

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

29 April 2013

Dear Stockholders,

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

1. The approval of the Statutory Financial Statements for the year ended December 31, 2012.
2. The allocation of net income and the distribution of dividends.
3. The approval of the incentive compensation plan “Performance Shares Plan 2013-2017” in accordance with article 114-*bis* of Legislative Decree no. 58/1998.
4. 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, 2012

Dear Stockholders,

We hereby present the Statutory Financial Statements for the year ended December 31, 2012 for your approval, which closed with a net income of Euro 354,027,383. We kindly ask you to refer to the Annual Financial Report and draft Statutory Financial Statements here included for any further information on this subject, and we inform you that this report will be published within the time limits provided for by law.

We recommend that you pass the following resolution:

“The Stockholders’ Meeting of Luxottica Group S.p.A., having examined the draft statutory financial statements for the fiscal year ended December 31, 2012, 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 have been deposited at the headquarters of the Company and at the Borsa Italiana (Italian Stock Exchange) within the time limits prescribed by law, 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, 2012, reflecting net income of Euro 354,027,383.”

2. THE ALLOCATION OF NET INCOME AND THE DISTRIBUTION OF DIVIDENDS

Dear Stockholders,

The Board of Directors, in consideration of the prospects for development and its expectations of future income, recommends that you resolve on the distribution of dividends in the amount of Euro 0.58 per Ordinary Share, and hence per American Depository Receipt (“ADR”), based on the net income of the 2012 fiscal year.

Having taken into consideration the number of shares currently issued, namely 474,128,333, the total amount to be distributed would be equal to Euro 272.5 million, having taken the 4,157,225 shares directly owned by the Company on the date of the present report into consideration. The distribution would take place by withdrawing Euro 64,732.34 from the net income for the fiscal year and allocating it to the legal reserve.

It is to be specified that the amount in question may vary due to the possible issue of new shares following the exercising 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 taken for the distribution of the dividend, assuming that the number of the treasury shares of the company remains unchanged, would amount to approximately Euro 276 million.

We recommend that the payment date of the dividend is set for May 23, 2013, with an ex-dividend date for the Ordinary Shares of May 20, 2013, established according to Borsa Italiana calendar, and a record date (namely, the day on which entries in the records count for the purpose of determining the right to receive payment of dividends) set for May 22, 2013.

We therefore call upon you to pass the following resolution:

“The Stockholders’ Meeting of Luxottica Group S.p.A., having taken the net income for the fiscal year as set forth in the Statutory Financial Statements as of and for the year ended December 31, 2012 into consideration, and having acknowledged the Report of the Board of Directors,

resolves

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 present meeting, in accordance with article 2430 of the Italian Civil Code;
2. to distribute a gross dividend of Euro 0.58 per Ordinary Share, and therefore per ADR (each ADR representing one Ordinary Share), based on the net income for the 2012 fiscal year following the allocation stated in point 1,

¹ This amount is to be determined based on the share capital on the date of the meeting.

3. to set the payment date of the dividend on the Ordinary Shares for May 23, 2013, with an ex-dividend date on May 20, 2013 and record date on May 22, 2013.”

With regard to the ADRs listed on the New York Stock Exchange, it is to be specified that the record date will coincide with the dates fixed for the ordinary shares (namely May 22, 2013), whereas the payment date of the dividend by Deutsche Bank Trusts America (“DB”), the bank that holds the ordinary shares against which the ADR have been issued and that has been entrusted with the payment in question, is expected to be set by DB for May 31, 2013 in US\$ at the US\$/Euro exchange rate of May 23, 2013.

The information on the tax treatment applied to the dividends is reported in Annex A of this Report.

3. THE APPROVAL OF THE INCENTIVE COMPENSATION PLAN “PERFORMANCE SHARES PLAN 2013-2017” IN ACCORDANCE WITH ARTICLE 114-BIS OF LEGISLATIVE DECREE NO. 58/1998.

Dear Stockholders,

With the granting of rights resolved by the Board of Directors on May 7, 2012, the “Performance Shares Plan 2008” incentive plan, approved by the Ordinary Meeting on May 13, 2008, has expired.

The Board of Directors believes that a stock grant plan can be a valid incentive tool for directors, executives with strategic responsibilities and employees of the Company and its subsidiaries in general, as it is awarded in recognition of their potential for professional growth within the Group, encouraging loyalty and directing their actions towards achieving strategic objectives.

The Performance Shares Plan 2013-2017 incentive plan, which is reserved for employees of the Company and its subsidiaries and whose structure is substantially the same as the incentive plan approved in 2008, is therefore submitted for your approval in accordance with article 114-*bis* of Legislative Decree no.58/1998.

Treasury shares will be used to fund grants made under the Plan, however, nothing will limit the right of the Board of Directors in the future to use ordinary shares resulting from increases of share capital.

The information document, which forms the subject of the explanatory report of the Board of Directors for the Stockholders’ Meeting convened to resolve on compensation plans based on financial instruments, drawn up in accordance with form no. 7, Annex 3A, of the CONSOB Regulations for Issuers no. 11971/1999 (the “Information Document”), along with the related regulation of the Plan, is reported in Annex B.

If you agree with the above proposal, we call upon you to pass the following resolution:

“The ordinary Stockholders’ Meeting of Luxottica Group S.p.A., having seen and approved the explanatory Report of the Board of Directors including the Information Document on the Performance Shares Plan 2013-2017:

resolves

1. to approve, in accordance with and pursuant to article 114-*bis* of Legislative Decree no. 58/1998, the new plan for the free allocation of ordinary shares of the Company called “the Performance Shares Plan 2013-2017”, whose characteristics are indicated in the Report of the Board of Directors – including the Information Document – and in the related regulation;
2. to authorise the Board of Directors, in accordance with article 2357-*ter*, paragraph 1, of the Italian Civil Code, to use treasury shares for the implementation of the Plan;
3. to grant the Board of Directors the most extensive powers to implement the Performance Shares Plan 2013-2017, and in particular, by way of example, all the powers to

identify the beneficiaries and determine the quantity of units and Luxottica Group shares to be awarded to each beneficiary, to award the shares and to carry out all the actions, fulfilments, formalities and announcements that are necessary or appropriate for the management and/or implementation of the Plan itself, with the power to delegate its own powers, tasks and responsibilities for the implementation and application of the plan to the Chairman, and/or the Chief Executive Officer who can then sub-delegate their powers”.

4. 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

Dear Stockholders,

In accordance with article 123-ter, paragraph 6, of Legislative Decree no. 58/1998 we hereby submit the first section of the remuneration report prepared by the Company to 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 on the proposal of the Human Resources Committee on February 28, 2013 is reported in Annex C 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 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 favour of the contents of the aforesaid report".

