

PROSPECTUS



LUXOTTICA GROUP S.p.A.

(incorporated with limited liability in the Republic of Italy)

€500,000,000 3.625 per cent. Guaranteed Notes due 2019

unconditionally and irrevocably guaranteed by

LUXOTTICA U.S. HOLDINGS CORP.

(incorporated as a corporation under the laws of the State of Delaware)

and

LUXOTTICA S.r.l.

(incorporated with limited liability in the Republic of Italy)

Issue price: 99.454 per cent.

The €500,000,000 3.625 per cent. Guaranteed Notes due 2019 (the **Notes**) are issued by Luxottica Group S.p.A. (the **Issuer**) and are unconditionally and irrevocably guaranteed on a joint and several basis by Luxottica U.S. Holdings Corp. and Luxottica S.r.l. (each an **Original Guarantor** and, together with any Successor Guarantors or any Additional Guarantors appointed (once the Notes have been issued) pursuant to the terms and conditions of the Notes, the **Guarantors** and each a **Guarantor**). The guarantees given by the Guarantors will be subject to contractual and legal limitations (see "*Risk Factors – The Guarantees may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability*"). The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under "*Conditions of the Notes - Redemption and Purchase*". The Notes mature on 19 March 2019.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 (the **Luxembourg Act**) on prospectuses for securities to approve this document as a prospectus. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Act. Application has also been made to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market.

The Notes are expected on issue to be rated BBB+ by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. (**S&P**). S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the **CRA Regulation**). As such S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with such CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. See the risk factor "*Credit ratings may not reflect all risks*" below.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 19 March 2012 (the **Closing Date**) with a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 28 April 2012 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances - see "*Summary of Provisions relating to the Notes while represented by the Global Notes*."

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on page 7.

Joint Lead Managers and Bookrunners

**BofA Merrill
Lynch**

Citigroup

**Crédit Agricole
CIB**

**The Royal Bank
of Scotland**

UniCredit Bank

The date of this Prospectus is 15 March 2012

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**) and for the purposes of the Luxembourg Act.

The Issuer accepts responsibility for the information contained in this Prospectus and each Original Guarantor accepts responsibility for the information relating to itself contained in this Prospectus. To the best of the knowledge of the Issuer and, in respect of the information relating to itself only, each Original Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer and, in respect of the information relating to itself only, each Original Guarantor, having made all reasonable enquiries, confirm that this Prospectus contains all material information with respect to the Issuer and the Original Guarantors and the Notes (including all information which, according to the particular nature of the Issuer, the Original Guarantors and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Original Guarantors and of the rights attaching to the Notes), that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer and, in respect of the information relating to itself only, each Original Guarantor accept responsibility accordingly.

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Issuer's business contained in this prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data taken from other external sources and on the Issuer's knowledge of its sales and markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer to rely on internally developed estimates. While the Issuer has compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, it has not independently verified that data. The Issuer gives no assurance regarding the accuracy and completeness of, and takes no responsibility for, such data. The Issuer and the Original Guarantors confirm that such information has been accurately reproduced and that, so far as the Issuer and the Original Guarantors are aware and, having made all reasonable enquiries, are able to ascertain from information available from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect. Similarly, while the Issuer believes its internal estimates to be reasonable, they have not been verified by any independent sources and the Issuer gives no assurance as to their accuracy.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Original Guarantors in connection with the offering of the Notes. No Manager nor the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Original Guarantors in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer, any Original Guarantor or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such

information or representation must not be relied upon as having been authorised by the Issuer, any Original Guarantor, any of the Managers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any Original Guarantor, any of the Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Original Guarantors. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or any Original Guarantor, any of the Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Original Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Original Guarantors during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and Sale*" below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Original Guarantors, the Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Original Guarantors, the Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom and the Republic of Italy), see "*Subscription and Sale*".

IN CONNECTION WITH THE ISSUE OF THE NOTES, UNICREDIT BANK AG AS STABILISING MANAGER(S) (THE STABILISING MANAGER(S)) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER

THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

All references in this document to **U.S. dollars**, **U.S.\$** and **\$** refer to the currency of the United States of America and references to **Euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

CONTENTS

	Page
Risk Factors	6
Documents Incorporated by Reference.....	19
Conditions of the Notes	23
Summary of Provisions Relating to the Notes while Represented by the Global Notes	42
Use of Proceeds.....	45
Description of the Group	46
Description of the Issuer	89
Description of the Original Guarantors	98
Overview Financial Information	102
Taxation.....	117
Subscription and Sale	124
General Information	126

RISK FACTORS

Each of the Issuer and the Original Guarantors believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and neither the Issuer nor any Original Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

Each of the Issuer and the Original Guarantors believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or any Original Guarantor to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Original Guarantors based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section. Reference to a "Condition" is to such numbered condition in the Terms and Conditions of the Notes.

Factors that may affect the ability of the Issuer and/or the Guarantors to fulfil their obligations under the Notes and/or the Guarantees. The Group's future operating results and financial condition may be affected by various factors, including those set forth below.

Please note that the following risk factors affect the Issuer and each of the Guarantors as they form part of the same Group and operate in the same business and industry.

Current economic conditions may adversely impact demand for the Group's products, reduce access to credit and cause its customers and others with which it does business to suffer financial hardship, all of which could adversely impact the Group's business, results of operations, financial condition and cash flows.

The Group's operations and performance depend significantly on worldwide economic conditions. Uncertainty about current global economic conditions poses a risk to the Group's business as consumers and businesses may continue to postpone spending in response to tighter credit markets, unemployment, negative financial news and/or declines in income or asset values, which could have a material adverse effect on demand for the Group's products and services. Discretionary spending is affected by many factors, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates, availability of consumer credit, conditions in the real estate and mortgage markets, currency exchange rates and other matters that influence consumer confidence. Many of these factors are outside the Group's control. Purchases of discretionary items could decline during periods in which disposable income is lower or prices have increased in response to rising costs or in periods of actual or perceived unfavourable economic conditions. If this occurs or if unfavourable economic conditions continue to challenge the consumer environment, the Group's business, results of operations, financial condition and cash flows could be materially adversely affected.

In the event of renewed financial turmoil affecting the banking system and financial markets, additional consolidation of the financial services industry or significant failure of financial services institutions, there could be a new or incremental tightening of the credit markets, decreased liquidity and extreme volatility in fixed income, credit, currency and equity markets. In addition, the credit crisis could continue to have material adverse effects on the Group's business, including the inability of customers of the Group's

wholesale distribution business to obtain credit to finance purchases of the Group's products, restructurings, bankruptcies, liquidations and other unfavourable events for the Group's consumers, customers, vendors, suppliers, logistics providers, other service providers and the financial institutions that are counterparties to the Group's credit facilities and other derivative transactions. The likelihood that such third parties will be unable to overcome such unfavourable events if these financial difficulties continue may increase. If the third parties on which the Group relies for goods and services or the Group's wholesale customers are unable to overcome financial difficulties resulting from the deterioration of the worldwide economic conditions or if the counterparties to the Group's credit facilities or the Group's derivative transactions do not perform their obligations, the Group's business, results of operations, financial condition and cash flows could be materially adversely affected.

If the Group is not successful in completing and integrating strategic acquisitions to expand or complement its business, its future profitability and growth will be at risk.

As part of the Group's growth strategy, it has made, and may continue to make, strategic business acquisitions to expand or complement the Group's business. The Group's acquisition activities, however, can be disrupted by overtures from competitors for the targeted candidates, governmental regulation and rapid developments in the Group's industry. The Group may face additional risks and uncertainties following an acquisition, including: (i) difficulty in integrating the newly-acquired business and operations in an efficient and effective manner; (ii) inability to achieve strategic objectives, cost savings and other benefits from the acquisition; (iii) the lack of success by the acquired business in its markets; (iv) the loss of key employees of the acquired business; (v) a decrease in the focus of senior management on the Group's operations; (vi) difficulty integrating human resources systems, operating systems, inventory management systems and assortment planning systems of the acquired business with the Group's systems; (vii) the cultural differences between the Group's organisation and that of the acquired business; and (viii) liabilities that were not known at the time of acquisition or the need to address tax or accounting issues.

