Report
of the Board of Directors
to the Ordinary Meeting of Stockholders
of Luxottica Group S.p.A.

April 24, 2015
Dear Stockholders,

You have been invited to the Ordinary Meeting to consider and vote upon the following Agenda:

2. The allocation of net income; the distribution of dividends and further distribution of an extraordinary dividend.
3. Authorization to buy back and dispose of treasury shares pursuant to articles 2357 et seq. of the Italian Civil Code.
4. Appointment of the Board of Directors for fiscal years 2015-2017:
   a) Determination of the number of members of the Board of Directors;
   b) Appointment of the Directors;
   c) Determination of the remuneration of the Directors.
5. Appointment of the Board of Statutory Auditors for fiscal years 2015-2017:
   a) Appointment of the members of the Board of Statutory Auditors;
   b) Determination of the remuneration of the Statutory Auditors.
6. An advisory vote on the first section of the Company’s Remuneration Report in accordance with article 123-ter, paragraph 6 of Legislative Decree no. 58/1998.
1. THE APPROVAL OF THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Dear Stockholders,

We hereby present the Statutory Financial Statements for the year ended December 31, 2014 for your approval, which closed with net income of Euro 548,026,086. We kindly ask you to refer to the Annual Financial Report and draft Statutory Financial Statements included herewith for any additional and useful information on this item, and we inform you that the report will be published within the time limits provided for by law.

We recommend that you adopt the following resolution:

“The General Meeting of Luxottica Group S.p.A., having examined the draft Statutory Financial Statements for the fiscal year ended December 31, 2014, the management report of the Board of Directors, the Board of Auditors’ report, the Independent Auditor’s report and the report of the Board of Directors on the items on the agenda, all of which within the time limits prescribed by law are made available at the headquarters of the Company, at the authorised storage mechanism "1info" at the address www.1info.it, and published on the Company website www.luxottica.com, resolves

- to approve the Statutory Financial Statements as of and for the year ended December 31, 2014, reflecting net income of Euro 548,026,086.”
2. THE ALLOCATION OF NET INCOME; THE DISTRIBUTION OF DIVIDENDS AND FURTHER DISTRIBUTION OF AN EXTRAORDINARY DIVIDEND

Dear Stockholders,

The Board of Directors, in consideration of its expectations for future income and growth prospects of the Group, recommends that you adopt the resolution approving the distribution of dividends in the amount of Euro 0.72 per Ordinary Share, and hence per American Depository Receipt (“ADR”), based on the net income of the 2014 fiscal year. The dividend will be paid out net of Euro 45,524.7 to be set aside for the legal reserve in order to reach one fifth of the issued share capital as of the date of the General Meeting. Furthermore, the Board of Directors, in consideration of the excellent results of the Group and the Company’s existing financial resources also recommends the adoption of the resolution approving the distribution of a further extraordinary dividend in the gross amount of Euro 0.72 per share and per ADR to be paid out of the remaining amount of the net income and in part out of the extraordinary reserve. Therefore, subject to the approval of the General Meeting, a total amount of Euro 1.44 for each entitled share and ADR will be distributed.

Having taken into consideration the number of shares currently issued, namely 481,815,333, and the 3,148,947 shares directly held by the Company on the date of this Report, the total amount to be distributed would be equal to Euro 689.3 million.

It is to be specified that the amount to be set aside for the legal reserve and for the distribution of dividends may vary due to the possible issue of new shares following the exercise of stock options. In any case, in the event that all the exercisable stock options are in fact exercised and new shares issued by the record date, the maximum amount to be allocated for the distribution of dividends, assuming that the number of treasury shares of the Company remains unchanged, would be equal approximately to Euro 691.8 million.

We recommend that the payment date of the dividends and the extraordinary dividend be set for May 20, 2015, with an ex-dividend date for the Ordinary Shares of May 18, 2015, established according to the Borsa Italiana calendar, and a record date (namely, the date on which entries in the records count for the purpose of determining the right to receive payment of dividends) set for May 19, 2015.

Regarding the ADRs listed on the New York Stock Exchange, the record date will be May 19, 2015 whereas the payment date by Deutsche Bank Trust Company America (“DB”), the depositary bank for the ADRs that has been authorized to make the applicable payment, is expected to be May 28, 2015 based on the Euro/U.S. Dollar exchange rate as of May 20, 2015.

We therefore call upon you to pass the following resolution:

1. to allocate a portion of the net income for the fiscal year, equal to Euro 1, to the legal reserve in order to reach one fifth of the subscribed share capital on the date of the General Meeting, in accordance with article 2430 of the Italian Civil Code;

2. to distribute a dividend of Euro 0.72 per Ordinary Share, and therefore per ADR (each ADR representing one Ordinary Share), based on the net income for the 2014 fiscal year, following the allocation stated in point 1;

3. to distribute a further extraordinary dividend of Euro 0.72 per Ordinary Share, and therefore per ADR, out of the net income remaining after the distribution stated in point 2 and, for the remaining amount, out of the extraordinary reserve;

4. to set the payment date for the dividend and the extraordinary dividend in one tranche for a total amount of Euro 1.44 on the Ordinary Shares for May 20, 2015, with an ex-dividend date of May 18, 2015 and a record date of May 19, 2015, being specified that for ADRs listed on the New York Stock Exchange, the record date will coincide with the dates fixed for the ordinary shares (namely May 19, 2015), whereas the payment date by Deutsche Bank Trust Company America (“DB”), the depositary bank for the ADRs that has been authorized to make the applicable payment, is expected to be set by DB for May 28, 2015 in US$ at the Euro/US$ exchange rate as of May 20, 2015.”

The information on the tax treatment applied to the dividend distributions is reported in Annex A of this report.

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1 This amount is to be determined based on the share capital on the date of the meeting.
3. AUTHORISATION TO BUY BACK AND DISPOSE OF TREASURY SHARES

Dear Stockholders,

The Board of Directors recommends that you adopt a resolution approving a buy back and following disposal of treasury shares.

3.1 Reasons for the request for authorization to buy back and dispose of treasury shares

The share buyback for which authorization has been requested at this meeting is aimed at:

(a) setting up of a reserve of shares that can be used:

(i) to replace financial resources in order to carry out any extraordinary finance transactions; or

(ii) in order to implement the 2013-2017 Performance Shares Plan approved by the Meeting of Stockholders on April 29, 2013, which provides for awarding Luxottica Group shares (at no cost) to beneficiaries; or in order to implement other compensation plans based on financial instruments that may be approved in the future (hereinafter, the “Plans”); and

(b) carrying out any liquidity support and stabilization activities related to the Company’s Ordinary Shares, facilitating the exchange thereof and backing regular market-related trends.

Furthermore, in consideration of the above, the shares acquired by the Company may, inter alia, be:

1. used as payment or in exchange in relation to, or in any case for the purpose of carrying out, extraordinary transactions, such as the purchase of corporate stocks or in other capital or financing transactions;

2. transferred (through the sale, exchange, award or any other act or transaction) on the market or off-market in blocks, for the purposes, using the methods and under the conditions that - in compliance with the authorization granted at the General Meeting and which may be established from time to time by the Board of Directors;

3. awarded or transferred, or, made available to subsidiaries of the Luxottica Group so that they may be awarded and/or transferred to employees of the Company and the subsidiary companies that are beneficiaries of the Plans or that will be beneficiaries of compensation plans that may be approved in the future.

3.2 Maximum number of shares that can be bought back, category and nominal value of the shares to which the authorization refers

This authorization request regards the purchase of a maximum of 10,000,000 ordinary shares of the Company, each with a nominal value of Euro 0.06 and representative of 2.075% of the share capital, in one or more tranches.
The authorization to dispose of shares covers both shares previously bought back by the Company, in the fulfilment of resolutions adopted at previous Meetings of Stockholders, as well as those that will be bought back in fulfilling the authorization at the Meeting of Stockholders requested herein.

