positions since 1947. In 1976 he was awarded the badge of honour

of “Cavaliere di Gran Croce dell’Ordine per merito alla Repubblica Italiana”, and in 1988 the President of Italy awarded him the badge of honour of “Cavaliere dell’Ordine al Merito del Lavoro”.

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., it must be noted that at the meeting held on February 19th 2007, the Board of Directors resolved to approve 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

The board agreed furthermore that, for 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 1,000 million Euro (hereinafter, “Relevant Companies”), (ii) the appointments by one or more Relevant Companies belonging to the same group, including Luxottica Group, will be 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, it must be noted that he serves four relevant roles pursuant to the above-mentioned criteria. However, at the meeting on February 17th , 2009, 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.

The Company provides the members of the board with all the information they require to be knowledgeable about the company situation.

Executive Directors

On June 14th , 2006 the Board of Directors confirmed Mr. Leonardo Del Vecchio as Chairman of the Company, Mr. Luigi Francavilla 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 of 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 Chief Executive Officer is granted, by virtue of the resolution adopted by the Board of Directors on May 13th , 2008, the powers to manage the Company, with the following limitations:

- a) to stipulate strategic agreements and agreements with a financial value exceeding 30 million Euro, as a unit or aggregate amount – when dealing with transactions of the same nature or with the same 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 the same object and concluded in the same context – exceeding 10 million Euro;
- c) request to banks, financial and commercial institutions the granting of a line of credit or credit line in general, to contract financial debt under any form, for an amount exceeding 15 million Euro for each transaction;
- d) transact in 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 the same object and concluded in the same context – exceeding 15 million Euro;
- 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 15 million Euro;

- f) to issue and grant to banks, financial institutions and third parties in general, guarantees on debts towards Luxottica Group for amounts totalling over 15 million Euro and if on corporate debts of Luxottica Group, over the existing credit limits;
- 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 the same object and concluded in the same context – exceeding 50 million Euro.

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.

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

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.

It should be noted that in July 2008 Mr. Roberto Chemello, member of the Board, resigned from his management roles inside the Group and therefore no longer is, at the date this Report is approved, an Executive Director.

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

In accordance with the company by-laws, the designated bodies report to the Board of Directors and to the Board of Auditors timely 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

According to the information supplied by the interested parties, the Board has verified the independence of the following members of the Board: Mr. Roger Abravanel, Mr. Tancredi Bianchi, Mr. Mario Cattaneo, Mr. Claudio Costamagna, Mr. Lucio Rondelli and Mr. Gianni Mion.

The assessment of the independence of the aforementioned directors has been performed by the Board during the meeting on February 17th, 2009, on the basis of criteria set forth by the Code of Conduct previously in force. The Board has however resolved to comply with the criteria set forth in the Code of Conduct, it being understood that the adjustment to these – in particular with regard to the criteria on the maximum number of offices already held by the Directors inside the Board – shall begin with the renewal of the Board of Directors which is set to take place jointly with the approval of the financial statements on December 31st, 2008.

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.

In any case, independent Directors Mr. Tancredi Bianchi, Mr. Mario Cattaneo, Mr. Gianni Mion, Mr. Lucio Rondelli, Mr. Claudio Costamagna and Mr. Roger Abravanel, satisfy the requirements for independence set at art. 148, paragraph 3 of the Consolidated Finance Law.

Mr. Lucio Rondelli serves as Lead Independent Director, supervising and co-ordinating the work of the independent Directors.

During fiscal year 2008 the Lead Independent Director did not call an independent Directors meeting as the number and frequency of the meetings of the Board of Directors and of the Supervisory Committee allowed him to suitably deal with any relevant issue.

As it was envisaged that the issuers would implement the requirements of the Code of Conduct by the end of fiscal year 2006, the Board of Directors on the first possible occasion after their appointment in June 2006, had not assessed the independence requirements of each member.

Appointment of Directors

The Board of Directors was appointed by the Shareholders' meeting on June 14th, 2006 in accordance with the company by-laws then in force, which did not envisage a list-based voting system. The current Board expires with the approval of the financial statements for the fiscal year ended on December 31st, 2008.

At the time of the appointment of the Board of Directors, the leading shareholder provided to the shareholders a profile of each individual, in order for the members of the Board to be aware of each candidate's personal and professional situation so that they could make an informed choice when voting.

The existing by-laws (article 17, please refer to it) regulate the appointment of the Board of Directors according to the list-based voting system.