If the Group fails to timely recognise or address these matters or to devote adequate resources to them, it may fail to achieve its growth strategy or otherwise realise the intended benefits of any acquisition. Even if the Group is able to integrate its business operations successfully, the integration may not result in the realisation of the full benefits of synergies, cost savings, innovation and operational efficiencies that may be possible from the integration or in the achievement of such benefits within the forecasted period of time.

If the Group is unable to successfully introduce new products, its future sales and operating performance will suffer.

The mid- and premium-price categories of the prescription frame and sunglasses markets in which the Group competes are particularly vulnerable to changes in fashion trends and consumer preferences. The Group's historical success is attributable, in part, to its introduction of innovative products which are perceived to represent an improvement over products otherwise available in the market. The Group's future success will depend on its continued ability to develop and introduce such innovative products. If the Group is unable to continue to do so, its future sales could decline, inventory levels could rise, leading to additional costs for storage and potential write-downs relating to the value of excess inventory, and there could be a negative impact on production costs since fixed costs would represent a larger portion of total production costs due to the decline in quantities produced, which could materially adversely affect the Group's results of operations.

If the Group fails to maintain an efficient distribution network in its highly competitive markets, its business, results of operations and financial condition could suffer.

The mid- and premium-price categories of the prescription frame and sunglasses markets in which the Group operates are highly competitive. The Group believes that, in addition to successfully introducing new products, responding to changes in the market environment and maintaining superior production capabilities, the Group's ability to remain competitive is highly dependent on its success in maintaining an efficient distribution network. If the Group is unable to maintain an efficient distribution network, its sales may

decline due to the inability to timely deliver products to customers and the Group's profitability may decline due to an increase in its per unit distribution costs in the affected regions, which may have a material adverse impact on the Group's business, results of operations and financial condition.

If the Group is unable to achieve and manage growth, operating margins will be reduced as a result of decreased efficiency of distribution.

In order to achieve and manage the Group's growth effectively, the Group is required to increase and streamline production and implement manufacturing efficiencies where possible, while maintaining strict quality control and the ability to deliver products to its customers in a timely and efficient manner. The Group must also continuously develop new product designs and features, expand its information systems and operations, and train and manage an increasing number of management level and other employees. If the Group is unable to manage these matters effectively, its distribution process could be adversely affected and the Group could lose market share in affected regions, which could materially adversely affect the Group's business prospects.

If the Group does not correctly predict future economic conditions and changes in consumer preferences, its sales of premium products and profitability will suffer.

The fashion and consumer products industries in which the Group operates are cyclical. Downturns in general economic conditions or uncertainties regarding future economic prospects, which affect consumer disposable income, have historically adversely affected consumer spending habits in the Group's principal markets and thus made the growth in sales and profitability of premium-priced product categories difficult during such downturns. Therefore, future economic downturns or uncertainties could have a material adverse effect on the Group's business, results of operations and financial condition, including sales of the Group's designer and other premium brands.

The industry is also subject to rapidly changing consumer preferences and future sales may suffer if the fashion and consumer products industries do not continue to grow or if consumer preferences shift away from the Group's products. Changes in fashion could also affect the popularity and, therefore, the value of the fashion licences granted to it by designers. Any event or circumstance resulting in reduced market acceptance of one or more of these designers could reduce the Group's sales and the value of its models from that designer. Unanticipated shifts in consumer preferences may also result in excess inventory and underutilised manufacturing capacity. In addition, the Group's success depends, in large part, on its ability to anticipate and react to changing fashion trends in a timely manner. Any sustained failure to identify and respond to such trends could materially adversely affect the Group's business, results of operations and financial condition and may result in the write-down of excess inventory and idle manufacturing facilities.

If the Group does not continue to negotiate and maintain favourable licence arrangements, its sales or cost of sales will suffer.

The Group has entered into licence agreements that enable it to manufacture and distribute prescription frames and sunglasses under certain designer names, including Chanel, Prada, Miu Miu, Dolce & Gabbana, D&G, Bvlgari, Tiffany & Co., Versace, Burberry, Polo Ralph Lauren, Donna Karan, DKNY, Paul Smith Spectacles, Brooks Brothers, Anne Klein, Stella McCartney, Tory Burch and Coach. These licence agreements typically have terms of between three and ten years and may contain options for renewal for additional periods and require the Group to make guaranteed and contingent royalty payments to the licensor. The Group believes that its ability to maintain and negotiate favourable licence agreements with leading designers in the fashion and luxury goods industries is essential to the branding of the Group's products and, therefore, material to the success of the Group's business. For the years ended 31 December 2010 and 2009, the sales realised from the Prada and Miu Miu brand names together represented approximately 4.2 per cent and 4.7 per cent of total sales, respectively. For the years ended 31 December 2010 and 2009, the sales realised through the Dolce & Gabbana and D&G brand names together represented approximately 3.5 per cent and 4.0 per cent of total sales, respectively. Accordingly, if the Group is unable to

negotiate and maintain satisfactory licence arrangements with leading designers, the Group's growth prospects and financial results could materially suffer from a reduction in sales or an increase in advertising costs and royalty payments to designers.

If vision correction alternatives to prescription eyeglasses become more widely available, or consumer preferences for such alternatives increase, the Group's profitability could suffer through a reduction in sales of its prescription eyewear products, including lenses and accessories.

The Group's business could be negatively impacted by the availability and acceptance of vision correction alternatives to prescription eyeglasses, such as contact lenses and refractive optical surgery. The disposable contact lens market is the fastest growing segment of the lens subsector. In addition, the use of refractive optical surgery has grown substantially in the United States since it was approved by the U.S. Food and Drug Administration in 1995.

Increased use of vision correction alternatives could result in decreased use of the Group's prescription eyewear products, including a reduction in sales of lenses and accessories sold in the Group's retail outlets, which could have a material adverse impact on the Group's business, results of operations, financial condition and prospects.

If the Euro or the Chinese Yuan strengthens relative to certain other currencies or if the U.S. dollar weakens relative to the Euro, the Group's profitability as a consolidated group will suffer.

The Group's principal manufacturing facilities are located in Italy. The Group also maintain manufacturing facilities in China, India and the United States as well as sales and distribution facilities throughout the world. As a result, the Group's results of operations could be materially adversely affected by foreign exchange rate fluctuations in two principal areas:

- the Group incurs most of its manufacturing costs in Euro and in Chinese Yuan, and receives a significant part of the Group's revenues in other currencies such as the U.S. dollar and the Australian dollar. Therefore, a strengthening of the Euro or the Chinese Yuan relative to other currencies in which the Group receives revenues could negatively impact the demand for the Group's products or decrease the Group's profitability in consolidation, adversely affecting the Group's business and results of operations; and
- a substantial portion of the Group's assets, liabilities, revenues and costs are denominated in various currencies other than Euro, with most of the Group's revenues and operating expenses being denominated in U.S. dollars. As a result, the Group's operating results, which are reported in Euro, are affected by currency exchange rate fluctuations, particularly between the U.S. dollar and the Euro.

As the Group's international operations grow, future changes in the exchange rate of the Euro against the U.S. dollar and other currencies may negatively impact the Group's reported results, although the Group has in place policies designed to manage such risk.

If the Group's business suffers due to changing local conditions, the Group's profitability and future growth could be affected.