3.3 Information useful for the evaluation of compliance with the provisions laid down in article 2357, paragraph 3, of the Italian Civil Code

On the present date, (i) the subscribed and paid-up share capital of Luxottica Group is 28,908,919.98 Euros, represented by 481,815,333 ordinary shares; (ii) the Company holds 3,148,947 of its shares directly, with a nominal value of 188,936.82 Euros, representing 0.654% of the share capital with such amount repurchased on the basis of previous authorizations issued at previously held Meetings of Stockholders; and (iii) no subsidiary company holds Luxottica Group shares.

Taking the above into account, this request for authorization to buy back and dispose of the Company held shares involves a number of shares whose nominal value is less than one fifth of the share capital, in compliance with the limits laid down in article 2357, paragraph 3 of the Italian Civil Code.

3.4 Duration of the requested buyback: authorisation

If authorized at the Meeting of Stockholders, the Company may buy back shares, in one or several tranches, until the next general meeting convened to approve the statutory financial statements provided the authorization will not extend beyond a maximum of 18 months following the date the proposed resolution is adopted at the present meeting.

Notwithstanding the foregoing, the Company may dispose of treasury shares at any time.

3.5 Minimum and maximum payment

The shares will be bought back at a unit price that will be determined from time to time for each transaction, it being understood that this price cannot be greater or less than the reference market price of Ordinary Shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (“MTA”) on the day preceding the relevant purchase, increased or decreased by 10% (ten per cent), respectively.

The shares will be bought back within the limits of the available reserves and distributable profits as per the last approved financial statements. In this regard, it is to be highlighted that in the draft of the financial statements as at December 31, 2014 that will be presented for approval at the General Meeting concurrently with this authorisation, the extraordinary reserve stands at 1,148 million Euros, available for 1,144 million Euros, which will decrease by approximately 139.4 million Euros taking into consideration the distribution proposal set under point 2 of the agenda. The Company intends to use up to a maximum of 750,000,000 Euros in order to buy back the Company’s Ordinary Shares, which are to be withdrawn from this extraordinary reserve.

If and to the extent that the share buyback is performed by virtue of the currently proposed authorization, the Company will set up an special “Reserve for treasury shares held”, pursuant to art.2357-ter, paragraph 3 of Italian Civil Code and maintained until the transfer of the shares.
The treasury shares will be disposed in accordance with the terms and conditions established from time to time by the Board of Directors or by the appointed competent bodies and in compliance with the stated purpose and terms expressed above.

3.6 Methods to be used in buying back the shares

If authorized at the General Meeting, the Company may execute the share buyback in one or several tranches.

The shares will be repurchased in accordance with one of the operating methods set forth under article 144-bis, paragraph 1 of the regulations adopted by CONSOB in deliberation 11971 dated May 14, 1999 (the “Regulations for Issuers”), which will be identified from time to time by the Board of Directors. In any case, any buybacks executed on the market will be carried out in accordance with the methods established by Borsa Italiana S.p.A., which does not permit the direct combination of offers to buy with predetermined offers to sell and, in any case, in compliance with the market practices allowed by CONSOB according to resolution n. 16839 adopted on March 19, 2009 and with further laws and regulations applicable to this type of transaction.

Finally, in accordance with article 132, paragraph 3 of the Italian Legislative Decree no. 58/1998, the operating methods stated above may not be applicable to the purchase of shares owned by employees of the Company or subsidiary companies that have been awarded to the aforesaid employees in compliance with articles 2349 and 2441 of the Italian Civil Code, or those resulting from compensation plans that have already been approved or that will be approved at a General Meeting of Stockholders in compliance with article 114-bis of Italian Legislative Decree no. 58/1998.

3.7 Further information, in the event that the buyback transaction is instrumental in the reduction of share capital through the cancellation of the purchased treasury shares

The share buyback subject of this request for authorization is not instrumental in the reduction of the share capital of the Company.

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We therefore invite you to pass the following resolution:

“The General Meeting of Luxottica Group S.p.A.

resolves

1. pursuant to articles 2357 et seq. of the Italian Civil Code and article 132 of Italian Legislative Degree no. 58/1998, to authorize the buyback of a maximum of 10,000,000 Luxottica Group shares, in one or more tranches until the next general meeting convened to approve the statutory financial statements and provided such authorization will not extend beyond a maximum of 18 months following the date the proposed resolution is adopted, with the specification that: (a) the shares will be bought back at a unit price that cannot be greater or less than the reference price on the MTA in the stock exchange session on the day preceding the relevant purchase, increased or decreased by 10% (ten per cent), respectively; (b) the Company may use up to a maximum of 750,000,000 Euros to buy back the shares, to be withdrawn from the
extraordinary reserve, (c) the treasury shares will be bought back in accordance with one of the operating methods set forth in article 144-bis, paragraph 1 of the Regulations, which will be identified from time to time by the Board of Directors, where it is clearly understood that any buybacks performed on the market will be carried out in accordance with the methods established by Borsa Italiana S.p.A., which does not permit the direct combination of offers to buy with predetermined offers to sell and, in any case, in compliance with the market practices allowed by CONSOB according to resolution n. 16839 adopted on March 19, 2009 and in compliance with further laws and regulations applicable to this type of transaction;

2. pursuant to article 2357-ter, Italian Civil Code, to authorize the Board of Directors to perform all actions with respect to Luxottica Group shares that are to be purchased on the basis of the resolution stated in the previous item or that have been purchased by virtue of previous authorizations granted at the Company’s General Meetings, also in tranches and without time limits, and in accordance with the purposes and methods indicated in the relevant Board of Directors’ report;

3. to grant the most extensive powers to the Board of Directors and to the Chairman and the Chief Executive Officers, severally, on its behalf, including the power to sub-delegate, in order to implement this resolution, including as an example the power to determine the operating mechanics to purchase and sell the shares, to determine the prices of purchases and sales in accordance to the present resolution as well as the power to grant, suspend and revoke mandates to intermediaries and other parties in order to buy back and dispose of the treasury shares stated in the previous items, as well as to fulfil all necessary notice obligations prescribed by law;

4. to ensure that the buyback transactions which are the subject of this authorization are to be included within the available reserves and distributable profits as per the latest financial statements approved at the time of the relevant transaction and to ensure that the necessary accounting entries are made at the time of the buyback or disposition.”
4. APPOINTMENT OF THE BOARD OF DIRECTORS

Dear Stockholders,

The current Directors’ term of office will expire with the approval of the financial statements for the 2014 fiscal year. The General Meeting is therefore called upon to:

- determine the number of members of the Board, which can be no less than five and no more than fifteen members, also specifying that one Director, or at least two, in the event that the Board is composed of more than 7 members, must fulfill the necessary independence requirements pursuant to article 147-ter of Italian Legislative Degree no. 58/1998;
- appoint the Directors that, pursuant to article 18 of the By-laws, will serve for a period of three years, whose terms will expire on the date of the meeting of stockholders called for the approval of the financial statements for the 2017 fiscal year;
- determine the remuneration to be assigned to the Directors for the entire term of office.

Directors are appointed at the General Meeting pursuant to lists submitted by the stockholders, which will include a maximum of fifteen candidates, listed in descending numerical order. Under the combined provisions of art. 17 of the By-laws and CONSOB resolution no. 19109 dated January 28, 2015, a list for the appointment of Directors can be presented only by those stockholders who, at the time of the presentation of the list, hold an interest at least equal to 0.5% of the share capital. Reference is to be made to the capital stated in the register of companies, pursuant to articles 2444 and 2436, paragraph 6 of the Italian Civil Code, on the date the lists are filed.

Each candidate may not appear on more than one list or that candidate will be ineligible. In case multiple lists are submitted, they will not be related in any way; even indirectly. Therefore, each stockholder may not submit or contribute to the submission of more than one list, even through third parties or by means of trust companies. Moreover, stockholders falling within the following categories may submit or contribute to the submission of only one list: (a) parties to a stockholders’ agreement relating to the Company’s shares; (b) a person or a company and its controlled companies; (c) jointly controlled companies; (d) a company and its directors or general managers.