Milan, March 26 2013

For the Board of Directors
Andrea Guerra
Chief Executive Officer

ANNEX A
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 20 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.

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 world wide 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 non qualified shareholding not related to the conduct of a business will be subject to the ordinary income tax rules.

Italian law provides for a 20 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 20 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 20 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 20% 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 will mail 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 20, 2013 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 (Forms A to G “Dividend beneficial owner’s statement”).

On or before September 20, 2013 ADR holders not resident in Italy for tax purposes shall submit to Deutsche Bank Trust Company Americas the documentation – signed before May 23, 2013 – 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 20% tax rate incurred upon payment (Form 6166 and DIV/EX for US residents, Form DIV/EX 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 20% 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 15.0% 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 20% 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 5% gross dividend.

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 (Forms A to G for Italian residents, Form 6166 and DIV/EX for U.S. residents, Form DIV/EX 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 (Depository Trust Company).

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 23, 2013 (the dividend payment date in Euros), and must be received by Deutsche Bank Trust Company Americas on or before September 20, 2013, or by Deutsche Bank S.p.A on or before September 26, 2013.

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. Gina Seroda) 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 Mrs. Daniela Galeazzi, Tel. +39-02-4024-5350, daniela.galeazzi@db.com or Ms. Elena Geruntino, Tel. +39-02-4024-2627, elena.geruntino@db.com). or directly from Luxottica Group (Investor Relations Department, tel. +39.02.86334718; 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 reim-

bursement is actually made. Therefore, the above-mentioned procedure was established by Luxottica Group in the best interest of its stockholders.

ANNEX B

**PERFORMANCE SHARES PLAN 2013-2017
INFORMATION DOCUMENT AND REGULATION**

**INFORMATION DOCUMENT ON THE FREE ALLOCATION OF LUXOTTICA GROUP
SHARES TO THE EMPLOYEES OF LUXOTTICA GROUP AND COMPANIES OF THE GROUP,
KNOWN AS THE “*PERFORMANCE SHARES PLAN 2013-2017*”**

Information document drawn up in accordance with article 84-*bis* and Annex 3A, Form 7,
of CONSOB Regulation no.11971/1999

PREAMBLE

This information document, drawn up in accordance with article 84-bis of CONSOB Regulation no. 11971 of May 14, 1999 (“**Regulations for Issuers**”) and according to Form 7 of Annex 3A of the Regulations for Issuers, contains information on the remuneration plan of Luxottica Group S.p.A (“**Luxottica**” or the “**Company**”), known as the Performance Shares Plan 2013-2017 (the “**Plan**”), to be submitted for approval at the ordinary Meeting of Stockholders of Luxottica Group S.p.A. called for April 29, 2013.

This information document is available to the public at the registered office of Luxottica in Milan, Via C. Cantù 2, and on the Company’s website (www.luxottica.com). Furthermore, this information document has been published through SDIR.

1. DEFINITIONS

In addition to the terms defined elsewhere in this information document, the following terms and conditions shall have the meaning stated below:

- 1.1 “Shares”: the ordinary shares of the Company.
- 1.2 “Beneficiaries”: the employees of Luxottica or the companies of the Group that will be selected from time to time by the Board of Directors on the recommendation of the Human Resources Committee.
- 1.3 “EPS”: the “*earnings per share*” parameter, expressed in US dollars or in euros, as it appears on the consolidated IFRS financial statements of the Group and equal to the net profits stated in the financial statements divided by the average number of shares outstanding.
- 1.4 “Group”: the Company and the other companies controlled directly or indirectly by the Company from time to time (pursuant to article 2359 of the Italian Civil Code).
- 1.5 “MTA”: the “*Mercato Telematico Azionario*” - Italian electronic share market - organised and managed by Borsa Italiana S.p.A.
- 1.6 “Substitutive Amount”: the cash amount that the Company, at its discretion, may pay to the Beneficiaries in place – of all or part - of the Shares, calculated on the basis of the arithmetic average of the official prices of the Shares on the MTA in the month prior to the allocation date of the Shares or, if the Shares are no longer listed, on the basis of the normal value of the Shares in accordance with article 9 of Italian Presidential Decree December 22, 1986, no.917, as determined by an independent expert appointed by the Company.

2. RECIPIENTS

2.1 The Plan is reserved for the Beneficiaries selected from time to time by the Board of Directors on the recommendation of the Human Resources Committee.

2.2 In accordance with article 114-*bis*, paragraph 3 of Italian Legislative Decree February 24, 1998, no.58 (the “**Italian Consolidated Financial Law**”) and article 84-*bis*, paragraph 2 of the Regulations for Issuers, the Plan is to be considered a “plan with particular relevance”, since the Beneficiaries may, among other things: (i) hold the position of member of the Board of Directors of Luxottica or companies of the Group; or (ii) be general managers or executives with strategic responsibilities in Luxottica.

2.3 The indication of the names of the Beneficiaries selected from time to time by the Board of Directors, as well as the other information set forth in paragraph 1 of Form 7 of Annex 3A of the Regulations for Issuers, will be provided at the time of allocation using the methods stated in article 84-*bis*, paragraph 5, letter a), of the Regulations for Issuers.

3.REASONS FOR THE ADOPTION OF THE PLAN

3.1 The Plan is aimed at:

- (i) rewarding the contribution of the Beneficiaries to the success of the Company and the Group – from a medium to long-term perspective – connecting the remuneration for this contribution with financial and economic results and thus aligning the interests of the Beneficiaries with the interests of the Group and the stockholders; and
- (ii) encouraging the loyalty of the employees of the Group, providing them with the incentive to remain within the Group.

The Plan is consistent with the most advanced references and trends on remuneration and guarantees the alignment of the interests of the Beneficiaries with those of the stockholders, contributing to the development of confidence in the growth-value of the Group.

3.2 The Plan provides for the allocation of the right of the Beneficiaries to receive free shares on the expiry of a three year vesting period and under the condition that the consolidated EPS for the subsequent three-year vesting – cumulatively – achieves the performance objectives identified by the Board of Directors (“**EPS Target**”).

3.3 The decision to condition the free awarding of the Shares to the achievement of performance objectives is aimed at ensuring that the Plan can achieve its goal of serving as an incentive. Furthermore, it is believed that the consolidated EPS parameter at three years is the best representation of the effective growth of the Group in terms of profitability, also from a medium to long-term perspective. Moreover, if this parameter is expressed in US dollars, the positive or negative variations of currency fluctuations would be significantly reduced.