The Group currently operates worldwide and has begun to expand its operations in many countries, including certain developing countries in Asia, South America and Africa. Therefore, the Group is subject to various risks inherent in conducting business internationally, including the following:

- exposure to local economic and political conditions;
- export and import restrictions;

- currency exchange rate fluctuations and currency controls;
- cash repatriation restrictions;
- application of the Foreign Corrupt Practices Act to its U.S. activities;
- difficulty in enforcing intellectual property and contract rights;
- disruptions of capital and trading markets;
- accounts receivable collection and longer payment cycles;
- potential hostilities and changes in diplomatic and trade relationships;
- legal or regulatory requirements;
- withholding and other taxes on remittances and other payments by subsidiaries;
- investment restrictions or requirements; and
- local content laws requiring that certain products contain a specified minimum percentage of domestically produced components.

The likelihood of such occurrences and their potential effect on the Group vary from country to country and are unpredictable, but any such occurrence may result in the loss of sales or increased costs of doing business and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Compliance with foreign laws and regulations that apply to the Group's international operations increases the Group's costs of doing business, including cost of compliance, in certain jurisdictions, and such costs may rise in the future as a result of changes in these laws and regulations or in their interpretation or enforcement. The Group has implemented policies and procedures designed to facilitate its compliance with these laws and regulations, but there can be no assurance that the Group's employees, contractors or agents will not violate such laws and regulations or the Group's policies. Any such violations could individually, or in the aggregate, materially adversely affect the Group's financial condition or operating results.

Additionally, as a U.S. government contractor through the Group's Oakley and Eye Safety Systems subsidiaries, the Group must comply with, and is affected by, U.S. laws and regulations related to the Group's government business. These laws and regulations, including requirements to obtain applicable governmental approvals, clearances and certain export licences, may impose additional costs and risks on the Group's business. The Group also may become subject to audits, reviews and investigations of its compliance with these laws and regulations.

If the Group is unable to protect its proprietary rights, the Group's sales might suffer, and it may incur significant costs to defend such rights.

The Group relies on trade secret, unfair competition, trademark, patent and copyright laws to protect its rights to certain aspects of the Group's products and services, including product designs, proprietary manufacturing processes and technologies, product research and concepts and recognised trademarks, all of which the Group believes are important to the success of its products and services and the Group's competitive position. However, pending trademark or patent applications may not in all instances result in the issuance of a registered trademark or patent, and trademarks or patents granted may not be effective in thwarting competition or be held valid if subsequently challenged. In addition, the actions the Group takes to protect its proprietary rights may be inadequate to prevent imitation of the Group's products and services.

The Group's proprietary information could become known to competitors, and the Group may not be able to meaningfully protect its rights to proprietary information. Furthermore, other companies may independently develop substantially equivalent or better products or services that do not infringe on the Group's intellectual property rights or could assert rights in, and ownership of, its proprietary rights. Moreover, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States or of the member states of the European Union.

Consistent with the Group's strategy of vigorously defending the Group's intellectual property rights, the Group devotes substantial resources to the enforcement of patents issued and trademarks granted to it, to the protection of the Group's trade secrets or other intellectual property rights and to the determination of the scope or validity of the proprietary rights of others that might be asserted against it. However, if the level of potentially infringing activities by others were to increase substantially, the Group might have to significantly increase the resources it devotes to protecting its rights. From time to time, third parties may assert patent, copyright, trademark or similar rights against intellectual property that is important to the Group's business. The resolution or compromise of any litigation or other legal process to enforce such alleged third party rights, regardless of its merit or resolution, could be costly and divert the efforts and attention of the Group's management. The Group may not prevail in any such litigation or other legal process or it may compromise or settle such claims because of the complex technical issues and inherent uncertainties in intellectual property disputes and the significant expense in defending such claims. An adverse determination in any dispute involving the Group's proprietary rights could, among other things, (i) require it to grant licences to, or obtain licences from, third parties, (ii) prevent it from manufacturing or selling the Group's products, (iii) require it to discontinue the use of a particular patent, trademark, copyright or trade secret or (iv) subject it to substantial liability. Any of these possibilities could have a material adverse effect on the Group's business including by reducing the Group's future sales or causing it to incur significant costs to defend its rights.

If the Group is unable to maintain its current operating relationship with host stores of its Licenced Brands division, the Group could suffer a loss in sales and possible impairment of certain intangible assets.

The Group's sales depend in part on the Group's relationships with the host stores that allow it to operate the Group's Licenced Brands division, including Sears Optical and Target Optical. The Group's leases and licences with Sears Optical are terminable upon short notice. If the Group's relationship with Sears Optical or Target Optical were to end, the Group would suffer a loss of sales and the possible impairment of certain intangible assets. This could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

If the Group were to become subject to adverse judgments or determinations in legal proceedings to which the Group is, or may become, a party, its future profitability could suffer through a reduction of sales or increased costs.

The Group is currently a party to certain legal proceedings as described in "*Description of the Group - Legal Proceedings.*" In addition, in the ordinary course of the Group's business, it may become involved in various other claims, lawsuits, investigations and governmental and administrative proceedings, some of which are or may be significant. Adverse judgments or determinations in one or more of these proceedings could require it to change the way it does business or use substantial resources in adhering to the settlements and could have a material adverse effect on the Group's business, including, among other consequences, by significantly increasing the costs required to operate the Group's business.

Leonardo Del Vecchio, the Issuer's chairman and principal shareholder, controls 66.9 per cent of the Issuer's voting power and is in a position to affect the Group's ongoing operations, corporate transactions and any matters submitted to a vote of the Issuer's shareholders, including the election of directors and a change in corporate control.

As of 31 December 2011, Mr. Leonardo Del Vecchio, the Chairman of the Issuer's Board of Directors, through the company Delfin S.a.r.l., has voting rights over 312,533,339¹ Ordinary Shares, or 66.9 per cent of the outstanding Ordinary Shares. As a result, Mr. Del Vecchio has the ability to exert significant influence over the Group's corporate affairs and to control the outcome of virtually all matters submitted to a vote of the Issuer's shareholders, including the election of the Issuer's directors, the amendment of the Issuer's Articles of Association or By-laws, and the approval of mergers, consolidations and other significant corporate transactions.

Mr. Del Vecchio's interests may conflict with or differ from the interests of the Issuer's other shareholders. In situations involving a conflict of interest between Mr. Del Vecchio and the Issuer's other shareholders, Mr. Del Vecchio may exercise his control in a manner that would benefit himself to the potential detriment of other shareholders. Mr. Del Vecchio's significant ownership interest could delay, prevent or cause a change in control of the Issuer, any of which may be adverse to the interests of the Issuer's other shareholders.

If the Group's procedures designed to comply with Section 404 of the Sarbanes-Oxley Act of 2002 cause it to identify material weaknesses in its internal control over financial reporting, the trading price of the Group's securities may be adversely impacted.

The Group's annual report on Form 20-F includes a report from the Group's management relating to its evaluation of the Group's internal control over financial reporting, as required under Section 404 of the U.S. Sarbanes-Oxley Act of 2002, as amended. There are inherent limitations on the effectiveness of internal controls, including collusion, management override and failure of human judgment. In addition, control procedures are designed to reduce, rather than eliminate, business risks. As a consequence of the systems and procedures the Group has implemented to comply with these requirements, it may uncover circumstances that the Group determines to be material weaknesses, or that otherwise result in disclosable conditions. Any identified material weaknesses in the Group's internal control structure may involve significant effort and expense to remedy, and any disclosure of such material weaknesses or other disclosable conditions may result in a negative market reaction to the Group's securities.

The Group relies on information technology in its operations, and any material failure, inadequacy, interruption or security failure of that technology could harm the Group's ability to effectively operate its business.

The Group relies on information technology systems across its operations, including for management of the Group's supply chain, point-of-sale processing in the Group's stores and various other processes and transactions. The Group's ability to effectively manage its business and coordinate the production, distribution and sale of its products depends on, among other things, the reliability and capacity of these systems. The failure of these systems to operate effectively, network disruptions, problems with transitioning to upgraded or replacement systems, or a breach in data security of these systems could cause delays in product supply and sales, reduced efficiency of the Group's operations, unintentional disclosure of customer or other confidential information of the Group, or damage to the Group's reputation, and potentially significant capital investments could be required to remedy the problem, which could have a material adverse effect on the Group's results of operations.