In the event of the violation of these rules, the vote of such stockholder, with respect to any of the submitted lists, will not be taken into account. The lists, together with the professional CVs of the candidates, as well as the statements by the candidates accepting their office, confirming the non-existence of causes for their ineligibility or of any noncompliance with applicable law, and confirming the fulfillment of any requirements set forth in such list, signed by the stockholders presenting them must be filed at the registered office of the Company (Milan - Piazzale Cadorna 3 - from Monday to Friday, 9:00 a.m. - 5:30 p.m., attention Corporate Affairs department) or sent via email to the certified email address assemblea.luxottica@legalmail.it at least twenty-five days prior to the date of the General Meeting (March 30, 2015). The Company will make the lists and their annexes available to the public at its registered office, on its website, and in any other manner provided for by CONSOB, at least twenty-one days prior to the date of the General Meeting (April 3, 2015).

Whether the minimum required stock interest is held, which is required for submitting such lists, is determined with reference to the shares of stock that are ascertained as registered, in favor of the stockholders who submitted the list, on the day the list is filed with the...
Company, with reference to the stock capital subscribed on the same date. The relevant certification also must be submitted to the Company after filing of the list, provided that this occurs within the time period required for the publication of the lists by the Company. Italian Law no. 120 dated July 12, 2011 introduced gender-quotas for the composition of governing bodies of listed companies. In this regard, in order to enable the Board of Directors to be in compliance with the laws in force on gender equality, the lists that have at least three candidates must include candidates of different genders. The gender that is least represented must obtain at least one fifth (rounded up) of the elected Directors, as this is the first time these regulations are applicable to the Company. If appropriate, each list may also expressly name Directors possessing independence requirements as provided for by the codes of conduct drawn up by companies managing regulated markets or industry associations.

The stockholders that intend to submit lists for the appointment of the members of the Board of Directors are requested to review the recommendations contained in CONSOB communication no. DEM/9017893 dated February 26, 2009. Finally, it is to be noted that according to the recommendations contained in the Code of Conduct of Listed Companies to which the Company adheres, issuers such as Luxottica Group S.p.A. that belong to the FTSE-MIB index, at least one third of the Board of Directors is to be made up of independent Directors.

Therefore, the Board of Directors, having acknowledged the provisions of article 17 of the By-laws on the composition and methods of appointment of the Board of Directors, to which reference is to be made, calls upon the General Meeting:
- to fix the number of members of the Board of Directors;
- to vote for the lists of candidates for the office of Director of the Company submitted and notified using the methods and within the time limits referred to in article 17 of the Company’s By-laws;
- to determine the related remuneration.
5. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

Dear Stockholders,

The current Statutory Auditors’ term of office will expire with the approval of the financial statements for the 2014 fiscal year. The General Meeting is therefore called upon to appoint the Board of Statutory Auditors, composed of three regular Statutory Auditors and two alternate Statutory Auditors with their terms expiring on the date the financial statements as at December 31, 2017 are approved by the Company. The General Meeting must also determine the related remuneration.

The Board of Statutory Auditors is appointed at the General Meeting on the basis of lists submitted by the stockholders, pursuant to the procedures indicated below.

The appointment of one regular Statutory Auditor, as Chairman, and of one alternate Statutory Auditor will be reserved for the minority - which is not part, even indirectly, of the relationship to be considered pursuant to article 148, sub-paragraph 2 of Italian Legislative Decree no 58/1998 and the related regulations.

Under the combined provisions of art. 27 of the by-laws and CONSOB resolution no. 19109 dated January 28, 2015, a list for the appointment of members of the Board of Statutory Auditors can be presented only by those stockholders who, alone or jointly with other presenting stockholders at the time of the presentation of the list, hold an interest at least equal to 0.5% of the share capital stated in the register of companies, pursuant to articles 2444 and 2436, paragraph 6, of the Italian Civil Code, on the date the lists are filed.

The lists must be filed at the registered office of the Company (Milan - Piazzale Cadorna 3 - from Monday to Friday, 9:00 a.m.-5:30 p.m., attention Corporate Affairs) or sent via email to the certified email address assemblea.luxottica@legalmail.it at least twenty-five days prior to the date of the General Meeting (March 30, 2015).

The lists must indicate the name of one or more candidates to be appointed as regular Statutory Auditors and alternate Statutory Auditors. The name of each candidate will be marked in descending numerical order in each section (section of regular Statutory Auditors and section of alternate Statutory Auditors) and the candidates listed will not be more than the members of the body to be appointed.

The lists will further contain, including as attachments: (i) information related to the identity of the stockholders who have filed the list, indicating the percentage of their combined stockholding; (ii) representations of stockholders different from the ones who hold, separately or jointly, a stockholding of control or of simple majority, stating the lack of relationship as per article 144-quinquies of CONSOB Issuer Regulations no. 11971/1999; (iii) exhaustive information on the personal and professional qualifications of each candidate as well as a declaration of the candidate confirming the existence of the qualifications provided by law, the acceptance of the office jointly with the administration and control offices held in other companies.

The Company will make the lists and their annexes available to the public at its registered office, on its website, and in any other manners provided for by CONSOB, at least twenty-one days prior to the date of the General Meeting (April 3, 2015).

Whether the minimum required stock interest is held, which is required for submitting such lists, is determined with reference to the shares of stock that are ascertained as registered, in favor of the stockholders who submitted such list, on the day the list is filed with the Company, with reference to the stock capital subscribed on the same date. The relevant
certification can be also submitted to the Company after filing of the list, provided that this occurs within the time period required for the publication of the lists by the Company. In the event that, at the expiry of the deadline for the submission of the lists, only one list has been submitted or lists have been submitted by stockholders who are connected pursuant to applicable law, additional lists may be submitted up to the third day after such date (until April 2, 2015). In this case, the stockholder threshold indicated above and required for the submission of nominee lists will be reduced by one-half.

A stockholder cannot submit and vote more than one list, even through third parties or by means of trust companies. Stockholders belonging to the same group and stockholders signing a stockholders’ agreement regarding the shares of the issuing company cannot present or vote on more than one list, even through third parties or by means of trust companies. Each candidate may not appear on more than one list, or that candidate will be ineligible.

Italian Law no. 120 dated July 12, 2011 introduced gender-quotas for the composition of the governing bodies of listed companies. In this regard, in order to enable the Board of Statutory Auditors to be composed in compliance with the laws in force on gender equality, the lists that have at least three candidates must include candidates of different genders. The gender that is least represented must obtain at least one fifth (rounded up) of the elected Auditors, since it is the first application of the regulations.

Finally, the Board of Statutory Auditors of Luxottica Group S.p.A. has been designated as the appropriate body to act as the Company’s “Audit Committee” as defined in the Sarbanes Oxley Act, U.S. Securities and Exchange Commission regulations and New York Stock Exchange listing standards to which the Company is subject due to its equity listing on the New York Stock Exchange.

The stockholders that intend to submit lists for the appointment of the members of the Board of Statutory Auditors are requested to review the recommendations contained in CONSOB communication no. DEM/9017893 of February 26, 2009.

Now, therefore, the Board of Directors, having acknowledged the provisions of article 27 of the By-laws on the composition and methods of appointment of the Board of Statutory Auditors, to which reference is to be make, calls upon the General Meeting:

- to vote for the lists of candidates for the office of Statutory Auditor of the Company submitted and notified using the methods and within the time limits referred to in article 27 of the Company By-laws;
- to determine the related remuneration.
6. AN ADVISORY VOTE ON THE FIRST SECTION OF THE COMPANY'S REMUNERATION REPORT IN ACCORDANCE WITH ARTICLE 123-TER, PARAGRAPH 6 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998

Dear Stockholders,

In accordance with article 123-ter, paragraph 6 of Italian Legislative Decree no. 58/1998, we hereby submit the first section of the remuneration report prepared by the Company for your consultative vote, in which the remuneration policy of Luxottica Group S.p.A. and its subsidiary companies is explained (the “Remuneration Policy”). The Remuneration Policy, approved by the Board upon the proposal of the Human Resources Committee on March 2, 2015, is reported in Annex B of this report.

We wish to inform you that the full remuneration report will be made available to the public within the time limits set forth in article 123-ter, paragraph 1 of Italian Legislative Decree no. 58/1998.