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 the Board of Directors. Through CONSOB ruling no. 16779 of January 27th, 2009 such percentage has been set 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 (hereinafter 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, not even indirectly, to the shareholders who submitted or voted the Majority List in accordance with the applicable provisions (hereinafter "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 by 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 for the intents and purposes thereof.

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.

In particular, the Shareholders' meeting on May 13th, 2008 has resolved that the gross monthly remuneration of the Board of Directors until the approval of the financial statements on December 31st, 2008, would be set at Euro 94,731. On the same day, the Board of Directors resolved to divide the aforementioned gross monthly remuneration equally between the fourteen members of the Board.

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

The total remuneration of the Chief Executive Officer, also based in part on the quality of his role as company manager, is made up by a fixed amount and by a variable amount, which is linked to the attainment of the 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, a remuneration as Company managers, which is made up by a fixed amount and a variable amount, which is linked to the attainment of the predetermined objectives. The Deputy Chairman also receives remuneration for his role as Chairman of subsidiary company Luxottica S.r.l. Until July 2008, moreover, both Mr. Roberto Chemello and Mr. Enrico Cavatorta, members of the Board, received remuneration for their roles in 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 the employment relation with the Chief Executive Officer, the Company shall pay same, in addition to the Severance Indemnity, as provided for by the law, 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 in the company; and (ii) his variable remuneration, calculated on the average of what he received on such account during the three years prior to the termination of the relationship.

Such remuneration is also applicable in the event of resignation of the Chief Executive Office for just cause or within 60 days after occurrence of any of the following events: substantial negative modification of the managing powers granted and/or reduction of the powers granted therewith; change of position in the company, following a change in control of the Company.

During fiscal year 2008, the employment relationship between the Company and Mr. Roberto Chemello, a member of the Board of Directors, was terminated.

Following the termination of the employment relationship, Mr. Roberto Chemello was paid an indemnity for the termination of the employment relationship and kept the stock rights allocated in the context of stock option plans resolved by the Company.

The rights granted to him in the context of the Performance Shares Plan approved by the Shareholders' Meeting on May 13th, 2008 were forfeited.

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 for the fiscal year ending on December 31st, 2008.

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 and available on the Company website www.luxottica.com.

Human Resources Committee

Following appointment on June 14th, 2006, the Board of Directors has established the new Human Resources Committee, whose composition has then been updated, in compliance with the principles contained in the Code of Conduct, by resolution on February 19th, 2007, appointing its members from the non-executive members of the Board, three of whom are independent directors.

Therefore, the Human Resources Committee Members are: Mr. Gianni Mion, Chairman, Mr. Roger Abravanel, Mr. Claudio Costamagna and Ms. Sabina Grossi.

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 the following:

- submit proposals for 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;
- review 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 in time of the incentive plans approved by the Company and by the Group.

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

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

During fiscal year 2008, the Committee held five meetings during which, among others, it: (i) formulated the proposal to introduce an incentive plan called 'Performance Shares Plan', reserved to employees of the Company and of its subsidiary companies, which was

then approved by the Shareholders' Meeting on May 13th, 2008; (ii) formulated proposals to the Board on the allotment of stock option to employees of the Company and of its subsidiaries; (iii) 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.

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. On February 17th, 2009, the Board of Directors resolved to allocate 25,000 Euro to the Committee in order to provide it with adequate financial resources to perform its tasks during fiscal year 2009. A similar decision had been taken for fiscal year 2008. Please refer to Section III of this Report.

II. INTERNAL CONTROL 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.

Particular importance is attributed to the control structure – defined on the basis of the COSO report model, which represents the international best 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 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.

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.

The Internal Auditing function has not been assigned to any external entity, not even for portions of the activities.

By resolution on February 19th, 2007, it was agreed that the Internal Auditing Supervisor has to report not only to the Chairman, but also to the Chief Executive Officer.

This 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 February 19th, 2007, the Board of Directors appointed 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 its task, the Chief Executive Office 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. 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, 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 2008 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 and process changes and to align the policy itself to the changing operational needs deriving, in particular, from the inclusion in the perimeter of the fluxes linked to the takeover of the Oakley Group.

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 long consolidated is the **Credit Policy**, which is applicable to all the wholesale companies of Luxottica Group and to the retail service.

This policy defines the rules and responsibilities for the management and collection of credit in order to prevent financial risks, to optimise credits' revolving and to 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;
- control over warranty terms.