¹ In addition, Mr. Del Vecchio's wife holds 275,000 ADRs and 450,000 shares.

If the Group records a write-down for inventories or other assets that are obsolete or exceed anticipated demand or net realisable value, such charges could have a material adverse effect on the Group's results of operations.

The Group records a write-down for product and component inventories that have become obsolete or exceed anticipated demand or net realisable value. The Group reviews its long-lived assets for impairment whenever events or changed circumstances indicate that the carrying amount of an asset may not be recoverable, and the Group determines whether valuation allowances are needed against other assets, including, but not limited to, accounts receivable. If the Group determines that impairments or other events have occurred that lead it to believe the Group will not fully realise these assets, the Group records a write-down or a valuation allowance equal to the amount by which the carrying value of the assets exceeds its fair market value. Although the Group believes its inventory and other asset-related provisions are currently adequate, no assurance can be made that, given the rapid and unpredictable pace of product obsolescence for fashion eyewear, the Group will not incur additional inventory or asset-related charges, which charges could have a material adverse effect on the Group's results of operations.

If economic conditions around the world continue to worsen, we may experience an increase in the Group's exposure to credit risk on our accounts receivable which may result in increased costs due to additional reserves for doubtful accounts, and a reduction in sales to customers experiencing credit-related issues.

A substantial majority of the Group's outstanding trade receivables are not covered by collateral or credit insurance. While it has procedures to monitor and limit exposure to credit risk on the Group's trade and non-trade receivables, there can be no assurance that such procedures will effectively limit the Group's credit risk and avoid losses, which could have a material adverse effect on the Group's results of operations.

Unforeseen or catastrophic losses not covered by insurance could materially adversely affect the Group's results of operations and financial condition.

For certain risks, the Group does not maintain insurance coverage because of cost and/or availability. As the Group retains some portion of its insurable risks, and in some cases self-insures completely, unforeseen or catastrophic losses in excess of insured limits could materially adversely affect the Group's results of operations and financial condition.

Changes in the Group's tax rates or exposure to additional tax liabilities could affect the Group's future results.

The Group is subject to taxes in Italy, the United States and numerous other foreign jurisdictions. The Group's future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Any of these changes could have a material adverse effect on the Group's profitability. The Group is also regularly subject to the examination of its income tax returns by the U.S. Internal Revenue Service as well as the governing tax authorities in other countries where the Group operates. The Group routinely assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for taxes. Currently, some of the Group's companies are under examination by the tax authorities in the United States, Italy and other jurisdictions. There can be no assurance that the outcomes of the current ongoing examinations and possible future examinations will not materially adversely affect the Group's business, results of operations, financial condition and prospects.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Issuer may redeem the Notes prior to maturity

The Notes contain an optional redemption feature for taxation reasons, which is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or

potential Event of Default shall not be treated as such, in the circumstances described in Condition 14 ("*Meeting of Noteholders, Modification, Waiver and Authorisation*").

The claims of Noteholders are structurally subordinated with respect to entities that are not guarantors of the Notes

The operations of the Group are principally conducted through subsidiaries of the Issuer, including (but not limited to) the Guarantors. Noteholders will not have a claim against any subsidiaries of the Issuer that are not Guarantors. The assets of the Issuer's non-guarantor subsidiaries will be subject to prior claims by creditors of those subsidiaries, whether such creditors are secured or unsecured.

The Guarantees may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability

The Guarantees given by the Guarantors provide Noteholders with a direct claim against the relevant Guarantor in respect of the Issuer's obligations under the Notes. Enforcement of each Guarantee would be subject to certain generally available defences. Local laws and defences may vary, and may include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, and capital maintenance or similar laws. They may also include regulations or defences which affect the rights of creditors generally. If a court were to find a Guarantee given by a Guarantor void or unenforceable as a result of such local laws or defences Noteholders would cease to have any claim in respect of that Guarantor and would be creditors solely of the Issuer and any remaining Guarantors.

Enforcement of each Guarantee is subject to the detailed provisions contained in the Trust Deed (and any supplemental Trust Deed) which include certain limitations reflecting mandatory provisions of the laws of each Guarantor's jurisdiction.

With reference to any Guarantor incorporated in Italy:

- (i) for the purpose of (*inter alia*) article 1938 of the Italian Civil Code the obligations of Luxottica S.r.l. shall at no time require Luxottica S.r.l. to pay any amount which exceeds the lower of (i) the outstanding principal amount plus interest, and (ii) the value of the net worth ("*Patrimonio Netto*" as defined by article 2424 of the Italian Civil Code) of Luxottica S.r.l. as determined from time to time on the basis of the latest available financial statements of Luxottica S.r.l., provided that in no case such amount shall exceed €700,000,000; and
- (ii) without prejudice to (i) above, the liability of any Italian Guarantor under its Guarantee shall be furthermore limited to the aggregate of the principal amount of any loan (including, without limitation, any intercompany loan), documentary credit (including, without limitation, any intercompany documentary credit) or any item constituting financial indebtedness made available from time to time by the Issuer or any other party (in the latter case by using, either directly or indirectly, the proceeds of the Notes) to that Italian Guarantor or any of its Subsidiaries, in each case regardless of any repayment or cancellation of any amounts or liability outstanding thereunder.

With reference to any Guarantor incorporated in the United States:

Under U.S. federal bankruptcy laws or comparable provisions of state fraudulent transfer laws, the issuance of the Guarantee by a U.S. Guarantor could be voided, if, among other things, at the time the U.S. Guarantor issued the Guarantee, it:

- (i) intended to hinder, delay or defraud any present or future creditor; or
- (ii) received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness; and

- (a) was insolvent or rendered insolvent by reason of such incurrence;
- (b) was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, the U.S. Guarantor would be considered insolvent if:

- (i) the sum of its debts, including contingent liabilities, was greater than the saleable value of all of its assets;
- (ii) the present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or
- (iii) it could not pay its debts as they become due.

By its terms, the Guarantee by the U.S. Guarantor will limit its liability to the maximum amount it can pay without the Guarantee being deemed a fraudulent transfer. The Issuer believes that immediately after the issuance of the Notes by the Issuer and the issuance of the Guarantees by the Guarantors, the Issuer and each of the Guarantors will be solvent, will have sufficient capital to carry on its respective business and will be able to pay its respective debts as they mature. However, there can be no assurance as to what standard a court would apply in making these determinations or that a court would reach the same conclusions with regard to these issues. Certain U.S. federal bankruptcy courts have held that a determination as to whether a transferor is rendered insolvent by a transfer may depend on the actual liabilities of the transferor, not what the transferor knows about such liabilities at the time of the transfer. Because liabilities that are unknown, or that are known to exist but whose magnitude is not fully appreciated at the time of the transfer, may be taken into account in the context of a future determination of insolvency, it may be difficult to know with certainty whether a transferor is solvent at the time of transfer, and there is an increased risk that a transfer may in the future be found to be a fraudulent conveyance.

Enforcement of the Guarantees across multiple jurisdictions may be difficult

The Issuer is incorporated under the laws of the Republic of Italy and the Guarantors are incorporated under the laws of the Republic of Italy and the State of Delaware. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions. The rights of the holders of the Notes under the Guarantees will thus be subject to the laws of different jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organisation of the Issuer and the Guarantors may be materially different from, or in conflict with, one another, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realise any recovery under the Notes and the Guarantees.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Denominations involve integral multiples; definitive Notes

The Notes have denominations consisting of a minimum of €100,000 plus one or more higher integral multiples of €1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of €100,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than €100,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to €100,000.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Credit ratings may not reflect all risks

The Notes are expected on issue to be rated BBB+ by S&P. S&P is established in the European Union and is registered under the CRA Regulation. As such S&P is included in the list of credit rating agencies published by the ESMA on its website in accordance with such CRA Regulation. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and

registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. As such, the Notes generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantors will make any payments under the Guarantees in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the cross-reference tables below, which is contained in the following documents which have previously been published and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus. Any information contained in the following documents, but not included in the cross-reference tables set out below, is not incorporated by reference in this Prospectus.