If you agree with the content of the document reported in the annex, we call upon you to pass the following resolution:

“The Stockholders’ Meeting of Luxottica Group S.p.A., having taken the first section of the remuneration report prepared by the Company into consideration,

resolves

- in accordance with paragraph 6 of article 123-ter of Legislative Decree no. 58/1998 and for all other legal purposes, to vote in favor of the contents of the aforesaid report”.

Milan, March 13, 2015

For the Board of Directors
The Chairman
Leonardo Del Vecchio
ANNEX A
INFORMATION ON TAX TREATMENT APPLIED TO DIVIDENDS
Dividend distribution
Tax Regime – Holders of ordinary shares

The gross amount of dividend paid to shareholders of Italian listed companies whose shares are registered in a centralized deposit system managed by Monte Titoli S.p.A., who are individuals and are Italian resident for tax purposes, will be subject to a 26 percent final substitute tax, provided the shareholding is not related to the conduct of a business and if these persons do not hold a “qualified” shareholding.

This substitute tax will be levied by the Italian authorized intermediary that participates in the Monte Titoli system and with which the securities are deposited, as well as by non-Italian intermediaries participating in the Monte Titoli system (directly or through a non-Italian deposit system participating in the Monte Titoli system), through a fiscal representative to be appointed in Italy.

The substitute tax is not applied in respect of individuals residing in Italy that, upon receipt of the dividends, declare to have a qualified holding or a shareholding assumed in the conduct of a business. In these cases, dividends are subject to ordinary taxation system in accordance with the rules and to the extent provided for by Presidential Decree December 22, 1986, No 917, as subsequently modified.

Italian resident individuals who timely declare that they hold a qualified shareholding or a shareholding related to the conduct of a business will receive the gross amounts of dividends paid and include dividends in their worldwide taxable income, subject to the ordinary income tax rules. The dividend paid to other subjects different from the above mentioned individuals, who are resident in Italy for tax purposes, including those companies subject to IRES/IRPEF and foreign companies with permanent establishment in Italy to which the shares are effectively connected, investment funds, pension funds, real estate investment funds and subjects excluded from income tax pursuant to Art. 74 of Presidential Decree No. 917/86, are not subject to substitute tax. Dividends paid to entities subject to IRES/IRPEF different from individuals holding a nonqualified shareholding not related to the conduct of a business will be subject to the ordinary income tax rules.

Italian law provides for a 26 percent final substitute tax rate on dividends paid to Italian residents who are exempt from corporate income tax.

Dividends paid to beneficial owners who are not Italian residents and do not have a permanent establishment in Italy to which the shares are effectively connected are generally subject to a 26 percent substitute tax rate. However, reduced rates of substitute tax on dividends are available to non-Italian resident beneficial owners who are entitled to such reduced rates and who promptly comply with procedures for claiming benefits under an applicable income tax treaty entered into by Italy or under the Italian domestic Law. Under the currently applicable Italy-U.S. Treaty, for example, an Italian substitute tax at a reduced rate of 15 percent may apply, in certain cases, to dividends paid by Luxottica Group to a U.S. resident entitled to treaty benefits who promptly complies with the procedures for claiming such benefits, provided the dividends are not
effectively connected with a permanent establishment in Italy through which the U.S. resident carries on a business or with a fixed base in Italy through which the U.S. resident performs independent personal services. Moreover, under the currently applicable Italian domestic legislation, (i) companies and entities subject to corporation tax and resident in countries that are members of the European Union (the “EU”) or participants in the European Economic Area (the “EEA”) and are included in the list provided for by Italian Ministerial Decree, September 4, 1996 (as amended and supplemented) (the “Decree”), are entitled to reduced tax rate of 1.375% on distributions of profits for the tax years ending after the tax year ended December 31, 2007; and (ii) pension funds established in a EU or EEA country included in the list provided for by the Decree, are entitled to reduced tax rate of 11%.

The substitute tax regime does not apply if ordinary shares representing a “non-qualified” interest in Luxottica Group are held by an Italian resident shareholder in a discretionary investment portfolio managed by an authorized professional intermediary, and the shareholder elects to be taxed at a flat rate of 26 percent on the appreciation of the investment portfolio accrued at year-end (which appreciation includes any dividends), pursuant to the so-called discretionary investment portfolio regime – regime del risparmio gestito.

Tax regime – Holders of ADRs

Dividends paid to Deutsche Bank Trust Company Americas, as depositary of the Ordinary Shares for which ADRs were issued, and afterward paid by Deutsche Bank Trust Company Americas to the ADR holders, who are not Italian residents and do not have a permanent establishment in Italy to which the ADRs are effectively connected, will be subject to the provisional 26% Italian substitute tax, through Deutsche Bank S.p.A., as Italian custodian of said ordinary shares on behalf of Deutsche Bank Trust Company Americas.

The Depositary has mailed to all ADR holders the documentation containing the detailed procedure for obtaining the full or partial refund of said substitute tax, where allowed. Full or partial refund of the substitute tax may be claimed by ADR holders (i) having residence for tax purposes in Italy or in countries which have entered into anti-double taxation treaties with the Republic of Italy allowing for application of reduced or nil tax rate; or (ii) which are companies or entities subject to corporation tax and resident in countries that are members of the EU or participants in the EEA and are included in the list provided for by Ministerial Decree of September 4, 1996 (as amended), and as such entitled to a reduced substitute tax rate of 1.375% on dividends from profits of the tax years ending after the tax year ended December 31, 2007; or (iii) which are pension funds established in an EU or EEA country included in the list provided for by Ministerial Decree of September 4, 1996 (as amended), and as such entitled to a reduced tax rate of 11%.

On or before September 17, 2015 ADR holders having residence for tax purposes in Italy and who are entitled to get the dividend gross of the Italian withholding tax, may thus submit to Deutsche Bank Trust Company Americas the documentation certifying
the right to the application of no substitute tax under the applicable tax system (Form from A to G “Dividend beneficial owner’s statement”).

On or before September 17, 2015 ADR holders not resident in Italy for tax purposes shall submit to Deutsche Bank Trust Company Americas the documentation – signed before 20th May 2015 – stating the right of application of the reduced tax under any anti-double taxation treaties between that ADR holder Country of residence and Italy or under Italian domestic law - instead of the full 26% tax rate incurred upon payment (Form 6166 and Form A for US residents, Form A or Form DIV/EX 2 or Form DIV/EX 3, to be sent in any case along with a suitable residence certificate, and possibly a tax status certificate issued by the relevant tax authorities of the foreign State, for residents of other Countries).

As soon as the required documentation is delivered by Deutsche Bank Trust Company Americas to the bank in charge of payment, i.e. Deutsche Bank S.p.A., this bank shall endeavor to effect repayment to the ADR holder of the balance between the 26% withheld at the time of payment and the rate actually applicable under the Italian domestic law or under any anti-double taxation treaty between Italy and the shareholder’s Country of residence. By way of example, Italy and the United States (as well as many other countries) are parties to a tax treaty which contemplates, in certain cases, the application of a 15% withholding tax on the dividends paid, if the necessary documentation is promptly submitted. Therefore, U.S. resident ADR holders covered by the treaty entitled to the 15% rate provided by the treaty have the opportunity of being repaid - by Deutsche Bank S.p.A., through Deutsche Bank Trust Company Americas - the difference between the 26% already withheld at the time of first payment, and the 15% withholding tax provided for by the Italy-United States tax treaty currently in force, thus receiving a further 11% gross dividend.

To the extent a refund of the Italian tax withheld is available to a U.S. holder under Italian law or under Italy-United States tax treaty, the amount of tax withheld that is refundable will not be eligible for credit against such U.S. holder’s U.S. federal income tax liability.