3.4. There are no significant tax or accounting implications that have affected the definition of the Plan.

3.5 The allocation of the Plan by the Board of Directors and the selection of the Beneficiaries will take into consideration the organizational role held in the Company or in the companies of the Group, the individual performance results achieved in the year prior to

the allocation date and the potential for professional growth in the medium term within the Group. The following factors are assessed in the determination of the number of rights: (i) the ability of the individual beneficiary to contribute to the development of the Group; (ii) the professional expertise and the position held in the organization; (iii) the level of remuneration collected in total; and (iv) the necessity to retain employee loyalty.

4. APPROVAL PROCESS AND TIMEFRAME FOR THE ALLOCATION OF THE SHARES

4.1 The management of the Plan is delegated to the Board of Directors, which will make use of the expertise of the company departments in certain aspects and may also delegate its own powers to the Managing Director or other directors.

4.2 In particular, the Board of Directors is vested with all the powers for the implementation of the Plan, therein including, for example, the power to:

- (i) select the Beneficiaries of each award cycle, also from among the members of the Board of Directors;
- (ii) establish the number of Shares, which may be variable, that are to be awarded to the Beneficiaries, and the EPS Target;
- (iii) check compliance with the conditions for the awarding of the Shares as identified in the Plan regulations;
- (iv) decide to award the Substitutive Amount in place of the Shares (please see subsequent para.5.6);
- (v) amend and adjust the Plan as stated in subsequent paragraph 4.4.

4.3 Resolutions on the implementation of the Plan may also be made, in compliance with the terms and conditions of the Plan regulations, by the individual companies of the Group in which the Beneficiaries carry out their activities.

4.4. In the case of events that are not specifically regulated by the Plan regulations, such as extraordinary transactions involving the share capital of the Company, therein including mergers, demergers, reductions in capital, increases in capital, the amalgamation or splitting of shares and the extraordinary distribution of dividends, or legislative or regulatory amendments or in any case other events, therein including managerial events, such as, for example, the amendment to the accounting principles used to draw up the financial statements, which may affect the EPS objectives identified by the Board of Directors in relation to each award cycle and/or the Plan, the Board of Directors may, at its discretion, make amendments and additions to the Plan regulations that it considers necessary or appropriate for maintaining the basic contents of the Plan unvaried insofar as possible.

4.5 The Beneficiaries shall receive treasury shares of the Company; however, nothing will limit the right of the Board of Directors in the future to use ordinary shares resulting from increases of share capital.

4.6 On February 28, 2013, the Board of Directors, on the recommendation of the Human Resources Committee (which made use of the support of the Human Resources department for this purpose), resolved to recommend the approval of the Plan to the Ordinary Meeting of Stockholders convened on April 29, 2013.

4.7 Directors of the Company may also be Beneficiaries of the Plan. Therefore, the resolutions of the Board of Directors regarding the Plan (in relation to both the recommendation to approve the Plan to be presented at the Ordinary Meeting of Stockholders as well as to the future allocation of the rights) are adopted by the Board in compliance with the provisions of article 2391 of the Italian Civil Code.

4.8 The official price of the Shares on the MTA on February 28, 2013, was Euro 35.1337.

4.9 According to the provisions in the Company's Internal Dealing procedure and the procedure on the treatment of inside information, the Beneficiaries that are also Relevant Persons (as defined in the aforesaid Internal Dealing procedure, and therefore, for example, the members of the Board of Directors of Luxottica) are prohibited from selling the Shares that will be awarded to them and from carrying out transactions related to them during the black-out period indicated in the procedures.

5. CHARACTERISTICS OF THE PLAN AND THE SHARES

5.1 The Plan is divided into several award cycles, which the Board of Directors may decide upon, starting from the approval date of the Plan by the Ordinary Meeting of Stockholders and ending on December 31, 2017.

5.2 The Beneficiaries shall be awarded the right to receive free Shares once a three-year vesting period has elapsed and provided that the EPS Target fixed by the Board of Directors (see previous paragraph 3.3) has been achieved. The number of Shares that will be awarded to each Beneficiary may vary depending on whether the EPS Target objectives defined by the Board of Directors have been achieved to a greater or lesser extent.

5.3 In the implementation of the Plan a maximum of 2,500,000 Shares can be awarded for each award cycle, and a total number of 10,000,000 Shares during the entire duration period of the Plan. Further indications on the estimated cost that the Company expects to incur on the allocation date of the rights will be provided in the press release referred to in article 84-bis, paragraph 5, letter a), of the Regulations for Issuers.

5.4 The awarding of the right to receive free Shares will take place through the sending of an announcement from the Company to the Beneficiaries, containing details on the Shares that may be awarded and the related conditions, as well as all the information concerning the Plan and its regulations.

5.5 Each time the Units are granted or the Shares are assigned to the Beneficiaries, the Board of Directors will be entitled to prohibit, for the whole amount or in part, for a specific time period, the transfer of the Shares by those Beneficiaries as determined by the Board of Directors at time the Units are granted or the Shares are assigned.

5.6 The Company shall be entitled to pay the Substitutive Amount to all or a certain number of the Beneficiaries in place of and as a substitute for the awarding of the Shares.

5.7 In the event that a takeover bid is made for Luxottica, the Board of Directors will have the power to award the Shares also before the expiry of the three-year period of reference and to decide upon the number of Shares to be awarded, taking the most recent results of the Group into consideration. The Beneficiaries may forgo this advance allocation, thus maintaining the right to receive the Shares free of charge on the expiry of the three-year period of reference.

5.8 If the employment relationship comes to an end before the award date of the Shares, as a result of (i) the voluntary resignation by the Beneficiary without just cause or without one of the reasons set forth in the paragraph below, or (ii) dismissal with just cause or for a subjective justified reason, the Beneficiary will lose the right to receive the free Shares definitively.

5.9 In the event of the termination of the employment relationship due to (i) the voluntary resignation of the Beneficiary due to retirement; (ii) the permanent disability of the Beneficiary that prevents the continuation of the employment relationship; (iii) death; (iv) dismissal without just cause or without a subjective justified reason, the Beneficiary (or his/her heirs or legitimate successors) shall be entitled to keep a number of Units calculated in proportion to the period in which the Beneficiary was employed during the Reference Period. The further Units shall be understood to have definitively expired.

5.10 In any case, the Board of Directors may derogate from the indications in paragraphs 5.8 and 5.9, with reference to one or more Beneficiaries, for example, by allowing all or part of the rights to be kept, or by awarding part or all of the Shares even in the absence of the related conditions.