- (a) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2009:

Statement of financial position	Section headed "2. Consolidated Financial Statements" Page 1 of 7
Consolidated income statement	Section headed "2. Consolidated Financial Statements" Page 2 of 7
Statement of consolidated comprehensive income.....	Section headed "2. Consolidated Financial Statements" Page 3 of 7
Statement of consolidated stockholders' equity.....	Section headed "2. Consolidated Financial Statements" Page 4 of 7
Statement of consolidated cash flows.....	Section headed "2. Consolidated Financial Statements" Pages 5 of 7 and 6 of 7
Accounting Principles and Notes.....	Section headed "3. Explanatory notes to the Consolidated Financial Statements" Pages 1 of 92 to 92 of 92
Audit Report	Section headed "6. Audit Report" Pages 1 to 2

- (b) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2010:

Consolidated statements of financial position	Section headed "3. Consolidated Financial Statements" Page 1 of 7
Consolidated statements of income.....	Section headed "3. Consolidated Financial Statements" Page 2 of 7
Consolidated statements of comprehensive income	Section headed "3. Consolidated Financial Statements" Page 3 of 7
Consolidated statements of stockholders' equity.....	Section headed "3. Consolidated Financial Statements" Page 4 of 7
Consolidated statements of cash flows.....	Section headed "3. Consolidated Financial Statements" Pages 5 of 7 and 6 of 7
Accounting Principles and Notes.....	Section headed "4. Notes to the

consolidated financial statements"
Pages 1 of 87 to 87 of 87

Audit Report Section headed "7. Auditor's Report" Pages 1 to 2

(c) the unaudited consolidated interim financial statements of the Issuer for the six months ended 30 June 2010:

Consolidated statements of financial position Section headed "2. Financial Statements" Page 21

Consolidated statements of income..... Section headed "2. Financial Statements" Page 22

Consolidated statements of comprehensive income Section headed "2. Financial Statements" Page 23

Consolidated statements of stockholders' equity..... Section headed "2. Financial Statements" Page 24

Consolidated statements of cash flows..... Section headed "2. Financial Statements" Pages 25 to 26

Accounting Principles and Notes..... Section headed "2. Financial Statements" Pages 27 to 50

Audit Review Report Section headed "4. Audit Report " Pages 1 of 2 to 2 of 2

(d) the unaudited consolidated interim financial statements of the Issuer for the six months ended 30 June 2011:

Consolidated statements of financial position Section headed "2. Financial Statements" Page 22

Consolidated statements of income..... Section headed "2. Financial Statements" Page 23

Consolidated statements of comprehensive income Section headed "2. Financial Statements" Page 24

Consolidated statements of stockholders' equity..... Section headed "2. Financial Statements" Page 25

Consolidated statements of cash flows..... Section headed "2. Financial Statements" Pages 26 to 27

Accounting Principles and Notes..... Section headed "2. Financial Statements" Pages 28 to 49

	Audit Review Report.....	Section headed "4. Audit Report" Pages 1 of 2 to 2 of 2
(e)	the auditors' report and audited consolidated annual financial statements of Luxottica U.S. Holdings Corp. for the financial years ended 31 December 2009 and 2010:	
	Consolidated Balance Sheets.....	Page 2
	Consolidated statements of income.....	Page 3
	Consolidated statements of comprehensive income	Page 3
	Consolidated statements of changes in equity	Page 4
	Consolidated statements of cash flows.....	Pages 5 and 6
	Accounting Principles and Notes.....	Pages 7 to 40
	Audit Report	Page 1
(f)	the auditors' report and audited non-consolidated annual financial statements of Luxottica S.r.l. for the financial year ended 31 December 2009:	
	Balance Sheet	Section headed "Financial Statements as of December 31, 2009" Pages 1 of 9 to 6 of 9
	Profit and Loss Account	Section headed "Financial Statements as of December 31, 2009" Pages 7 of 9 to 9 of 9
	Accounting Principles and Notes.....	Section headed "Notes to the Financial Statements as of December 31, 2009" Pages 1 of 46 to 46 of 46
	Audit Report	Section headed "Auditors' report pursuant to Article 516 and Article 165 of Legislative Decree No.58 of February 21, 1998"
(g)	the auditors' report and audited non-consolidated annual financial statements of Luxottica S.r.l. for the financial year ended 31 December 2010:	
	Balance Sheet	Section headed "Financial statements as of December 31, 2010" Pages 1 of 9 to 6 of 9
	Profit and Loss Account	Section headed "Financial Statements as of December 31, 2009" Pages 7 of 9 to 9 of 9
	Accounting Principles and Notes.....	Section headed "Notes to the Financial Statements as of

Audit Report Section headed "Auditors' Report pursuant to Article 156 and Article 165 of Legislative Decree No.58 of February 24, 1998"

- (h) the Management Report and unaudited consolidated interim financial statements of the Issuer for the nine months ended 30 September 2011:

Management Report and unaudited consolidated interim financial statements of the Issuer for the nine months ended 30 September 2011 (unaudited)..... Entire document

Following the publication of this Prospectus, but prior to the date on which the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange, a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 13 of the Luxembourg Act. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer, from the specified office of the Paying Agent for the time being in Luxembourg and from the website of the Luxembourg Stock Exchange at www.bourse.lu.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The €500,000,000 3.625 per cent. Guaranteed Notes due 2019 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes) of Luxottica Group S.p.A. (the **Issuer**) are constituted by a Trust Deed dated 19 March 2012 (the **Trust Deed**) made between the Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l. (each an **Original Guarantor** and, the **Original Guarantors** together with any Successor Guarantors (as defined in Condition 10.2) or any Additional Guarantors appointed pursuant to Condition 10.2 and the provisions of the Trust Deed, the **Guarantors** and each a **Guarantor**) as guarantors and BNP Paribas Trust Corporation UK Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 19 March 2012 (the **Agency Agreement**) made between the Issuer, the Guarantors, BNP Paribas Securities Services, Luxembourg (the **Principal Paying Agent**), the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at 55 Moorgate, London EC2R 6PA, United Kingdom and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000. Each Note will be issued with Coupons attached. Notes of one denomination may not be exchanged for Notes of another denomination.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Guarantor, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. GUARANTEE

3.1 Guarantee

The payment of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed on a joint and several basis by each Original Guarantor (each a **Guarantee** and together the **Guarantees**, which expressions shall include, for the avoidance of doubt, any guarantees given by a Successor Guarantor and/or an Additional Guarantor pursuant to Condition 10.2 and the provisions of the Trust Deed) in, and subject to the provisions of, and to the limitations contained in, the Trust Deed.

Pursuant to Condition 10.2 below and the provisions of the Trust Deed, the occurrence of a Permitted Transaction (as defined in Condition 10.2) may require a Successor Guarantor or an Additional Guarantor, as the case may be, to provide a Guarantee in respect of the Notes and the Trust Deed. Such Guarantee will be on a joint and several basis with each other Guarantee.