In any case, since in the past many ADR holders were not able to supply the certificates required on or before the deadline (especially non Italian resident ADR holders, because foreign tax authorities may take more than two months to issue this documentation), Luxottica Group recommends to start in advance the procedure for obtaining the refund by sending the necessary forms – which are available on website www.luxottica.com - to Deutsche Bank Trust Company Americas (Form from A to G for Italian residents, Form 6166 and Form A for U.S. residents, Form A or Form DIV/EX 2 or Form DIV/EX 3, to be sent in all cases along with a suitable residence certificate and possibly a tax status certificate issued by the relevant fiscal authorities of the foreign State, for residents of other Countries) - such documents must be signed. The procedure applied by Deutsche Bank Trust Company Americas and Deutsche Bank S.p.A. contemplates that, as soon as Deutsche Bank Trust Company Americas receives the necessary documentation from ADR holders, it will transmit it to Deutsche Bank S.p.A. which, after performing the necessary checks, will communicate refund details to Deutsche Bank Trust Company Americas which in turn will actually effect payments through DTCs (Depositary Trust Companies).
Please note that in order for non-Italian resident ADR holders to take advantage of the accelerated tax refund (Quick Refund), the necessary documentation must be signed by the respective Tax Authority on or before May 20, 2015 (the dividend payment date in Euros), and must be received by Deutsche Bank Trust Company Americas on or before September 17, 2015, or by Deutsche Bank S.p.A on or before September 24, 2015.

Luxottica Group recommends to all ADR holders who are interested in taking advantage of such refund to request more detailed information as to the exact procedure to be followed from Deutsche Bank Trust Company Americas (ADR Department, telephone +1-800-876-0959; fax +1-866-888-1120, attn. Rita Patel) or Deutsche Bank S.p.A. (Piazza del Calendario, 3 - 20126 Milano Mr. Michele Vitulli, Tel. +39-02-4024-3938 michele.vitulli@db.com or or Ms. Elena Geruntino, Tel. +39-02-4024-2627, elena.geruntino@db.com). or directly from Luxottica Group (Investor Relations Department, tel. +39.02.86334870; fax +39.02.86334092).

ADR holders are further advised that once the amounts withheld are paid to the Italian tax authority, the ADR holders who are entitled to a reduced tax rate may only apply to the Italian tax authority to receive the reimbursement of the excess tax applied to the dividends received from the Company. Such procedure customarily may take years before the reimbursement is actually made. Therefore, the above-mentioned procedure was established by Luxottica Group in the best interest of its stockholders.
ANNEX B

REMUNERATION POLICY
1. PROCEDURES USED FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

1.1 Process for the preparation and approval of the Remuneration Policy

1. The Remuneration Policy, which is submitted for approval to the Board of Directors by the Human Resources Committee, is the result of a structured process that, consistent with the regulatory direction and suggestions contained in the Code of Conduct, covers the following corporate bodies and functions: General Meeting of Stockholders, Board of Directors, Human Resources Committee and Human Resources Department.

2. The Human Resources Committee, based on its powers, submits proposals to the Board of Directors on the structure and contents of the Remuneration Policy and, together with the entire Board, monitors the proper implementation of the Remuneration Policy with the support of specific corporate functions.

3. Once the Board of Directors has examined and approved the Remuneration Policy it is submitted to an advisory vote at the General Meeting of Stockholders.

4. The guidance set forth in the Remuneration Policy, initially devised in 2012 with the involvement of consulting company Hay Group Italia, an independent expert, were subsequently developed and refined through updates and revisions made over time by the Board of Directors, upon the recommendations of the Human Resources Committee.

5. The Remuneration Policy is defined and revised based on, among other things, customary procedures and market remuneration levels, experience from application of Luxottica’s Remuneration Policy in prior years, regulatory provisions and CONSOB guidance and recommendations from the Code of Conduct on remuneration in force from time to time which are constantly analyzed, monitored and evaluated.

1.2 The Governance of the Company and the Remuneration Policy

1.2.1 The Organizational System

1. The Group has adopted an organizational system aimed at ensuring consistency and transparency in relation to its remuneration policy, which is based on guidance, coordination and competitive alignment led chiefly by the Group's Human Resources Department. The existing model aims at guaranteeing appropriate control over standard remuneration practices throughout the entire Group, ensuring that informed decisions are made timely and at the appropriate level of the organization.

2. In order to fairly and consistently acknowledge the responsibilities assigned to, as well as the results obtained by, all relevant individuals and to foster actions and conduct in line with the corporate culture, decisions on remuneration for directors who are also employees of the Company or the Group, executives with strategic responsibilities and Senior
Managers are controlled by specific bodies and functions of the parent company; however, regional and local Human Resources Departments, where present, are responsible for the proper application of the Remuneration Policy at the local level, yet in full compliance with centrally defined remuneration plans and programs, with a focus on ensuring consistency, transparency and sustainability.

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1.2.2 *The Human Resources Committee*

1. The Board of Directors established the Human Resources Committee in 2004, in accordance with the recommendations of the Code of Conduct.

2. The members of the Human Resources Committee currently in office are independent directors Claudio Costamagna (Chairman), Anna Puccio and Marco Mangiagalli. Director Roger Abravanel resigned from his office as director on October 13, 2014. Mr. Mangiagalli was then appointed to the Committee on October 22, 2014.

3. The Chairman Claudio Costamagna has specific and adequate expertise on financial matters, which was evaluated by the Board of Directors at the time he was appointed, in compliance with the requirements set forth in the Code of Conduct.

4. The Human Resources Committee consults, provides advice and recommendations along with supervisory functions, in particular with respect to the following:

   – making recommendations to the Board of Directors for the definition of the remuneration policy applicable to directors and executives with strategic responsibilities;
regularly assessing the adequacy, overall consistency and actual application of the Remuneration Policy;

making recommendations or providing opinions to the Board of Directors on the remuneration of the Managing Directors and other directors holding particular positions;

defining the target market in which to assess the competitiveness of the remuneration of the directors, executives with strategic responsibilities and management;

assessing the target positioning of the Company with regard to all remuneration components (base salary, monetary incentive systems, non-monetary remuneration) and the best mix of these components;

reviewing the remuneration of the directors, executives with strategic responsibilities and the management, the criteria for the composition of the board of directors of significant subsidiaries and supervising their application;

assessing proposals for the introduction of short and long-term monetary and equity incentive plans to be submitted to the Board of Directors for approval;

identifying the performance indicators necessary for guaranteeing the consistency of the amount and the reward systems; additionally, monitoring the application of the decisions made by the Board of Directors, confirming, in particular, that performance objectives have been reached; and

reviewing the performance objectives applicable to both short-term and long-term incentive plans, as well as the results achieved, and submitting them to the Board of Directors for approval.

5. Furthermore, the Committee reviews and approves the Human Resources Management and Development objectives and strategies and reviews the results achieved. In particular, the Committee:

assesses the results of internal surveys on the organizational environment and external surveys on the Company’s reputation;

reviews the organizational requirements of the Company and actions taken to effectively assign key positions (known as succession plans); makes inquiries for the preparation and revision of succession plans adopted by Board of Directors;

assesses the results of the initiatives aimed at increasing the value of the key resources of the organization;

assesses the effectiveness of strategic partnerships set up by the Company with universities and business schools as well as more general initiatives taken with regard to the labor market; and
assesses the effectiveness of internal communication initiatives.

6. The Human Resources Committee is granted access to Company information and functions deemed necessary for the performance of its responsibilities and may also make use of external consultants and independent advisors in the performance of its duties, after assessing these are not in situations that may jeopardize the Committee’s fully independent judgment.

7. The Committee has its own regulations and all Committee decisions are required to be adopted by a favorable vote of an absolute majority of its members who can express their vote also through means of telecommunication if they are not attending meetings in person. The Chairman of the Board of Statutory Auditors is invited to meetings of the Committee; the other statutory auditors may also attend. The minutes of Committee meetings are duly recorded by a Group Human Resources Officer, who acts as the Secretary of the Committee. The Committee meets whenever the Chairman deems it necessary or upon the request of another Committee member, usually on the dates provided for by the annual schedule of the meetings approved by the Committee. If the Committee deems it appropriate, executives of the Company are invited to participate so that relevant topics can be discussed in detail.

8. The meetings of the Committee are called by notice and upon order of the Chairman of the Human Resources Committee which notice is also delivered by the Secretary.

9. No Director shall take part in the meetings of the Human Resources Committee where proposals are discussed concerning his/her individual remuneration.