5.11 Beneficiaries will receive treasury shares and therefore no dilutive effects are expected. Should be used in the future shares resulting from a share capital increase, the Company will provide the relevant information according to the law.

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REGULATION

OF THE 2013-2017 PERFORMANCE SHARES PLAN RESERVED FOR CERTAIN EMPLOYEES OF LUXOTTICA GROUP S.p.A. AND ITS CONTROLLED COMPANIES

1. SUBJECT AND WARNING

The present Regulation defines the criteria to implement the Plan addressed to certain-Employees of the Company and of other companies of its group. These Employees will be selected, in accordance with this Regulation, to encourage these Employees to increase the value of the Company and the Group and, at the same time, to create a retention incentive.

The Plan provides, pursuant to the provisions contained herein, the grant of rights to receive Company Shares, on condition that certain performance targets are complied with.

The present Regulation was approved by the shareholders' meeting held on April 29, 2013.

This Regulation shall not be considered a "public offer of financial products" as defined by Article 1(1) of Legislative Decree No. 58 of 24 February 1998, because it is subject to the provisions set forth by Article 34ter (1)(m) of Consob Regulation No. 11971 dated 14 May 1999, as modified and amended.

2. DEFINITIONS

For the purposes of this Regulation: (i) terms and expressions listed below, underlined and capitalized, are explained; (ii) terms and expressions capitalized and not underlined, contained in one or more of the paragraphs of this Article 2 are defined in other paragraphs of the same Article; and (iii) terms and expressions in the plural are also intended to be defined in the singular, and vice versa.

- 2.1 "Shares": the ordinary shares of the Company granted to the Beneficiaries that are holders of the Units under the terms and conditions set forth by this Regulation.
- 2.2 "Beneficiaries": the Employees of the Company or of the Employing Company that may participate in the Plan, determined by the Board of Directors upon proposal of the Human Resources Committee.
- 2.3 "Civil Code": the Italian Civil Code, approved by Royal Decree No. 262 of 16 March 1942, as modified and amended from time to time.
- 2.4 "Board of Directors": the pro tempore Board of Directors of the Company, or its directors expressly delegated, who will administer the Plan, taking any relevant decisions and giving execution to this Regulation.
- 2.5 "Date of Approval": April 29, 2013, the date of approval of the Plan by the shareholders' meeting of the Company.
- 2.6 "Date of Assignment": date of assignment of the Shares to the Beneficiaries, to occur anytime between the Date of Verification and the thirtieth Business Day thereafter.
- 2.7 "Date of Grant": each date on which the Board of Directors grants Units to the Beneficiaries.
- 2.8 "Termination Date": with respect to any Relationship, the earlier of: (i) the date of termination of the Relationship; and (ii) the date on which the written communication of termination of the Relationship was sent (by registered letter or fax) or hand-delivered.

- 2.9 “Date of Verification”: the date, which shall be between the date on which the Board of Directors approves the Group’s consolidated balance sheet as of the end of a Reference Period and the fifth Business Day thereafter, on which the Board of Directors will ascertain whether the EPS Target has been achieved.
- 2.10 “Employees”: the employees of the Company or of the Employing Company.
- 2.11 “EPS”: the earnings per Share, which may be expressed in US dollars in lieu of Euro, as derived from the Group’s IFRS consolidated balance sheet and equal to the net profit as derived from the relevant balance sheet divided by the average number of Shares outstanding.
- 2.12 “EPS Target”: the targets set forth by the Board of Directors with respect to each Reference Period and determined by the addition of EPS that may be expressed in US dollars in lieu of Euro for each year included in the Reference Period; achieving the EPS Target will allow the assignment of the Shares.
- 2.13 “Business Day”: each calendar day excluding Saturdays, Sundays, and the other days on which credit entities do not usually do business in Milan.
- 2.14 “Group”: the Company and the other Companies directly or indirectly controlled (pursuant to Article 2359 of the Civil Code) by the Company from time to time.
- 2.15 “Tender Offer”: a takeover bid or an exchange tender offer concerning the Shares of the Company, launched by parties other than the Company.
- 2.16 “Plan”: the 2013-2017 Performance Shares Plan governed by this Regulation.
- 2.17 “Reference Period”: three consecutive fiscal years, the first of which includes the Date of Grant, with respect to which the EPS Target will be determined.
- 2.18 “Relationship”: the existing employment relationship between any Beneficiary and the Company or the relevant Employing Company.
- 2.19 “United States Person”: a Beneficiary who is either a United States citizen or a resident alien (as such term is defined for United States Federal income tax purposes).
- 2.20 “Regulation”: the present regulation, which defines the criteria, the modalities, and the conditions to implement the Plan.
- 2.21 “Application Form”: the form consistent with the form provided in Annex A, that the Company will provide to each Beneficiary, together with the annexed Regulation that will form an integral part of it. The Application Form will indicate the number of Units relevant to the Reference Period. By signing and delivering the Application Form to the Company, the Beneficiary will convey his/her complete and unconditional agreement to the Plan.
- 2.22 “Company”: Luxottica Group S.p.A., with registered offices at Via C. Cantù 2, Milan.
- 2.23 “Employing Company”: each of the companies of the Group with which one or more Beneficiaries have a Relationship.
- 2.24 “Substitutive Amount”: the amount of money that the Company, at its discretion, may pay to the Beneficiaries instead of the Shares—in whole or in part—to be granted at the Date of Grant, calculated based on the average of the Shares’ official prices on the stock market quoted by Borsa Italiana S.p.A. in the month preceding the Date of Assignment or, if the Shares are no longer listed, on their normal value pursuant to Article 9 of the Presidential Decree No. 917 of 22 December 1986, as determined by an independent advisor appointed by the Company.

- 2.25 “Unit”: the right to receive one Share under the terms and conditions set forth in this Regulation.

3. CRITERIA AND METHODS TO DETERMINE THE BENEFICIARIES AND GRANT THE UNITS

- 3.1 The Beneficiaries and the maximum number of Units which can be granted to each of them will be determined by the Board of Directors in its complete and sole discretion, upon proposal of the Human Resources Committee, having taken into account the position held within the Group and the potential growth of their respective business or function, in relation to the objectives of value increase for the Company as well as that for the Group, as represented by the EPS Target.
- 3.2 The Board of Directors may grant Units to the Beneficiaries, pursuant to the Plan and this Regulation, within the period beginning on the Date of Approval and ending on December 31, 2017.
- 3.3 The Board of Directors may grant to Beneficiaries a maximum number of 10,000,000 Units, which may correspond to the assignment of a maximum of 10,000,000 Shares. Each series of three-year grants may cover a maximum of 2,500,000 Units.