3.2 Status of the Guarantee

The obligations of each Guarantor under the relevant Guarantee constitute direct, unconditional and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations of such Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of such Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. COVENANTS

4.1 Negative Pledge

So long as any of the Notes remain outstanding (as defined in the Trust Deed) neither the Issuer nor any Guarantor will, and the Issuer and each Guarantor will ensure that none of their respective Material Subsidiaries will, create or have outstanding any Security Interest (other than a Permitted Security Interest) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, unless the Issuer or the relevant Guarantor (as the case may be) at the same time or prior thereto procures that:

- (a) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

4.2 Limitation on Indebtedness

So long as any of the Notes remain outstanding and do not carry an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better) from any Rating Agency, the Issuer and each Guarantor will ensure that none of their respective Subsidiaries (not being a Guarantor) will incur, create or permit to subsist any Indebtedness or enter into any arrangement or agreement to create, incur or permit to subsist any Indebtedness save for any Indebtedness that is:

- (a) in existence at the date of the Trust Deed;
- (b) owed by any entity acquired by any member of the Group (including any refinancing of such Indebtedness) provided that (i) it was not created in contemplation of such acquisition and (ii) it shall be included within the basket set out in (d) below, at any time following the date falling 12 months after the date of such acquisition;
- (c) an intercompany loan received from a Group member in the ordinary course of business; or
- (d) other Indebtedness not referred to in (a) to (c) above the aggregate amount of which does not exceed 20 per cent. of the Consolidated Equity of the Group in each case as determined at the end of any Relevant Period by the Consolidated Financial Statements or the Consolidated Quarterly Financial Statements (as the case may be) for the Relevant Period.

For the avoidance of doubt, this Condition 4.2 will not apply for any period during which the Notes carry an investment grade rating (BBB-/Baa3/BBB-, or equivalent, or better) from any Rating Agency.

4.3 Interpretation

For the purposes of these Conditions:

The expression **a substantial part** of the business, undertaking or assets means a part of the relevant entity's business, undertaking or assets which accounts for 30 per cent. or more of its assets and/or gross revenues;

Consolidated Equity means, with respect to the Group, the shareholders' equity as evidenced in the latest published Consolidated Financial Statements or Consolidated Quarterly Financial Statements (as the case may be);

Consolidated Financial Statements means, with respect to the Group, the latest published audited consolidated financial statements of the Group prepared in accordance with IFRS or any other applicable accounting standards adopted by the Issuer from time to time in respect of its financial year;

Consolidated Quarterly Financial Statements means, with respect to the Group, the latest quarterly financial statements of the Group in respect of each of its financial quarters (other than the last quarter in each financial year);

Group means the Issuer and its Subsidiaries for the time being;

Indebtedness means any present or future indebtedness (whether being principal, premium, interest or other amounts) of any Person for or in respect of any borrowed money or any liability under or in respect of any acceptance credit facility;

Material Subsidiary means at any time a Subsidiary of the Issuer or of any Guarantor whose gross sales turnover equals or exceeds 5 per cent. of the gross sales turnover of the Group, as calculated by reference to the then latest audited annual or, where none are available, unaudited annual accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited annual consolidated accounts of the Group. For this purpose:

- (a) the gross sales turnover of a Subsidiary of the Issuer or of any Guarantor will be determined from its then latest audited annual or, where none are available, unaudited annual accounts (consolidated if it has Subsidiaries) upon which the then latest audited annual consolidated accounts of the Group have been based;
- (b) if a Subsidiary has become a member of the Group after the date on which the then latest audited annual consolidated accounts of the Group have been prepared, the gross sales turnover of that Subsidiary will be determined from its latest audited annual or, where none are available, unaudited annual accounts (consolidated if it has Subsidiaries); and
- (c) the gross sales turnover of the Group will be determined from its then latest audited annual consolidated accounts adjusted (where appropriate) to reflect the gross sales turnover of any company or business subsequently acquired or disposed of,

and so that any Person in respect of which any Material Subsidiary is a Subsidiary shall also be a Material Subsidiary and in any event a confirmation from two Directors of the Issuer as to any of the calculations made above shall be conclusive.

Notwithstanding the above, any member of the Group to which the Issuer, any Guarantor or a Material Subsidiary disposes of all or any substantial part of its assets will be treated as a Material Subsidiary, but only until it is demonstrated (by reference to the accounts of that Subsidiary referred to in paragraphs (a) and (b) above and the audited annual consolidated accounts of the Group referred to in paragraph (c) above for a period ended after that transfer) not to be a Material Subsidiary according to the tests set out above;

Permitted Security Interest means:

- (a) any Security Interest arising by operation of law; or
- (b) any Security Interest created by any entity upon the whole or any part of its undertaking or assets and subsisting at the time such entity (i) merges or consolidates with or is demerged, contributed or merged into or transferred to the Issuer, a Guarantor or a Material Subsidiary, (ii) becomes a Material Subsidiary of the Issuer or (iii) sells, contributes or transfers all or substantially all of its assets to the Issuer, a Guarantor or a Material Subsidiary, provided that such Security Interest was not created in connection with, or in contemplation of, such merger, consolidation, demerger, contribution, transfer or sale or such entity becoming a Material Subsidiary and provided further that the amount of Relevant Indebtedness secured by such Security is not subsequently increased; or
- (c) any Security Interest to secure Relevant Indebtedness upon or with respect to any present or future assets, receivables, remittances or payment rights of the Issuer or any of its Material Subsidiaries (the **Charged Assets**) which is created pursuant to any limited recourse securitisation involving the sale on a non-recourse basis of the Charged Assets, directly or indirectly, to special purpose companies whereby all or substantially all the payment obligations in respect of such Relevant Indebtedness are to be discharged solely from the Charged Assets;

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Relevant Indebtedness means (i) any Indebtedness, whether present or future, which is in the form of or represented by any bond, note (including, for the avoidance of doubt, any note issued on a private placement basis to investors located in the United States or elsewhere), debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over-the-counter or other organised market for securities or (ii) any guarantee and/or indemnity in relation to any such Indebtedness;

Relevant Period means each period of 12 months ending on the last day of the Issuer's financial year and each period of 12 months ending on the last day of each quarter of the Issuer's financial year;

Security Interest means any mortgage, charge, pledge, lien or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any jurisdiction; and

Subsidiary means, in relation to the Issuer or any Guarantor, any company (i) in which the Issuer or, as the case may be, any Guarantor holds a majority of the voting rights or (ii) of which the Issuer or, as the case may be, any Guarantor is a member and has the right to appoint or remove a majority of the board of directors, or (iii) of which the Issuer or, as the case may be, any Guarantor is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, any Guarantor.

A certificate addressed to the Trustee signed by two Directors of the Issuer or of the relevant Guarantor, as the case may be, (i) that in their opinion a Subsidiary of the Issuer or the relevant Guarantor, as the case may be, is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary, (ii) as to the amount of Indebtedness and/or Consolidated Equity at any time, and/or (iii) as to compliance by the Issuer with the provision of Condition 4.2 above, may in each case be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 19 March 2012 (the **Interest Commencement Date**) at the rate of 3.625 per cent. per annum, payable annually in arrear on 19 March (each an **Interest Payment Date**). The first payment (representing a full year's interest) shall be made on 19 March 2013 (the **First Interest Payment Date**).

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

6. PAYMENTS

6.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

6.2 Method of Payment

Payments will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET2 System.

6.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of such missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 9 (*Prescription*)) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

6.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

6.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 9 (*Prescription*)):

- (a) is or falls after the relevant due date;

- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a Euro account as referred to above, is a TARGET2 Settlement Day.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and a TARGET2 Settlement Day in that place, and **TARGET2 Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

6.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantors reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Notes are listed on the Luxembourg Stock Exchange shall be Luxembourg;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer or any Guarantor is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Trustee and the Noteholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 19 March 2019.

7.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 15 March 2012, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or (ii) any Guarantor would be unable for reasons outside its control

to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and

- (b) the requirement cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, any Guarantor would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the giving of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, the relevant Guarantor stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

7.3 Redemption at the Option of the Holders

If a Change of Control Put Event occurs, then the Noteholders shall have the option (a **Change of Control Put Option**), within 20 Business Days of a Put Event Notice being given to the Noteholders in accordance with Condition 13 (*Notices*) (the **Exercise Period**), to give to the Issuer through a Paying Agent a Put Notice (as defined below) requiring the Issuer to redeem Notes held by such Noteholder on the Change of Control Redemption Date. The Issuer will, on the Change of Control Redemption Date, redeem in whole (but not in part) the Notes which are the subject of the Put Notice. The Notes will be redeemed at a redemption price equal to 100 per cent. of their principal amount, together with interest accrued and unpaid to but excluding the Change of Control Redemption Date.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming aware that a Change of Control Put Event has occurred the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 13 (*Notices*) specifying (i) that Noteholders are entitled to exercise the Change of Control Put Option; (ii) the procedure for exercising the Change of Control Put Option including the Change of Control Redemption Date; and (iii) such other information relating to the Change of Control Put Option as the Trustee may reasonably require.

