

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

29 April 2014

Dear Stockholders,

You have been invited 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, 2013.
2. The allocation of net income and the distribution of dividends.
3. 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, 2013

Dear Stockholders,

We hereby present the Statutory Financial Statements for the year ended December 31, 2013 for your approval, which closed with a net income of Euro 454,366,669. We kindly ask you to refer to the Annual Financial Report and draft Statutory Financial Statements here included for additional information on this item, and we inform you that this report will be published within the time limits provided for by law.

We recommend that you adopt 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, 2013, 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 are available 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, 2013, reflecting net income of Euro 454,366,669.”

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

Dear Stockholders,

The Board of Directors, in consideration of its expectations for future income and growth prospects, recommends that you adopt the resolution approving the distribution of dividends in the amount of Euro 0.65 per Ordinary Share, and hence per American Depository Receipt (“ADR”), based on the net income of the 2013 fiscal year.

Having taken into consideration the number of shares currently issued, namely 477,660,173, the total amount to be distributed would be equal to Euro 308.1 million, having taken the 3,647,725 shares directly owned by the Company on the date of the present report into consideration. The distribution would take place by withdrawing Euro 19,512 from the net income for the fiscal year and allocating it to the legal reserve.

The balance following the withdrawal of funds for the distribution would be allocated to the extraordinary reserve.

It is to be specified that the amounts in question 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 the dividend, assuming that the number of the treasury shares of the company remains unchanged, would equal approximately Euro 310.8 million.

We recommend that the payment date of the dividend be set for May 22, 2014, with an ex-dividend date for the Ordinary Shares of May 19, 2014, 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 21, 2014. 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, whereas the payment date of the dividend by Deutsche Bank Trust Company 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 30, 2014 in US\$ at the Euro/ US\$ exchange rate as of the day of the payment of the dividend to the ordinary shares.

We therefore call upon you to pass the following resolution:

“The Stockholders’ Meeting of Luxottica Group S.p.A., having taken into consideration the net income for the fiscal year as set forth in the Statutory Financial Statements for the year ended December 31, 2013, in consideration of the Group expectations for future income and growth prospects 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 0.65 per Ordinary Share, and therefore per ADR (each ADR representing one Ordinary Share), based on the net income for the 2013 fiscal year following the allocation stated in point 1;
3. to set aside to the extraordinary reserve the amount remaining after the allocation and distribution said above;
4. to set the payment date for the dividend on the Ordinary Shares for May 22, 2014, with an ex-dividend date of May 19, 2014 and a record date of May 21, 2014, 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 21, 2014), whereas the payment date of the dividend by Deutsche Bank Trust Company 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 30, 2014 in US\$ at the Euro/ US\$ exchange rate as of May 22, 2014.”

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

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

3. 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 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 on the proposal of the Human Resources Committee on February 27, 2014 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 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 25 2014

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 dividends 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 depository 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 Depository 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 19, 2014 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 19, 2014 ADR holders not resident in Italy for tax purposes shall submit to Deutsche Bank Trust Company Americas the documentation – signed before 22th May 2014 – 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 certifi-

cate 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% 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 (Form from 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 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 22, 2014 (the dividend payment date in Euros), and must be received by Deutsche Bank Trust Company Americas on or before September 19, 2014, or by Deutsche Bank S.p.A on or before September 25, 2014.

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. Charles Grover) 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. +39.02.86334718; 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 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 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 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

<p><i>Regions/ Business</i></p>	<ul style="list-style-type: none"> ▪ Fixed remuneration ▪ Variable remuneration ▪ Benefits 	<ul style="list-style-type: none"> ▪ Other Managers ▪ Employees of the local organizations
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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. 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, 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. On April 29, 2013 the Ordinary Meeting of Stockholders approved the “Performance Shares Plan 2013-2017.” This new plan 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 provisions.

5. 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.

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.

Lastly, existing Stock Option Plans generally provide for a suitable vesting period after which options may be exercised (in any case, not shorter than three years). The exercise of options may also be conditioned on the achievement of specific performance objectives defined according to the mid- and long-term objectives of the Company and the Group. These objectives are based on parameters which represent Luxottica value creation (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

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

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

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 recipients 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 50% 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 50% and 65%.

The Remuneration Policy set forth above does not significantly differ from the version submitted to the General Meeting of Stockholders on April 29, 2013.