In compliance with the resolution adopted on February 19th, 2007, the Board of Directors annually assesses the adequacy, the effectiveness and the 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 provision of the Sarbanes-Oxley Act which, in terms of internal control, impact on the governance structure currently in place. In particular, some privileges, 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 June 14th, 2006, the Board of Directors confirmed the following individuals as members of the Internal Control Committee: Mr. Lucio Rondelli, Chairman, Mr. Tancredi Bianchi and Mr. Mario Cattaneo, independent members in compliance with the above-mentioned criteria.

All the members have significant experience in accounting and finance. According to the provisions of its Rules, approved by the Board of Directors of the Company in July 2005, the Internal Control Committee is responsible for performing investigations, offering consultations and submitting proposals to the Board of Directors.

In particular, it performs the following activities:

- assists the Board in the execution of the tasks assigned to same in relation to internal control;
- 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;

- monitors the effectiveness of the auditing process;
 - 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, it must be pointed out that 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 financial statements, of the six-month report and of the 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 2008 the Committee met 5 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; reviewed the proposal for the updating of the Organisation Model pursuant to Legislative Decree 231/2001; 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.

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 biannually 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. On February 17th, 2009, the Board of Directors resolved to allocate 50,000 Euro to the Committee in order to provide it with adequate financial resources to perform its tasks independently during fiscal year 2009. A similar decision had been taken for fiscal year 2008. Please refer to Section III of this Report.

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 as the manager of Internal Auditing of Luxottica Group and his remuneration, as a manager, has been determined by the Company.

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 Financial 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 27th , 2005, the Board of Directors adopted the Organisation, Management and Control System 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 27th , 2006 the Board of Directors approved the supplements to the Model in order to include in the list of offences market abuse and transnational organised crime. Lastly, the Model was updated by resolution of the Board of Directors on July 31st , 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 details 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), that is the people responsible for the functions performing the most “sensitive” activities pursuant to Legislative Decree 231, who constantly monitor the implementation of the Model, within their area of responsibility, and report biannually 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 program started over 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 to be carried out and also mainly for prevention and as such is 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 behavior 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;
- 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 Investor Relations section.

On the occasion of the update of the Model, the composition of the Supervisory Board was also modified. The Board of Directors replaced Mr. Nicola Pelà with an external consultant who possesses specific competences in the field. The Supervisory Board is therefore composed of the Director of Internal Auditing, Mr. Mario Pacifico, the Chairman, the Regular Auditor, Mr. Giorgio Silva and Mr. Ugo Lecis, attorney at law, and it shall remain in office until the approval of the financial statements as of December 31st, 2008.

The Supervisory Board reports biannually to the Board of Directors, to the Internal Control Committee and to the Board of Auditors on the activities performed.

On February 17th , 2009 the Board of Director allocated specific budgets in order to provide the Supervisory Board with adequate financial resources to perform its duties throughout fiscal year 2009. An equivalent resolution had been passed for fiscal year 2008. Please refer to Section III of this Report.

Finally, it must be pointed out that during 2008, 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.

Sarbanes-Oxley Act

The compliance with the provisions of the Sarbanes-Oxley Act ("SOX"), compulsory for Luxottica Group as it is listed on the New York Stock Exchange (NYSE), represents a significant motivation for the Group in the continuous improvement of its internal control system.

In particular, in complying with SOX, Luxottica has not only intended to implement a regulation but to take 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, constantly 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 renew and adapt itself 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 take 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 – that is 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 also include 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 allowing 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. Such “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 the necessary actions to ensure its optimal functioning over time.

Firstly, 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 protect better the key controls and the monitoring controls. This activity has been performed for all the most important companies of the Group.

The Board of Auditors

The Board of Auditors, which was appointed by the Board of Directors on June 14th, 2006, for the duration of three fiscal years, until the approval of the financial statements as of December 31st, 2008, is composed of 3 statutory auditors (Marco Reboa, Chairman, Giorgio Silva and Enrico Cervellera) and by 2 substitute auditors (Mario Magenes and Francesco Nobili).

At the time of the appointment of the Board of Auditors, a single list was submitted (by the then shareholder Leoinvest S.r.l., which held at the time 68.52% of the capital shares) together with detailed information on the candidates.

The procedures for the appointment of auditors, according to the list-based voting system, are governed by article no. 27 of the Company by-laws = please refer to 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 27th, 2009, such percentage is 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 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 or 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, under penalty of unelectability.