To exercise the Change of Control Put Option, the holder of the Notes must deliver at the specified office of any Paying Agent on any Business Day (as defined in Condition 6 (*Payments*)) at the place of such specified office falling within the Exercise Period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this paragraph. The Notes should be delivered together with all Coupons appertaining thereto maturing after the Change of Control Redemption Date, failing which the Paying Agent will require payment of an amount equal to the face value of any such missing Coupon(s). Any amount so paid will be reimbursed by the Paying Agent in the manner provided in Condition 6 (*Payments*) against presentation and surrender (or, in case of part payment only, endorsement) of the relevant missing Coupon(s) at any time before the expiry of 10 years after the Relevant Date (as defined in

Condition 8 (*Taxation*) in respect of the relevant Note (whether or not the Coupon(s) would otherwise have become void pursuant to Condition 9 (*Prescription*)) or, if later, five years after the date on which the Coupon(s) would have become due, but not thereafter. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

A **Change of Control Put Event** shall be deemed to occur if:

- (a) a Change of Control occurs; and
- (b) (in the event that the Notes carry a credit rating from any Rating Agency at the time of the Change of Control) the Notes carry a credit rating which is either:
 - (i) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such credit rating is, within 120 days of the occurrence of the Change of Control, either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not, within such 120-day period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
 - (ii) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such credit rating is, within 120 days of the occurrence of the Change of Control, either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and is not, within such 120-day period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency or (in the case of a withdrawal) replaced by an equivalent credit rating or better from any other Rating Agency,

and, in the case of (b) above, in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer and the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

For the avoidance of doubt (b) above shall only apply in the event the Notes carry a credit rating from any Rating Agency at the time of the Change of Control.

For the purposes of these Conditions:

A **Change of Control** shall be deemed to occur if any Person or group of Persons acting in concert (other than a Qualifying Shareholder) acquires Control of the Issuer;

A **Change of Control Redemption Date** means the date specified in the Put Event Notice, being a date not less than 15 nor more than 20 days after the expiry of the Exercise Period;

Acting in concert means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer;

Control shall be construed in accordance with the first and second paragraphs of Article 2359 of the Italian Civil Code and Article 93 of Legislative Decree No. 58, paragraph 1 of 24 February 1998 (as subsequently amended or supplemented); and

Qualifying Shareholder means:

- (a) any of (i) Leonardo Del Vecchio; (ii) his spouses; (iii) the children of his spouses; and (iv) relatives and persons (including descendants) related by consanguinity or affinity to Leonardo Del Vecchio up to the sixth degree (each a **Del Vecchio Family Member**);
- (b) any company controlled or jointly controlled (under the meaning of IAS 31) by a Del Vecchio Family Member; or
- (c) any trust or other similar entity in which a Del Vecchio Family Member whether alone or together with one or more other Del Vecchio Family Members has all or substantially all of the beneficial interests.

7.4 Purchases

The Issuer, any Guarantor or any of the Issuer's other Subsidiaries (as defined above) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued or resold or at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation.

7.5 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer, any Guarantor or any of the Issuer's other Subsidiaries and surrendered for cancellation and any unmatured Coupons attached to the Notes or surrendered with them, shall be cancelled and may not be reissued or resold.

7.6 Notices Final

Upon the expiry of any notice as is referred to in paragraph 7.2 or 7.3 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph (in the case of paragraph 7.3 above, save as otherwise provided therein).

8. TAXATION

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer or any Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment in Italy; or
- (b) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon; or

- (c) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of the Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (d) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or
- (e) in all circumstances in which the procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Legislative Decree No. 239 of 1 April 1996, as amended, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (f) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (g) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (h) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 6 (*Payments*)).

8.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13 (*Notices*); and
- (b) **Relevant Jurisdiction** means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer or by Luxottica S.r.l.) or the United States or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by Luxottica U.S. Holdings Corp.) or, in the case of any Additional Guarantor or Successor Guarantor, the jurisdiction of such Additional Guarantor or Successor Guarantor, or any political subdivision or any authority thereof or therein having power to tax or in each such case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or any Guarantor, Additional Guarantor or Successor Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6 (*Payments*).

10. EVENTS OF DEFAULT

10.1 Events of Default

If any of the following events (**Events of Default**) occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but, in the case of the happening of any of the events described in subparagraphs (b) to (d) (other than the winding up or dissolution of the Issuer or any Guarantor), and (e) to (g) inclusive and (i) and (j) below, only if the Trustee shall have certified in writing to the Issuer and the Guarantors that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer and the Guarantors that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed:

- (a) *Non-payment*: if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or 14 days in the case of interest; or
- (b) *Breach of other obligations*: if the Issuer or any Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer or the relevant Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (c) *Cross-default*: if (i) any Indebtedness of the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or of any Guarantor becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or any Guarantor fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or any Guarantor for any Indebtedness becomes enforceable; or (iv) default is made by the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or of any Guarantor in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness, unless such payment (or the anticipated maturity thereof), the enforcement of security or default, as the case may be, is contested in good faith by the Issuer or the relevant Guarantor or Material Subsidiary by all appropriate means, including (where applicable) an application to a competent court for a declaration that such payment is not due, that such security is not enforceable and/or that such default has not occurred (as

the case may be) and provided that, in the case of (i), (ii) and (iv) above, such Indebtedness is, either alone or when aggregated (without duplication) with other amounts of Indebtedness and/or other liabilities due and unpaid relative to all (if any) other events specified in (i), (ii) and (iv) above, amounts to at least €25,000,000 (or its equivalent in any other currency); or

- (d) *Winding up*: if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or of any Guarantor, save for the purposes of or pursuant to, a Permitted Transaction; or
- (e) *Cessation of business/Inability to pay debts*: if the Issuer, the Guarantor or any Material Subsidiaries of the Issuer or of any Guarantor ceases or threatens to cease to carry on the whole or a substantial part (as defined in Condition 4.3) of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or pursuant to a Permitted Transaction, or the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or of any Guarantor stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) *Insolvency/Enforcement proceedings*: if (i) proceedings are initiated against the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or of any Guarantor under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or of any Guarantor or, as the case may be, in relation to the whole or a substantial part (as defined in Condition 4.3) of the undertaking or assets of any of them or an encumbrance takes possession of the whole or a substantial part (as defined in Condition 4.3) of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part (as defined in Condition 4.3) of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not contested in good faith by all appropriate means or is not discharged within 30 days, such period commencing on the date of presentation of the relevant petition or application; or
- (g) *Liquidation/composition*: if the Issuer, any Guarantor or any Material Subsidiaries of the Issuer or of any Guarantor (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) *Guarantee*: if any Guarantee ceases to be, or is claimed by the Issuer or either Guarantor not to be, in full force and effect; or
- (i) *Guarantor*: if any Guarantor ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Issuer; or

- (j) *Analogous event*: if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (g) above.