4. ADHESION TO THE PLAN

- 4.1 The Company will send each Beneficiary this Regulation and the Application Form - the latter shall set forth, *inter alia*, the number of Units granted - and will also give notice, to each Beneficiary-of the EPS Target.
- 4.2 The Beneficiary must return a copy of this Regulation and the Application Form (duly completed and signed) to the Company (which may be preceded by fax copies) within 30 days from their receipt, under penalty of losing the right to participate in the Plan.
- 4.3 The Units will be considered granted with retroactive effect to the Date of Grant preceding the date on which the Application Form is returned to the Company duly completed and signed (which is the date on which the Company shall endorse the receipt of the Application Form).

5. NATURE AND CHARACTERISTICS OF THE GRANTING OF UNITS

- 5.1 The Units will be granted free of charge. The Beneficiaries will not be required to pay the Company any amount for this grant. The Units will be granted to the Beneficiaries in their individual capacities, and may not be transferred to any other persons or be subject to encumbrances or dispositions of any other kind.
- 5.2 Article 7 will apply in case of death of the Beneficiary.
- 5.3 The Units and every other right deriving therefrom, as well as any general benefits provided by the Plan:
- 5.3.1 represent extraordinary compensation and cannot be considered, in any case, an integral part of the base remuneration of the Beneficiaries. In particular, the number of Units granted to each Beneficiary was determined already taking into account any anticipated impact on the direct and indirect elements of the remuneration provided by law and by the applicable collective and individual agreement in force;
- 5.3.2 do not give grounds for the right to similar or further benefits, within the scope of the Plan or otherwise; and

- 5.3.3 do not grant to the Beneficiaries, on expiry of the Plan, the right to participate in other possible incentive plans, however implemented, or to other remuneration.
- 5.4 The Employing Company may grant the Units to the Beneficiaries in compliance with the terms and conditions of the Plan.
- 5.5 Nothing herein confers or shall confer to the Employee or Beneficiary any right to continue in the employment with an Employing Company nor shall interfere with an Employing Company's rights to terminate the employment of the Beneficiary in accordance with the applicable law.

6. RIGHT TO THE ASSIGNMENT OF SHARES

- 6.1 The assignment of Shares, up to a maximum number equal to the Units owned by the Beneficiary on the Date of Assignment, is subject to the following conditions:
- 6.1.1 the ownership of the Units on the Date of Assignment; and
- 6.1.2 the total or partial achievement of the EPS Target at the end of the Reference Period.
- 6.2 At the end of each Reference Period, the Company shall verify the fulfillment of the condition under 6.1.2 above and promptly notify the Beneficiaries of the result of such verification as well as of the number of Shares assigned to each Beneficiary, if any.
- 6.3 The Company will assign the Shares within 30 Business Days from the Date of Verification, unless the Beneficiary communicates his/her desire, pursuant to Article 12, not to be assigned Shares; provided however that in the case of a Beneficiary who is a United States Person, the Company will assign Shares no later than 75 days after the end of the calendar year that includes the last day of the Reference Period.
- 6.4 Instead and in substitution of the assignment of the Shares, as provided by the terms and conditions of the Plan, on the Date of Assignment, the Company reserves the right to substitute, in whole or in part, the Shares by paying the Substitutive Amount; provided however that in the case of a Beneficiary who is a United States Person, any such Substitutive Amount will be paid no later than 75 days after the end of the calendar year that includes the last day of the Reference Period. It is agreed that, in the event of termination of the Relationship with right to retain the Units, as provided by Article 7.3, the Company will pay to the Beneficiary the Substitutive Amount, if and to the extent that it is due, provided however that the Company will be - in any case and at the sole option of the Company - allowed to assign Shares in lieu of the Substitutive Amount.
- 6.5 Each time the Units are granted or the Shares are assigned to the Beneficiaries, the Board of Directors will be entitled to prohibit, for the whole amount or in part, for a specific time period, the transfer of the Shares by those Beneficiaries as determined by the Board of Directors at time the Units are granted or the Shares are assigned.

7. REGULATION OF UNITS IN CASE OF TERMINATION OF THE RELATIONSHIP

- 7.1 In case of termination of the Relationship, should the Termination Date precede the Date of Assignment, the provisions under this Article 7 will apply. In any case of termination of the Relationship, the Board of Directors can derogate from the provisions contained herein, including - if necessary - those provided for under the following paragraphs 7.2 and 7.3, with respect to one or more Beneficiaries, for example by allowing -such Beneficiaries to keep all or part of -the Units, or providing for the (total or partial) assignment of Shares or of the Substitutive Amount, even when the relevant conditions are not met.
- 7.2 In case of termination of the Relationship due to: (i) the Beneficiary's voluntary resignation without cause or not based on one of the reasons set forth in Article 7.3; or (ii) the Beneficiary's

dismissal for cause or based on a subjective reason, the Beneficiary will definitively forfeit all the Units and, consequently, any right to the assignment of the Shares.

- 7.3 In case of termination of the Relationship due to: (i) resignation by the Beneficiary presented in order to access to pension; (ii) a permanent disability preventing the Beneficiary from continuing the Relationship; (iii) death of the Beneficiary; and (iv) dismissal without cause or not based on a subjective reason, the Beneficiary (or his/her heirs or legal successors) will have the right to retain a number of Units calculated in proportion to the duration of the Relationship during the Reference Period. The remaining number of Units will be forfeited.
- 7.4 Where disciplinary notice (pursuant to Article 7 of Law 300/70, if the Relationship is governed by Italian law, or pursuant to other law applicable to the Relationship) is served, the right to the assignment of the Shares will be suspended until receipt of the notice serving the disciplinary measure or the decision by the Company or the Employing Company not to serve any disciplinary notice.
- 7.5 In case of transfer of the Relationship from the Company or the Employing Company to another Group company and/or in case of termination of the Relationship and subsequent establishment of a new Relationship with another Group company, the Beneficiary will maintain any rights under this Regulation.

8. TAX AND SOCIAL SECURITY REGULATIONS

- 8.1 The value of the assigned Shares or the Substitutive Amount will be subject to tax and social security charges where and in the manner provided by tax regulations in force from time to time. If necessary, the Beneficiary undertakes to provide the Company with the financial provision necessary to carry out any withholding on the Beneficiary's part under the law, and expressly authorizes the Company to withhold that amount from any amount whatsoever due to the Beneficiary (e.g. the end of service allowance).