10. When the Board of Directors approved the Procedure for Related Parties, it granted the Human Resources Committee the power to review transactions with related parties which is limited to resolutions concerning the granting of remuneration and financial benefits to the members of management and control bodies and to other executives with strategic responsibilities.

1.2.3 The Board of Directors

1. Without prejudice to the functions of the Human Resources Committee, the Board of Directors is responsible for: (i) approving the remuneration of directors performing special duties pursuant to article 2389, paragraph 3, of the Italian Civil Code; (ii) allocating the aggregate remuneration fixed for the Directors at the Shareholders' Meeting, in the event this was not determined by the shareholders; and (iii) reviewing the incentive plans to be submitted for approval at the Shareholders' Meeting and the allocation of benefits thereunder annually, normally at the Shareholders' Meeting after approval of the financial statements.

2. Moreover, with the assistance of the Human Resources Committee, the Board of Directors confirms that the Remuneration Policy has been implemented correctly.
2. PURPOSES AND PRINCIPLES OF THE REMUNERATION POLICY

1. The Company's Remuneration Policy is based on a "pay for performance" principle, proactively promoting the establishment of an actual and verifiable link between an individual's remuneration and performance - both individual and of the Group - with the purpose of:

   (a) aligning management's interests with the medium and long-term interests of shareholders and other stakeholders, assessing the performance not only on an annual basis, but over a longer time frame;

   (b) increasing the value of the Company on a sustainable basis by helping to implement both Luxottica's and the Group's strategy and objectives over time, creating long-term value for stakeholders and strengthening Luxottica's corporate reputation; and

   (c) drawing upon and motivating qualified professionals to pursue the objectives of both Luxottica and the Group and to retain these resources.

2. In particular, the principles which form the basis of decision making regarding remuneration are:

   (a) closely correlating remuneration opportunities to actual results of the organization, both on an individual and general basis and reflecting and measuring the impact of individual performance on the creation of value for Luxottica and the Group; and

   (b) developing a global package of remuneration options, which demonstrates the capacity to draw and retain key and deserving talent both within the current organization and in the future, applying principles of equal opportunity, enhancement of individual knowledge and professional skills, equity and nondiscrimination as provided for by the Group's Code of Ethics.

3. Global remuneration includes a balance of monetary components (both fixed and variable) and non-monetary components (direct and deferred) which guarantees that compensation packages move over time alongside sustainable profitability levels.

4. The Remuneration Policy is consistent with the risk management policy of the Group. The full alignment of the Group's remuneration policies to the applicable regulatory framework and best practices, as well as compliance with the corporate values of transparency and responsibility, are key to compliance with the interests of shareholders and also of other stakeholders. It also leads to the continuous strengthening of the Group's reputation and the avoidance of conflicts of interest. Adopting a Group remuneration strategy that is based on the pay-for-performance principle (a direct relationship between remuneration and results achieved) supports the view that remuneration awarded is not only fair, appropriate and motivational, but its ultimate purpose leads to medium and long-term value creation for stakeholders, preserving both economic and social sustainability.
3. **REMUNERATION COMPONENTS**

3.1 **Identification of the pay-mix**

1. The remuneration available for executive directors (who are also employees of the Company or Group), general managers and executives with strategic responsibilities is comprised of (i) a fixed part (see para. 3.2 below); (ii) a short-term variable part (see para. 3.3 below); and (iii) a potential medium and long-term variable component (see para. 3.4 below).

2. The guidelines for the composition of the fixed and variable elements of the remuneration package are defined by Human Resources management based on each segment of the employee population.

3. With specific reference to executive directors who are also Company employees, general managers and executives with strategic responsibilities, the Human Resources Committee defines at the Group level the pay-mix structure, determining its composition in terms of fixed and variable components, consistently benchmarking against market trends and internal analysis.

4. Set forth below are the principles on which remuneration packages are based for executive directors who are also Company employees and executives with strategic responsibilities:

   (a) balancing fixed and variable components of the remuneration package based on the Company's strategic objectives and its risk management policy, in addition to the creation of long-term value for stakeholders and sustainable growth. The variable component normally prevails over the fixed portion and, in turn, within the variable remuneration, long-term incentives are more commonly utilized than short-term incentives in order to support ongoing corporate results over time; and

   (b) in respect of the variable component of the remuneration package:

      - establishing a proportionate weighting between short-term and long-term variable remuneration, in order to align the actions of executive directors who are also the Company's employees and executives with strategic responsibilities with long-term business objectives and shareholders' interests. As a result, performance assessment parameters linked to profitability and sustainable growth are preferred.

      - tying the payment of remuneration:

         (i) to performance objectives that must be predetermined, measurable and linked to the creation of value for shareholders in the medium and long term. In particular, with respect to qualitative objectives these objectives must be accompanied by an *ex-ante* indication of the objective parameters to be considered during final consolidation of financial results, indicating
the expected financial results and the assessor. Each step of the entire process must be documented; and

(ii) to achievement of a threshold value of performance objectives, to be established *ex-ante*;

– establishing maximum limits for the payout of variable components of remuneration, that cannot be higher than 200% of fixed remuneration;

– providing a vesting period for the long-term variable component (see para. 3.4 below);

(c) supplementing the remuneration package with an adequate offer of benefits, based on market standard practices;

(d) minimizing the use of indemnities or other compensation to be stipulated *ex-ante* in the event of resignation, removal from a position, dismissal or termination of employment, except for the competent boards’ power to authorize agreements in this regard in connection with specific cases; and

(e) monitoring and analyzing standard remuneration procedures and best practices implemented in the reference market with the objective of ensuring a total remuneration package that is both as competitive as possible and market aligned.

### 3.2 Fixed remuneration

The fixed remuneration component is correlated to the significance of the position and therefore linked to professional specialization, skills required, department covered, related responsibilities and performance achieved over time. The Company consistently monitors market practice with respect to the components of fixed remuneration, in order to align itself with best practices and also verifies that remuneration levels are being consistently applied across the Group. In most cases, the fixed remuneration component is determined on hiring and, afterwards, any merit increase for the same position can only be applied to performance which is aligned with expectations. Executives with strategic responsibilities are also awarded a per diem allowance in the home country territory and abroad, in line with the provisions of the governing agreement applicable to executives and the Company’s other complementary agreements.

### 3.3 Variable remuneration: Management by Objectives (“MBO”)

1. The variable remuneration component is aimed at rewarding results achieved by establishing a direct connection between remuneration and short-term performance, consistent with sustainable growth and a risk management policy suitable for guaranteeing the creation of value for stakeholders in the long term.
2. To strengthen the alignment between management's/employees' interests with those of shareholders and other stakeholders, the performance measurement is based on the actual results achieved by the Company or Group as a whole, the reference business unit and, of course, the individual.

3. The main instrument used in connection with variable remuneration is the Management by Objectives system ("MBO"), which is primarily, however not exclusively, used for Group management and which over time has become the sole formalized short-term incentive method. Annual incentives reward the achievement of quantitative and qualitative performance objectives and usually a variable bonus is paid in connection with them.

4. The so-called “Key Performance Indicators,” as well as the relevant associated performance objectives, are reviewed on a yearly basis by the Human Resources Department and assisted by the Financial Controlling Department, and submitted to the Human Resources Committee for consultation. These objectives are always defined using objective and measurable parameters, devised in such a way as to neutralize elements or events that may have distorting effects on the incentive system, for instance extraordinary components that may skew to short-term results rather than long-term interests.

5. In particular, performance objectives can be linked both to business managerial targets (processes/projects) as well as to organizational development targets (skills, abilities). In any case, the assigned objectives must be:

   - **specific**: the goal of each objective that is to be attained must be clearly and factually stated and the expected results must also be identified;
   - **measurable**: the expected results are calculated through easily understandable indicators that are based on factual evidence;
   - **results-oriented**: objectives must be defined with reference to the Company's and Group's general strategy and long-term objectives; and
   - **time specific**: intermediate steps and deadlines must be clearly and precisely defined.