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, not 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 Meeting shall vote on the same and in the event that the same receives the relative majority of the voters, 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 the 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.

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 in 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 for by 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 assessed the independence of the Directors on the basis of the criteria set forth at the Board of Directors' meeting on February 19th, 2007. The Board of Auditors also verified the compliance by each Auditor with the requirements provided for by the new Code of Conduct.

As the issuing companies were expected to implement the guidelines of the Code of Conduct by the end of fiscal year 2006, the Board of Auditors, on the first possible occasion following its appointment in June 2006, did not assess the compliance of its members with the requirements of independence.

The Board of Auditors was identified by the Board of Directors during the meeting on April 28th, 2005, as the suitable body to act as Audit Committee as provided for by the Sarbanes Oxley Act and by the SEC and NYSE regulations (up until the current Board of auditors was appointed, these functions were performed by the Internal Control Committee).

The Board of Auditors:

- evaluates the proposals of the auditing companies for the appointment as external auditor and submits to the 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; (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 relative to 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;
- examines the reports of the Chief Executive Officer and of the Chief Financial Officer on any significant point of weakness in the planning or in the performance of internal controls which is reasonably capable of affecting negatively the capacity to register, 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.

In accordance with US regulations, Marco Reboa, Chairman of the Board of Auditors, has been designated as Audit Committee Financial Expert.

To perform the above-mentioned duties, the Board has been granted the appropriate skills and resources. Auditors comply with the legal requirements and in particular with the requirements listed in article no. 148, paragraph 3, of the Consolidated Financial Law.

Below is some background information on each statutory Auditor and substitute Auditor and on their offices held in other companies.

Marco Reboa

Born in 1955, he holds a degree in Business Economics, which he received at the Università Commerciale L. Bocconi in Milan, Italy, in the Academic Year 1977/78; he is registered in the Register of Chartered Accountants of Milan since 1982 and he is auditor pursuant to Ministerial Decree April 12th, 1995. He is currently Professor at the Faculty of Law at the Libero Istituto Universitario Carlo Cattaneo in Castellanza, Italy and works in private practice in Milan, attending in particular to extraordinary finance operations. In recent years he has published books and articles on financial statements, economic

appraisals and corporate governance. He is editor-in-chief of the Magazine of Chartered Accountants.

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. and of Valeas S.p.A., Auditor of Gruppo Lactalis Italia S.p.A., of biG S.r.l. and of Egidio Galbani S.p.A.

Giorgio Silva

Born in 1945, 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 Chairman of the Board of Auditors of Hewlett Packard Italiana S.r.l., Kedrios S.p.A.; Auditor of ENI S.p.A., RCS Mediagroup S.p.A., of Alitalia Compagnia Aerea Italiana S.p.A., Air One S.p.A., Bolton Alimentari S.p.A., SIA-SSB S.p.A.

Enrico Cervellera

Born in 1941, he 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 12th, 1995. Between 1965 and 1983 he works in the Tributary Bureau associated with Arthur Andersen. Since 1983 he has been working as a 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., 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.

Mario Magenes

Born in 1945, he received his Degree in Jurisprudence from the Università degli Studi in Milan and his auditor as per Ministerial Decree of April 12th, 1995. Promoting partner of IAM International Advising & Managing S.r.l. a company established at the end of 2004.

Between 1999 and 2004 he was in charge of the Management of Administration, Fiscal and Consolidated Balance in RCS Mediagroup S.p.A. Previously, he had held several administrative roles over a 25-year period in Fiat S.p.A., where he eventually became Manager of Administration, Balance and Fiscal Planning of Fiatimpresit S.p.a., sub-holding for the Civil Engineering and Territory Section.

He is presently Auditor of Parmalat S.p.A., Aedes S.p.A., Aedes Servizi S.p.A., Eurofly Service S.p.A., City Italia S.p.A.; Chairman of the Board of Auditors of Fibe S.p.A., Fibe Campania S.p.A., and Bocoge Costruzioni Generali S.p.A.

Francesco Nobili

Born in 1962. Degree in Business Economics with highest grades in 1987 at the Università Commerciale Luigi Bocconi in Milan; he is registered in the Register of Chartered Accountants of Milan since 1988. He is also registered in the Register of Auditors since 1995. After working as auditor for Arthur Andersen, he has been working for Studio Bisozzi Nobili since 1990, as partner since 1995. He is the author of publications and speaker at conventions on tributary matters. Visiting professor at the University of Castellanza.