9. ADJUSTMENTS TO THIS REGULATION IN CONNECTION WITH CERTAIN COMPANY EVENTS AND IN CONNECTION WITH A TENDER OFFER

- 9.1 In cases not specifically regulated by this Regulation (e.g. extraordinary changes to the Company's capital such as, for example, mergers, splits, reductions of the capital for losses due to cancellation of Shares, reductions of the nominal value of the Shares to cover losses, increases in the Company's capital, for free or for a fee, grouping or splitting of Shares, as well as legislative or regulatory changes or other events, including management, for example 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 this Regulation 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 contents of the Plan.
- 9.2 In case a Tender Offer is launched, the Board of Directors will have the right to assign the Shares in advance with respect to the Reference Period and to determine the number of Shares relating to such assignment, taking into account the most recent financial results of the Group available. Should the Company be willing to enforce this provision, it shall communicate to the Beneficiary, by the beginning of the period of participation in the Tender Offer:
- the decision to assign the Shares in advance;
 - the number of Shares the Beneficiary is entitled to.

The Beneficiary, by means of a communication to be done, under penalty of forfeiture, within the following 5 days, can waive the advance assignment, retaining the Units for the remaining Reference Period, on the same terms as under the Plan; provided however that any Beneficiary who is a United States Person will not have the right to waive the advance assignment of Shares under this Section 9.2.

After the expiration of the 5 day term and in case the Beneficiary has not made the communication—all the conditions under the Plan, including the right to substitute the assignment with the Substitutive Amount, being confirmed—the assignment will take place in time for the Beneficiary to adhere to the Tender Offer; provided however that in the case of a Beneficiary who is a United States Person, the Company will assign Shares no later than 75 days after the end of the calendar year that includes the date on which the Board of Directors determines to enforce this provision.

- 9.3 The grant of Units under the Plan does not, and will not in any way, affect the right or power of the Company to make changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets or to engage in any other restructuring transaction whatsoever.

10. DURATION OF THE PLAN

- 10.1 The Plan will be effective beginning on the Date of Approval and ending on December 31, 2017.
- 10.2 This Regulation will be effective until the last Date of Assignment.

11. APPLICABLE LAW

- 11.1 Any dispute between one or more companies of the Group and one or more Beneficiaries, or their legitimate heirs or successors, arising from or related to the Plan, this Regulation, and the Application Form, will be regulated by Italian law.
- 11.2 Notwithstanding any provision of this Plan to the contrary, all awards made under this Plan to United States Persons are intended to be exempt from or, in the alternative, comply with Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), and the interpretive guidance thereunder. The Plan will be construed and interpreted in accordance with such intent.

12. COMMUNICATION AND NOTICE

- 12.1 Any notice required or permitted by this Regulation will be valid and effective only if in writing and will be considered executed upon receipt, pursuant to Article 1335 Civil Code, if made by letter or telegram, or at the time of acknowledgment of receipt by special statement (even by fax) if made by registered mail or fax, to the following addresses:
- as to the Company:
HR Department, Via Cantù 2, Milano
Fax: +39 02.8633.4093
and to
HR Stock Options, Via Valcozzena 10, Agordo
Fax: +39 0437.644416
 - as to the Beneficiary personally: to the address indicated in the Application Form [Form 7](#).

It being understood that: (i) in case the above addresses are modified, the Beneficiary must serve the Company with written notice, and, if by the Company, to each Beneficiary, and the delivery of this communication to the addressee will render the amendment effective with respect to the latter;

and (ii) unless otherwise specified by this Regulation, or subsequently in writing from the Company, all the abovementioned communication methods may be alternatively used.

Annex A

Application Form

2013-2017 PERFORMANCE SHARES PLAN, RESERVED TO CERTAIN EMPLOYEES OF LUXOTTICA GROUP S.p.A. AND ITS CONTROLLED COMPANIES

YEAR [•] GRANT

Luxottica Group S.p.A.

[•]

The undersigned	_____	(“Beneficiary”)
Born in	_____	on _____
Resident in	_____	Address _____
Telephone number	_____	Fiscal code _____

- Declares** having received, read, and fully understood the Regulation of the Plan and the EPS Target, which constitute an integral and substantial part of this Application Form and which are intended to be reproduced hereby (including the definitions and terms and expressions used therein) and to fully accept their terms and conditions, by signing the Application Form, the copy of the EPS Target, as well as a copy of the Regulation.
- Declares** to be duly informed that this Application Form has to be returned to the Company, upon penalty of cancellation of the right to participate in the Plan, no later than [•] am/pm, on [•].
- Confirms** to any effect and under his/her exclusive personal liability that the above personal data are correct.
- Confirms** to be informed and to accept that, should this Application Form not be fully completed or undersigned, the Application Form will not have any effect pursuant to Article 1326 (4) of the Italian Civil Code.
- Acknowledges** to have been provided by the Company with a number of Units equal to [•], any of which, pursuant to the terms and conditions set out in this Application Form and the Regulation of the Plan, gives the right to be assigned 1 Share.
- Requires** to be confirmed by the Company, by signing a copy of this Application Form, that it has been received, and the subsequent adhesion to the Plan.

_____, on _____

(Beneficiary)

Pursuant to Articles 1341 and 1342 of the Italian Civil Code, the Beneficiary specifically accepts clauses 5, 7, 9 and 11 of the Regulation.

_____, on _____

(Beneficiary)

For receipt of this Application Form and confirmation of adhesion to the Plan:

_____, on _____

(Luxottica Group S.p.A.)

Pursuant to Article 13 of Legislative Decree No. 196 of June 30, 2003, the personal data submitted at the moment of the signing of this Application Form will be treated, also throughout information technology procedures, for objectives strictly related to the execution of the Plan. Within the scope of such treatment, the Beneficiary is entitled to any right provided by Article 7 of Legislative Decree No. 196 of June 30, 2003. The submission of personal data is requested as strictly related to the execution of the Plan; partial failure of the submission will result in the rejection of the Application Form. The data controller is the Company. To fulfill the abovementioned clause, the Beneficiary gives his/her consent pursuant to Legislative Decree No. 196 of June 30, 2003.

(Beneficiary)

ANNEX C
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 is submitted to the Board of Directors by the Human Resources Committee for approval.
2. Once the Board of Directors has examined and approved the Remuneration Policy it is put to a consultative/advisory vote at the Ordinary Meeting of Stockholders.
3. An independent expert is involved in the preparation of the Remuneration Policy, namely the consultancy firm Hay Group Italy.
4. For purposes of the definition and revision of the Remuneration Policy, customary procedures and market remuneration trends are constantly analyzed and monitored, using data supplied by independent experts in aggregate form and without specific reference to specific companies.