6. In many cases, the parameters that can be used focus on the Group’s economic/financial and operating performance in terms of profitability, efficiency, creation of value and sustainability; for example:

   (a) Consolidated Earnings per Share (EPS): a metric derived from the Group’s consolidated financial statements and equal to the net profit resulting from the relevant financial statements divided by the average number of the Company's outstanding shares;

   (b) Free Cash Flow: that is the difference between the monetary cash flow generated by operations and the outgoing cash flows for investments. This metric represents
the measure of the Group's self-financing capacity;

(c) Net Sales: that is the growth of the net turnover absolute value;

(d) Comp Store Sales: a typical business retail indicator, which measures the like-for-like growth in net sales applying constant foreign exchange rates;

(e) DOP – Divisional Operating Profit and OI – Operating Income: both metrics are measures of profitability, for the wholesale business and the retail business respectively, and are calculated considering the Group's operations only, that is including interest, taxes, depreciation and amortization on tangible and intangible assets;

(f) G&A Expenses vs. Budget, a suitable metric for guaranteeing ongoing efficiency enhancement and continuous monitoring of the so-called general and administrative operating expenses, that is expenses not directly related to industrial production costs or sales costs.

These parameters can be used either individually or as a part of a mix, which can also vary for different managers according to individual roles and responsibilities.

It is also possible that, when defining performance objectives, specific function-related objectives are used (mostly in connection with the above-mentioned parameters) as well as qualitative objectives linked to specific individual performance parameters, based on the specific characteristics of the various positions; this in order to best align the characteristics of the MBO plan with the features and needs of the different functions in the Company and the Group.

7. Currently, the main performance objective used, which is applied to all executive positions, is consolidated EPS, which can be supplemented with financial and/or business indicators, and also specific function-related objectives.

8. When assessing the achievement levels of performance objectives, based on the recommendation of the Human Resources Committee's, restructuring costs from acquisitions if they are not budgeted, costs of reorganization and extraordinary transactions unrelated to operations are neutralized.

9. Evaluating the performance and communicating achievement levels of assigned objectives is an ongoing process marked by three key dates over twelve months:

(a) definition and communication of the objectives for the year, typically by March of the reference year;

(b) interim performance assessment (typically, mid-reference year), to measure the achievement level of results in the first half of the year and take any corrective actions;
10. The payment of variable remuneration is subject to the achievement of a threshold of a pre-established performance target (typically a financial measure) or otherwise measurable through factual and objective data to be established ex-ante, and a cap to the achievable payout of the variable component of the remuneration is also provided. This cap varies according to the role played by the individual in the Company and the Group, relevant responsibilities and the reference market. The variable remuneration target values for management may vary from 30% to 100% of applicable fixed remuneration. The pay-out ceiling can range from 45% to 200% of the above-mentioned target values. It is also pointed out that changes in roles and responsibilities can lead to a change in applicable target percentages.

11. At the end of each fiscal year, the Group Human Resources Department checks the achievement levels of assigned objectives based on final annual results with the help of the Financial Controlling Department. The variable remuneration levels to be paid, taking into consideration minimum targets and any applicable pay-out ceiling, is normally determined by linear interpolation, in order to have a proportional and real-time increase or decrease of the variable remuneration actually paid according to the achievement level of the assigned objective.

12. When defining MBO plans, the Board of Directors can evaluate the introduction of methods to defer the payment of the variable remuneration component, where this is deemed suitable because of the role played by certain key figures and their relevant responsibilities, and upon the recommendation of the Human Resource Committee.

13. Currently, the variable remuneration component awarded based on MBO plans is paid the year after the reference year, after taking into account final annual results in order to measure the achievement level of performance objectives and, then, to determine the variable remuneration level to be given to each beneficiary. Current MBO plans, therefore, do not include mechanisms to defer the variable remuneration component over several years. This conclusion has been reached based on the following primary considerations:

   (a) on the one hand, it has been determined that MBO plans already include suitable mechanisms, considering the segment of the population involved, for aligning the beneficiaries' objectives and the medium- and long-term interests of shareholders and other stakeholders. This is achieved by defining performance objectives based on current operations and by neutralizing extraordinary components that might skew towards short-term results. Additionally, identifying a single performance objective (currently, consolidated EPS) that is to be used for all executive positions, regardless of seniority, geography, segment and channel, acts as the basic measure
for awarding short-term and medium-long-term incentives. This way, matching of interests and strategies among the various population segments is promoted in a longer-term time frame;

(b) on the other hand, it has been determined that applying specific deferral mechanisms is particularly meaningful for the strategically most important senior managers, for whom other ad hoc retention mechanisms are also applied.

14. When defining MBO plans, the Board of Directors can also evaluate the introduction of mechanisms, or the closing of contractual agreements, which specify and regulate the Company's right to claw back, in full or in part, variable remuneration components that were determined based on data that have proved to be clearly erroneous. To date, considering the general remedies of law the Company might use in this regard, it has been determined that it is not necessary to specify ad hoc mechanisms in MBO plans or to obtain specific undertakings from beneficiaries. Nevertheless, commencing in fiscal year 2015, specific clawback mechanisms will be introduced regarding variable remuneration components paid to directors who are employees of the Company and to other executives with strategic responsibilities.

15. The incentive remuneration components for the Internal Audit Director are consistent with the tasks assigned to him. In particular, specific quality parameters are used and their definition and assessment entrusted with the Control and Risk Committee, in order to guarantee full independence and prevent potential conflicts of interest with respect to this position. Moreover, the executive responsible for preparing corporate accounting documents does not receive any additional payment for this specific responsibility as he receives specific remuneration as the Group’s Chief Financial Officer.

3.4 Variable Remuneration: Long-Term Incentives (“LTI”)

1. Variable remuneration also has a long-term component which is mainly aimed at directing the actions of management towards achieving business objectives and retaining Group key personnel.

2. Long-Term Incentives (“LTI”) are comprised of compensation plans based on financial instruments, whose objective is aligning the interests of beneficiaries, shareholders and other stakeholders, remunerating the creation of long-term value. In particular, from among different types of possible remuneration plans, the Company has typically adopts the following:

(a) Performance Shares Plan (a stock grant plan) granting Units, that are the rights to receive Luxottica shares based on reaching identified performance objectives; and

(b) Stock Option Plans granting option rights for the subsequent subscription of Luxottica shares.
Details about Luxottica’s current plans are described in related documentation published as required by law.

3. The grant of a Long Term Incentive plan recognizes the organizational role in the Company or subsidiaries of the Group held by the beneficiaries, individual performance results achieved by beneficiaries in the previous year and the potential for professional growth within the Group in the medium-long term. The grant of rights is subject to the evaluation of: (i) the ability of the individual to contribute to the development of the Company and the Group; (ii) the professional competence and the role held in the Company’s organizational structure; (iii) the level of his/her entire compensation package; and (iv) specific retention needs.

4. The Internal Audit Director is not included in financial instruments-based long-term incentive plans, whether they are Stock Option Plans or Performance Shares Plans, and is included in a long-term incentive plan based on monetary bonuses, which are spread over a three-year period and are not linked to business results.

5. In any case, in order to guarantee adequate retention and proper alignment with the medium and long-term objectives of the Company, the Group, the shareholders and the other stakeholders, the LTI system provides that variable remuneration is only paid to beneficiaries after a suitable vesting period (normally, at least three years). More precisely, shares are always assigned a certain vesting period after the assignment of the units or option rights.

6. At the beginning of each incentive plan, the Human Resources Committee, assisted by the Human Resources Department, submits the performance indicators and objectives for the plan under examination for approval by the Board of Directors.

7. The identification of beneficiaries and the assignment of rights in long-term incentive plans normally occur on a yearly basis and as a rule are approved by the Board of Directors after its approval of the financial statements.

8. When defining LTI plans, from time to time the Board of Directors may apply to all or some beneficiaries:

   (a) the prohibition on transferring the shares assigned to them for a predetermined period of time; and/or
   (b) deferred payments systems; and/or
   (c) ex post adjustment methods.