Currently Chairman of the Board of Auditors of Sugar S.r.l., Sixty Italy Retail S.r.l., Vismara S.r.l., e-Box S.r.l., Sugarmusic S.p.A., auditor of Ceccato Aria Compressa S.p.A., RCS Digital S.p.A., Riva Acciaio S.p.A., RMC Italia S.r.l., Heinz Italia S.p.A., Fire S.p.A, Rocca S.p.A., Spig, S.p.A., Automobili.com S.r.l., Imos S.p.a.

Auditor

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

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

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

The procedure is available on the website www.luxottica.com.

Manager responsible for the preparation of the financial reports

The Board of Directors, by resolution on July 26th, 2007, effective as of August 1st, 2007, pursuant to article 154 bis of the Consolidated Financial Law and article 19 of the by-

laws, appointed the Group Chief Financial Officer, Enrico Cavatorta, manager responsible for the preparation of the 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 infra-annual ones, of the Company; and (iii) the issuance, together with the Chief Financial 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

By-laws

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

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

Code of Conduct

The Company declares its adherence 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.

**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 4th, 2004, has been adapted over the years and was finally updated by the Board itself during the meeting on July 31st, 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, in 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.

Following the review of the Code of Ethics, the Board of Directors resolved that the reports of violations of principles and rules defined or recognised by the Group, as provided for in the procedure, must now be submitted to the person in charge of the Internal Audit. As of August 1st, 2008, therefore, the position of Guarantor of the Code of Ethics, to whom such reports were previously directed, has been eliminated.

The Code of Ethics is available on www.luxottica.com.

Guideline for transactions with related parties

On February 14th, 2008 the Company amended the "Guidelines for Transactions with related parties" to the end of ensuring fairness and transparency of the operations in question.

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

The INTRA-GROUP transactions (that is the ones performed by Luxottica Group S.p.A. and its subsidiaries and among subsidiary companies themselves), require the prior approval of the Board of Directors if they are atypical or unusual or concluded under conditions other than standard conditions and having a value exceeding 5 million Euro; the transactions which are: atypical, unusual or concluded under conditions other than standard conditions and with a value of less than 5 million Euro 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 standard conditions and having a value exceeding 2.5 million Euro; such transactions, if atypical or unusual or concluded under conditions other than standard conditions and having a value not exceeding 2.5 million Euro, must be reported to the Board of Directors. Likewise, Transactions with Other Related Parties with a value exceeding 2.5 million Euro, which fall within the ordinary activities of Luxottica Group and its subsidiaries, must be reported to the Board of Directors.

The Board of Directors resolves upon the transactions with related parties which 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 Investor Relations section.

Internal Dealing Procedure

On March 27th, 2006 in order to implement the regulatory changes on internal dealing, as set forth in art. 114, seventh paragraph, of the Consolidated Financial Law and articles 152-*sexies* and subsequent Issuers Regulations, the Board of Directors approved the Internal Dealing Procedure. This procedure was last updated on March 13th, 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 – 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 the transactions involving purchase, sale, subscription or exchange of shares or of ADRs, whose overall value equals at least 5,000 Euro per year, calculated adding the transactions involving shares and ADRs, completed by each interested party and the transactions completed on behalf of the people closely linked to such parties.

The procedure provides for black-out periods during which the interested parties are not allowed to complete any transactions in shares.

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

Procedure for the Processing of Confidential Information

On March 27th, 2006, in compliance with articles 114, 115-*bis* of the Consolidated Financial Law and of articles 152-*bis* et sequitur of the Issuers Regulations, as well as the regulations contained in the Code of Conduct, the Board of Directors adopted a procedure 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 procedure was last updated on March 13th, 2008.

The following persons are required, among others, to comply with the confidentiality of such documents and information: (i) directors; (ii) auditors; (iii) any person holding a managerial role in Luxottica and in the companies belonging to the Group; (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 procedure 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 same. It also indicates the characteristics, contents and procedures for updating the Register of people with access to confidential information.

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

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

This procedure is available on the website www.luxottica.com, in the Investor Relations 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 27th, 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 procedure was last updated on February 14th, 2008.

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

The limitations on the appointment contained in this procedure 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 Procedure is available on the website www.luxottica.com, in the Investor Relations section.

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

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

The Luxottica Directors and Auditors try to attend the meetings, in particular those Directors who, by virtue of their role, 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 Meeting on September 14th, 2004, were adopted in order 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 registered office and at the venues in which the meetings are held; they are also available to the public on the website www.luxottica.com, in the Investor Relations 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 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.