1.2 The governance of the Company and the Remuneration Policy

1.2.1 The Organizational System

The Group has adopted an organizational system aimed at ensuring consistency and transparency in relation to its remuneration policy. The existing model aims at guaranteeing an appropriate control of remuneration standard practices throughout the entire Group, ensuring that informed decisions are timely made at the appropriate level of the organization.

RESPONSIBILITY	AREA CONCERNED	BENEFICIARIES
<i>Corporate</i>	<ul style="list-style-type: none"> • Fixed remuneration • Variable remuneration • Long-term Incentives 	<ul style="list-style-type: none"> • Directors who are employees • Other Executives with strategic responsibilities • Senior Managers
<i>Regions/ Business</i>	<ul style="list-style-type: none"> • Fixed remuneration • Variable remuneration • Benefits 	<ul style="list-style-type: none"> • Other Managers • Employees of the local organizations

1.2.2 *The Human Resources Committee*

1. The Board of Directors, in accordance with the recommendations of the Code of Conduct, set up the Human Resources Committee in 2004.
2. The members of the Human Resources Committee who are currently in office were appointed on April 27, 2012 and consist of independent directors Claudio Costamagna (Chairman), Roger Abravanel and Anna Puccio. Until April 27, 2012, the Committee's members were Claudio Costamagna (Chairman), Roger Abravanel, Sabina Grossi and Gianni Mion, who were all non-executive directors and, with the exception of Sabina Grossi, independent directors. 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. The Human Resources Committee performs duties, provides advice and makes recommendations, in particular, with respect to the following:
 - proposals 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;
 - proposals or opinions to the Board of Directors on the remuneration of the Chief Executive Officer (CEO or Managing Director) and the 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 the wage 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 share incentive plans to be submitted to the Board of Directors for approval;
 - identifying the performance indicators necessary for guaranteeing the consistency of the generation of the amount and the reward systems; monitoring the application of the decisions made by the Board of Directors, checking in particular, that performance objectives have been reached;
 - reviewing the objectives that the short and long-term incentive systems are based on, as well as, the results achieved, and submitting them to the Board of Directors for approval.

Furthermore, the Committee reviews and approves the Management and Development Objectives and Strategies of the Human Resources department and reviews the results achieved. In particular, the Committee:

- assesses the results of internal surveys on the organizational environment and external surveys on the reputation of the Company;
- 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 the 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;
- assesses the effectiveness of internal communication initiatives.

The Human Resources Committee is granted access to company information and functions deemed necessary for the performance of its own tasks and may also make use of external consultants and independent advisors in the performance of its duties.

3. The Committee has its own regulations, approved by the Board of Directors, and all Committee decisions are required to be adopted by a favorable vote of an absolute majority of its members. 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 the Human Resources Director. The Committee meets whenever the Chairman deems it necessary or upon the request of another Committee member. If the Committee deems it appropriate, executives of the Company are invited to participate so that certain topics can be discussed in detail.
4. No Director shall take part in the meetings of the Human Resources Committee where proposals are discussed concerning his/her own remuneration.
5. The Board of Directors, at the time it approved the Procedure for Related Parties, granted the Human Resources Committee the power to review transactions with related parties which are 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 Remuneration Policy is aimed at attracting and motivating qualified professionals to pursue Company and Group objectives, as well as encouraging employee retention. Moreover, the Remuneration Policy is intended to align management's interests with

the medium- to long-term interests of shareholders while increasing the value of the Company on a sustainable basis.

2. Total remuneration is a combination of fixed and variable, direct and deferred, monetary and non-monetary components.
3. The principles which form the basis of decision making on remuneration are:
 - developing a comprehensive remuneration package that is capable of attracting and retaining critical and deserving members of the organization of both *today* and *tomorrow*;
 - developing plans and implementing systems based on the “pay for performance” principle that is, systems and plans based on the close correlation between remuneration and actual results - both *individual* and *general* - of the organization.

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 possible medium- to 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. With specific reference to executive directors who are also Company employees, general managers and the 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 its conclusions against market trends and internal analysis.
3. Set forth below are the principles on which the remuneration packages are based for the executive directors who are also Company employees and for executives with strategic responsibilities:
 - balancing the fixed and variable components of the remuneration based on the Company’s strategic objectives and its risk management policy;
 - in respect of the variable component of the remuneration:
 - establishing a proportionate weighting between the short-term variable remuneration and the long-term variable remuneration;
 - tying the payment of remuneration to performance objectives that must be pre-determined, measurable and linked to the creation of value for shareholders in the medium and long term;

- establishing maximum limits for allocation of variable components;
- providing a vesting period for the long-term variable component (see para. 3.4 below);
- supplementing the remuneration package with an adequate offer of benefits, with reference to market standard practices;
- minimizing the use of indemnities or other compensation which is stipulated *ex-ante* in the event of resignation, transfer from a position, dismissal or termination of the employment relationship; and
- 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 essentially correlated to the significance of the position and therefore linked to managerial specialization, department covered and related responsibilities. The Company consistently monitors market practice with respect to the components of fixed remuneration, in order to align itself with best practices and also confirms that remuneration levels are being consistently applied across the Group.

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

1. The variable remuneration component is aimed at rewarding the results achieved by establishing a direct connection between remuneration and short term performance.
2. To strengthen the alignment between management’s/employees’ interests with those of the shareholders, the performance measurement references the actual results achieved by the Company or Group as a whole, by the reference business unit and by 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 only formalized short-term incentive method.
4. Annual incentives reward individuals who attain quantitative and qualitative performance objectives and take the form of a variable bonus. The main performance objective used - which is applied to all managerial positions - is consolidated EPS (*Earnings per Share*). Consolidated EPS is the metric calculated from the Group consolidated balance sheet equal to the Group’s net profit divided by the average number of the Company’s shares outstanding .

The weight of each objective assigned may vary depending on the role of the individual manager. EPS performance may be coupled with other financial indicators (for example, the DEBT/EBITDA ratio or free cash flow), business indicators (Net Sales, DOP

– *Division Operating Profit*, etc.) or function objectives based on the characteristics and specific elements of various positions.

5. The individual performance objectives must be objectively defined and measurable; they 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. The performance, evaluation and communication of the level of achievement of the assigned objectives is a continuous process marked by three fundamental meetings over a twelve-month period:
 - Definition and communication of objectives for the year (by the end of February of the reference year);
 - Mid-year performance evaluation (halfway through the reference year), to check the level of achievement of results in the first part of the year and to define any corrective actions if required; and
 - Final performance evaluation and communication of the level of achievement of the assigned objectives (by the end of January of the following year).