9. On April 29, 2013, the Ordinary Meeting of Stockholders approved the "Performance Shares Plan 2013-2017." This plan provides that beneficiaries, selected by the Board of Directors from among the employees of the Company and the Group, will be granted rights ("Units") for the free-of-charge assignment of Luxottica shares, provided that,
consolidated EPS targets defined by the Board of Directors are cumulatively reached over a three-year reference period. In case of failure to reach the minimum target levels of performance objectives, the beneficiary will accrue no right to be assigned any shares. If, instead, targets were exceeded (so-called over-performance) a cap of 120% of the fixed target would apply. According to the Performance Shares Plan 2013-2017, the Board of Directors is allowed, from time to time, to restrict all or some of the beneficiaries from selling a portion of the assigned shares for a pre-determined period. This share retention mechanism has not been applied to date, and no deferred payment mechanisms are planned. In fact, we believe this plan already includes suitable retention and medium- to long-term interest alignment measures, since it provides for three-year vesting for the assignment of shares and a method to calculate the consolidated EPS (matching the provisions of par. 3.3 above), which neutralizes extraordinary income components that may skew towards short-term results. The introduction of a share retention mechanism on Performance Shares Plans that are granted to Directors who are employees of the Company and other executives with strategic responsibilities, will however be evaluated by the Board of Directors on the occasion of the next grant of rights.

10. In cases not specifically regulated by 2013 – 2017 Plan Regulations, such as with respect to extraordinary changes to the company's capital (for example, mergers, splits, reduction of capital for losses due to cancelation of shares, legislative or regulatory changes or other events, including the modification of the accounting principles used to prepare the balance sheet) that may influence the eps target and/or the plan, the board of directors, in its discretion and within the limits allowed by the laws in force from time to time, will evaluate and, if appropriate, adopt any amendments and additions to the plan regulations and/or to the units granted, including, for example, to the eps target or the shares that can be assigned, which is deemed necessary or appropriate to maintain the essential and economic criteria of the plan. No additional ex post adjustment methods are currently in place.

11. Existing Stock Option Plans (in this connection, it is pointed out that the last Stock Option Plan was awarded by the Company in 2012): (a) generally provide for a suitable vesting period after which options may be exercised (not shorter than three years) and (b) the exercise of options may also depend on the achievement of specific performance objectives defined according to the mid- and long-term objectives of the Company and the Group (such as consolidated EPS or Earnings per Share).

3.5 Benefits and insurance coverage (i.e. social security or pension schemes), in addition to compulsory coverage

With the objective of providing a global remuneration package that is as competitive and aligned with the best practice available in the local markets, the remuneration package for executive managers, general managers, other executives with strategic responsibilities and senior managers is supplemented by fringe benefits (for instance, company cars), with the
purpose of supplementing the remuneration package with components in kind consistent with the beneficiary's status, as well as complementary insurance policies (for instance, integrative health insurance), whose aim is protecting the beneficiary's well-being in a broad sense, a so-called perquisite. In addition to life insurance coverage and coverage against extra professional accidents as provided for by the National Collective Labor Agreement, the registration in an integrative fund for the reimbursement of health expenses is offered, in addition to the fund provided for by the National Collective Labor Agreement. Additional fringe benefits, such as housing and schooling may be provided in connection with specific roles, particularly in connection with assignments abroad.

It is pointed out that non-monetary benefits are paid internationally according to market practice and in compliance with applicable local regulations in force from time to time.

In line with best practice, an insurance policy has been obtained that covers civil liability of corporate boards (including the Board of Directors), General Managers, executives with strategic responsibilities, senior managers and other managers (the so-called D&O – Directors & Officers Liability Policy). This policy is in order to hold the above-mentioned parties harmless from any liabilities for damages resulting from the exercise of their respective functions (excluding in the case of fraud and serious fault).

3.6 Compensation in the event of resignation, dismissal or termination of the employment relationship

1. The Company may agree on special treatment with respect to the termination of office or employment for individual executive directors employed by the Company, or general managers or other executives with strategic responsibilities, if it is deemed appropriate in order to attract and retain particular professional resources, and also in connection with the important role played in the Company's and/or the Group's structure.

2. Any agreement must be prepared in accordance with reference benchmarks on the subject and within the limits defined by case law and standard practices in the country in which the agreement is entered into.

3.7 Non-competition agreements and prohibition of write-offs

1. The Group provides for the possibility of entering into non-competition agreements or non-solicitation agreements against employees, collaborators and customers of the Company or other subsidiaries of the Group with directors, general managers, executives with strategic responsibilities and senior managers at the end of their mandate or employment.

2. In accordance with case law and standard practice, these agreements may provide for payment of compensation proportional to the Gross Annual Income ("GAI"), related to the duration and the extent of the restriction imposed by the agreement itself.
3. The non-competition obligation refers to the product sector in which the Group operates at the time of entering into the agreement as well as geographic limits; the extent of the obligation also will vary depending on the position held by the individual at the time the employment relationship is terminated.

4. It is pointed out that non-solicitation agreements are limited in time, typically 24 months.

3.8 Other forms of discretionay, occasional and nonrecurring remuneration

Monetary bonuses may be provided, which occasionally reward results or performance not included in the short- and long-term variable remuneration components through discretionary and nonrecurring bonuses and one-off awards. From a pay-for-performance perspective, it is believed that the payment of one-off monetary awards to particularly outstanding strategic managers because of their exceptional individual contribution, is an important method of differentiation and merit-based selection and, therefore, a method to retain excellent performers. The assessment of relevant results and the corresponding bonuses and considerations are subject to the prior examination of the Human Resources Committee and for Directors employed by the Company, the prior examination of the Board of Directors.

4. THE REMUNERATION OF THE DIRECTORS

4.1 The basic remuneration of directors

In accordance with law and the articles of association, the remuneration paid to directors for the positions they hold is determined by the Shareholders' Meeting, and may include either the aggregate amount of remuneration to be paid or specific details on how it is to be divided among the directors. The members of the Board of Directors are entitled to reimbursement of expenses incurred by reason of their position.

4.2 The remuneration of directors performing special duties

1. The remuneration of directors performing special duties is determined by the Board of Directors, on the proposal of the Human Resources Committee, at the time of their appointment or in the first meeting that follows the Committee's appointment, or after their appointment.

2. In particular, the Board of Directors can decide, upon the favorable opinion of the Board of Statutory Auditors, to award additional remuneration supplementing the fixed remuneration which is generally determined at the Ordinary Meeting of Stockholders for the directors performing special duties at the time of their appointment (see para. 4.1 above).

3. Therefore, the remuneration of directors performing special duties can be composed of: (i)
an annual fixed component, which may take the special duties of the directors into consideration; and (ii) in the case of directors who are delegated specific tasks, a medium-to long-term variable component. For executive directors who are also employees of the Company, the variable remuneration component follows the above-mentioned provisions (see par. 3.3 and 3.4).

4. In several cases, special positions held in companies controlled by Luxottica involve the allocation of remuneration due to the additional time commitment required.

4.3 The remuneration of non-executive Directors

1. The remuneration of non-executive Directors is not linked to the achievement of specific performance objectives on the part of the Company. Furthermore, these directors are not the recipients of medium and long-term incentive plans.

2. The non-executive Directors who are members of the committees set up within the Board of Directors (namely, the Human Resources Committee and the Control and Risk Committee) receive additional remuneration for these positions, which are determined by the Board of Directors, upon the favorable opinion of the Board of Statutory Auditors.

3. The additional remuneration allocated according to the above procedure is awarded on the recommendation of the Human Resources Committee, it being clearly understood that in this case each director abstains from voting on the proposals regarding his/her own remuneration.

4.4 The remuneration of executives with strategic responsibilities

1. The identification of the most significant members of the Company is carried out by the Board of Directors. The group of executives with strategic responsibilities includes the top managers in Italy and abroad.

2. For executives with strategic responsibilities, the annual variable remuneration (made up of MBO and LTI incentive plans, according to the statements above) represents a significant part of overall remuneration: as a general rule, the variable remuneration as a percentage of total remuneration may vary between 50% and 70%.

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The Remuneration Policy set forth above does not significantly differ from the version submitted to the vote of the General Meeting of Stockholders on April 29, 2014.