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 2008, the Shareholders' Meeting convened on May 13th, 2008, in ordinary and extraordinary session, to resolve on the following items on the agenda:

ORDINARY SESSION OF THE MEETING

1. Approval of the financial statements at December 31st, 2007.
2. Allocation of net profit and distribution of dividends.
3. Determination of remuneration for the Board of Directors for fiscal year 2008.
4. Adoption of an incentive plan pursuant to article 114-bis of Legislative Decree 58/1998.
5. Authorisation to repurchase and transfer of the Company's own shares.

EXTRAORDINARY SESSION OF THE MEETING

1. Amendments to articles 10, 11 and 23 of the Company by-laws.

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, the media 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 also through posting on the Luxottica website.

SECTION III – SUMMARY OF THE MOST RELEVANT CORPORATE EVENTS AFTER THE CLOSING OF FISCAL YEAR 2008

Below is a summary of the most significant changes introduced after the closing of fiscal year 2008 to the date of submission of this Report. The most relevant changes have already been illustrated in the paragraphs above.

During the meeting held on February 17th, 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 current non-executive directors on the basis of the Code of Conduct previously in force; Roger Abravanel, Tancredi Bianchi, Mario Cattaneo, Claudio Costamagna, Lucio Rondelli and Gianni Mion 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 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 2009, already approved by the Internal Control Committee.

In accordance with the provisions of the Code of Conduct, the Board of Auditors, on March 6, 2009 assessed the evaluation made by the Directors on their independence, on the basis of criteria established during the above-mentioned meeting of the Board on February 19th, 2007. On the same date, the Board also 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 12th, 2009

TABLE 1: COMPOSITION OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES

Board of Directors							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			86%	1				
CEO	ANDREA GUERRA	X			100%	3				
Director	ROGER ABRAVANEL			X	100%	4			X	100%
Director	TANCREDI BIANCHI			X	100%	4	X	80%		
Director	MARIO CATTANEO			X	57%	7	X	100%		
Director	ENRICO CAVATORTA	X			100%	0				
Director	ROBERTO CHEMELLO		X		100%	0				
Director	CLAUDIO COSTAMAGNA			X	86%	3			X	100%
Director	CLAUDIO DEL VECCHIO		X		100%	1				
Director	SABINA GROSSI		X		86%	1			X	100%
Director	SERGIO EREDE		X		86%	7				
Director	GIANNI MION			X	86%	7			X	80%
Director	LUCIO RONDELLI			X	100%	0	X	100%		
Number of meetings held during fiscal year 2008			BoD: 7	Internal Control Committee: 5	Human Resources Committee: 5					

NOTES
 This list comprises Directors in office at 31.12.2008.
 *In this column are listed the numbers 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 established by the Board by resolution on February 19th, 2007, listed in section II of this Report.
 **In this column an "X" indicates that the member of the Board of Directors is also a member of the Committee.
 *** In this column is indicated the percentage of 2008 meetings of the Board of Directors and of the Committees respectively that the Directors attended.

TABLE 2: BOARD OF AUDITORS

Position	Members	Percentage of attendance at the Board meetings	Number of other offices *
Chairman	Marco Reboa	100%	7, of which 3 in listed companies
Statutory Auditor	Giorgio Silva	87.5%	15, of which 2 in listed companies
Statutory Auditor	Enrico Cervellera	100%	8, of which 3 in listed companies
Substitute Auditor	Mario Magenes	-	14, of which 2 in listed companies
Substitute Auditor	Francesco Nobili	-	23
Number of meetings held during the reference fiscal year: 8			
<p>Pursuant to article 27 of the by-laws, 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 equal at least to the one determined by Consob pursuant to article no. 147-ter, paragraph 1, of Legislative Decree 58/1998.</p> <p>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.</p>			

NOTES

*In this column is indicated 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

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	YES		They may be found and downloaded on the website

an indication as to where they may be found/downloaded?			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 (pursuant to art. 9.3 of the Code)	Internal Auditing Officer		
Investor relations			
Did the company appoint an investor relations manager?	YES		
Organisation department and contact details (address/telephone/fax/e-mail) of the investor relations manager	Investor Relations Director Alessandra Senici Via Cantù 2, Milano Fax: 02.8633.4092 Tel: 02.8633.4069 Investorrelations@luxottica.com		