Performance objectives are reviewed by the Human Resources Committee and subsequently shared with the Board of Directors.

7. The allocation of the variable remuneration component is subject to maximum limits, which are differentiated in accordance with the position held by the individual within the Company and the Group, the ability to influence results and the reference market. The variable remuneration target values for managers can vary from 30% to 100% of the fixed remuneration. The maximum pay-out values, on the other hand, can range from 45% to 200% of the aforementioned target values.

8. According to the MBO system adopted by the Company, there are no deferral arrangements for more than one year for payment of the variable remuneration component and, as a rule, the variable component is generally paid in the fiscal year after the reference year, once the relevant data has been finalized. The Board of Directors may from time to time evaluate the introduction of forms of deferral for the payment of the

variable remuneration component if it is deemed appropriate on account of the position held by certain key personnel and their responsibilities and subject to the opinion of the Human Resources Committee.

9. The incentive plans for the head of internal control and the director responsible for preparing corporate accounting documents are consistent with the tasks they are entrusted with.

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

1. The variable remuneration also has a long-term component which is mainly aimed at directing the actions of management towards achieving identified strategic objectives and retaining Group key personnel.
2. Long-Term Incentives (“LTI”) are comprised of compensation plans based on financial results. Specifically, the Company adopted the following plans:
 - (i) Performance Share Plan (Stock Grant plans) granting units, that is the right to receive Luxottica shares based on reaching identified performance objectives, and
 - (ii) Stock Option Plan granting option rights for the subsequent subscription of Luxottica shares

Details about these Plans are described in related documentation published as required by Law.

3. Variable remuneration recognizes the organizational role in the Company held by the beneficiaries, the individual performance results achieved by the beneficiaries in the previous year and the potential for professional growth in the mid-term within the Group. The grant of rights is subject to: (i) the ability of the single beneficiary to contribute to the development of the Company; (ii) the professional competences and the role held in the Company’s organizational structure; (iii) the level of his/her whole compensation; and (iv) the specific retention needs.
4. Both the Performance Share Plans and the Stock Options Plan are available to employees with the potential for professional growth in the mid-term, specifically the top managers of the Company and subsidiary companies within the Group, as determined from time to time by the Board of Directors.
5. The Stock Option Plan usually provides for a suitable vesting period after which options can be exercised (in any case, not shorter than three years). The exercise of options may also be conditioned on achieving specific performance objectives defined according to the mid- and long-term targets of the Company and the Group. These objectives are defined according to parameters which represent Luxottica value creation (such as consolidated EPS or Earning per Share).
6. As for the current plans, since the Performance Shares Plan 2008 expired on February 28, 2013, the Board of Directors – upon the recommendation of the Human Resources Committee – resolved to submit to the Ordinary Meeting of Stockholders due to ap-

prove the December 31, 2012 statutory financial statements, the “Performance Shares Plan 2013-2017.” This new plan submitted to the stockholders provides that beneficiaries, selected by the Board of Directors from employees of the Company and the Group, will be granted rights (“Units”) for the assignment of Luxottica shares, without consideration, provided that over the course of a three-year reference period, consolidated EPS targets defined by the Board of Directors must be cumulatively reached. According to the Performance Shares Plan 2013-2017, the Board of Directors is allowed from time to time to forbid, all or part of the beneficiaries, to sell, for a pre-determined period, the shares they have been assigned. The Plan does not provide for deferred compensation or claw-back provision.

7. From 2013, the Group’s long-term variable compensation will be provided through the sole grant of Company shares under the Performance Share Plan 2013-2017.
8. Beneficiaries will be identified and rights in the context of long-term incentive plans granted annually and will generally be approved by the Board of Directors after the financial statements are approved at the annual Ordinary Meeting of Stockholders.

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

The remuneration package for executive directors, general managers, executives with strategic responsibilities and senior managers also includes non-monetary benefits (such as, for example, company cars and telephone), as well as supplementary insurance (i.e. supplementary health insurance, etc.) with the objective of providing the most competitive remuneration package in line with the best practices available in the relevant local markets. Furthermore, in addition to life and non-professional accident insurance coverage provided for by the CCNL², the registration in a fund that reimburses supplementary healthcare expenses is offered in addition to the fund set forth by the CCNL.

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

1. With the sole exception of the Chief Executive Officer, there are no agreements between the Company and its directors, the general managers or the executives with strategic responsibilities providing for compensation in the event of resignation, dismissal or termination of the employment relationship.
2. The payment of extraordinary benefits or compensation, at the end of the mandate or employment relationship, is not included in the Company’s and the Group’s general policy on remuneration (without prejudice, in any case, to legal obligations and/or CCNL obligations towards employees). Nevertheless, the Company may agree on special treatment with respect to a termination of office or employment relationship for individual directors performing special duties, or general managers or executives with

² *Contratto collettivo nazionale di lavoro* – Italian collective labor agreement

strategic responsibilities, if it is deemed appropriate in order to attract and retain particular professional personnel.

3. Any termination or severance 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

1. The Group provides for the possibility of entering into non-competition agreements with Directors, general managers, executives with strategic responsibilities and senior managers at the end of their mandate or employment relationship.
2. In accordance with case law and standard practice, these agreements may provide for payment of compensation recorded in 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 should refer to the product sector in which the Group operates at the time of entering into the agreement as well as the geographical 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. 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 at 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.
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 (in particular, these directors may be the re-

ipients of medium to long-term incentive plans; see para. 3.4. above). The variable component represents a significant part of overall remuneration paid to these directors (as a general rule, the percentage represented by the variable remuneration of total remuneration may vary between 55% and 65%).

4. Similar criteria are also relevant for general managers of the Company.
5. In several cases special positions are held in companies controlled by Luxottica and involve the allocation of remuneration due to the time commitment required.

4.3 The remuneration of non-executive Directors

1. The remuneration of non-executive Directors is not connected to the achievement of specific performance objectives on the part of the Company. Furthermore, these directors are not the recipients of medium to 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 favourable 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 staff is carried out by the Chief Executive Officer, after consultation with the General Manager of Central Corporate Functions and the Human Resources Director. The group of executives with strategic responsibilities includes the top managers in Italy and abroad.
2. For the 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 percentage represented by the variable remuneration of total remuneration may vary between 55% and 65%.

The above Remuneration Policy does not show significant differences compared to the one submitted to the General Meeting on April 27, 2012, exception made for some aspects related to the long term variable remuneration (see previous para. 3.4 above).