10.2 Interpretation

For the purposes of this Condition:

Permitted Transaction means any " *fusione* " or " *scissione* " (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other reconstruction, amalgamation, reorganisation, merger, consolidation, or other similar arrangement, in each case:

- (a) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or
- (b) in the case of a Material Subsidiary, whilst solvent whereby all or a substantial part (as defined in Condition 4.3) of the assets and undertaking of such Material Subsidiary are transferred to or otherwise vested in the Issuer, a Guarantor or another Material Subsidiary; or
- (c) in the case of a Guarantor, whilst solvent whereby (i) all or a substantial part (as defined in Condition 4.3) of the assets and liabilities of such Guarantor are transferred to or otherwise vested in the Issuer or another Guarantor or (ii) all or a substantial part (as defined in Condition 4.3) of the assets and liabilities of such Guarantor are transferred to an entity (such entity being, for the avoidance of doubt, prior to or immediately upon such transfer, a Subsidiary of the Issuer) and (I) where all the assets and liabilities of such Guarantor are so transferred, such entity (a **Successor Guarantor**) assumes, in accordance with applicable law, all the obligations of such Guarantor in respect of the relevant Guarantee and under the Trust Deed, or (II) where less than all the assets and liabilities of such Guarantor are so transferred but where a substantial part (as defined in Condition 4.3) is so transferred, such entity becomes, in accordance with the provisions of the Trust Deed and upon execution of all necessary documents as specified in the Trust Deed, a guarantor (each an **Additional Guarantor** and together the **Additional Guarantors**); or
- (d) in the case of the Issuer, whilst solvent whereby less than all the assets and liabilities of the Issuer are transferred to an entity (such entity being, for the avoidance of doubt, prior to or immediately upon such transfer, a Subsidiary of the Issuer) but where a substantial part (as defined in Condition 4.3) of the assets and liabilities of the Issuer are so transferred, such entity becomes, in accordance with the provisions of the Trust Deed and upon execution of all necessary documents as specified in the Trust Deed, an Additional Guarantor,

and, in the case of (c) and (d) above, opinions of independent legal advisers of recognised standing in the jurisdiction of such Guarantor, and if different, the Successor Guarantor or, as applicable, any Additional Guarantor, and as to English law, in each case in a form acceptable to the Trustee, having been delivered to the Trustee confirming that such Successor Guarantor or such Additional Guarantor, as the case may be, has assumed the relevant obligations in accordance with applicable law at the effective date of such " *fusione* " or " *scissione* " or other reconstruction, amalgamation, reorganisation, merger, consolidation, or other similar arrangement provided that, for the avoidance of doubt, in the case of (c) above, where the relevant assets are transferred to or otherwise vested in the Issuer, no such opinions will be required or necessary.

11. ENFORCEMENT

11.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or any Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

11.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent or the Paying Agent in Luxembourg upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. NOTICES

13.1 Notices to the Noteholders

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in one daily newspaper published in Luxembourg approved by the Trustee or the Luxembourg Stock Exchange's website at www.bourse.lu. It is expected that newspaper publication will normally be made in the *Financial Times* and the *Luxemburger Wort* or the *Tageblatt*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

13.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Any such meeting may be convened by the directors of the Issuer, the Trustee or the Noteholders' Representative (as defined below) at their discretion and by the Issuer, subject to mandatory provisions of Italian law applicable from time to time, at the request of the Trustee or upon a requisition in writing signed by the holders of not less than one-twentieth in aggregate principal amount of the Notes for the time being outstanding. If the Issuer defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth in aggregate principal amount of the Notes outstanding, the same may be convened by decision of the President of the competent court upon request by such Noteholders. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code, or as the Trustee may appoint or approve in writing. The quorum required at any such meeting will be (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) (a) in the case of a first meeting, one or more persons present being or representing Noteholders and holding not less than one half of the aggregate principal amount of the outstanding Notes; (b) in the case of an adjourned meeting, one or more persons present being or representing Noteholders and holding more than one third of the aggregate principal amount of the outstanding Notes; and (c) in the case of a further adjourned meeting, one or more persons present being or representing Noteholders and holding not less than one fifth of the aggregate principal amount of the outstanding Notes. The majority required to pass a resolution at any meeting (including an adjourned meeting) convened to vote on an Extraordinary Resolution will be (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) not less than two thirds of the aggregate principal amount of the outstanding Notes represented at the meeting; provided, however, that certain proposals, as set out in Article 2415 of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them; to reduce or cancel the principal amount of, or interest on, the Notes; or to change the currency of payment of the Notes) (each a **Reserved Matter**), may only be sanctioned by a resolution passed at meeting (including any adjourned meeting) of Noteholders by an Extraordinary Resolution passed by a majority representing not less than one half of the principal amount of the Notes for the time being outstanding. The Trust Deed provides that a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by the majority specified above shall be effective as an Extraordinary Resolution of the Noteholders. Any resolution duly passed at any such meeting by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting, and on all Couponholders.

14.2 Noteholders' Representative

A representative of the Noteholders (*rappresentante comune*) (the **Noteholders' Representative**), subject to applicable provisions of Italian law, may be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by an Extraordinary Resolution of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

14.3 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest or proven error or if it is made to comply with mandatory laws, legislation and regulations of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution and which enters into force at any time while the Notes remain outstanding.

14.4 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, any of the Guarantors, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

14.5 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13 (*Notices*).

15. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTORS

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

15.2 Trustee Contracting with the Issuer and the Guarantors

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any Guarantor and/or any of the Issuer's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any Guarantor and/or any of the Issuer's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation

to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing Law

The Trust Deed (including the Guarantees), the Notes and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law, provided that Condition 14 (*Meetings of Noteholders*) and the provisions of the Trust Deed concerning meetings of Noteholders are subject to compliance with the laws of the Republic of Italy.

17.2 Jurisdiction of English Courts

Each of the Issuer and the Guarantors has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

Each of the Issuer and the Guarantors has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed, the Notes or the Coupons respectively (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons) (together referred to as **Proceedings**) against the Issuer or any Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

17.3 Appointment of Process Agent

Each of the Issuer and the Guarantors has, in the Trust Deed, irrevocably and unconditionally appointed Luxottica UK Ltd. at the latter's registered office for the time being as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such

agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

18. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.

1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any of the events defined in the Trust Deed as "Events of Default"; or
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available.

Thereupon the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (b) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (a) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 28 April 2012, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this

paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 13 (*Notices*), provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice is also given in compliance with the requirements of the Luxembourg Stock Exchange. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 7.3 (*Redemption at the Option of the Holders*)) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer, each Guarantor and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer and the Guarantors in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8 (*Taxation*)).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Put Option

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 7.3 (*Redemption at the Option of the Holders*) may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly within the time limits set forth in that Condition.

8. Euroclear and Clearstream, Luxembourg

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied by the Issuer for the Group's general corporate purposes.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a market leader² in premium, luxury and sport/performance eyewear, with net sales reaching €5.8 billion³ for the year ended 31 December 2010, €3.2 billion for the six months ended 30 June 2011, over 60,000 employees and a strong global presence. The Group operates in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. Through the Group's manufacturing and wholesale distribution segment, the Group is engaged in the design, manufacture, wholesale distribution and marketing of house and designer lines of mid- to premium-priced prescription frames and sunglasses, and, through Oakley, of performance optics products. The Group operates its retail segment principally through the Group's retail brands, which include, among others, LensCrafters, Sunglass Hut, Pearle Vision, ILORI, The Optical Shop of Aspen, OPSM, Laubman & Pank, Budget Eyewear, Bright Eyes, Oakley "O" Stores and Vaults, David Clulow and the Group's Licenced Brands (Sears Optical and Target Optical).

Founded in 1961 by Leonardo Del Vecchio, the Group is now a vertically integrated organisation. The Group's manufacturing of prescription and sun frames and lenses is backed by wide-reaching wholesale and retail distribution networks comprising over 6,500 retail locations as at 30 June 2011, mostly in North America, Asia-Pacific and China.

Product design, development and manufacturing takes place in six production facilities in Italy, two wholly owned factories in China and two sports sunglasses production facilities in the United States. The Group also has a small plant in India serving the local market. In 2010, the Group produced approximately 56.6 million units.

The design and quality of the Group's products and the Group's strong and well-balanced brand portfolio are known around the world. The Group's house brands include Ray-Ban, one of the world's best-known sun brands, Oakley, Vogue, Persol, Oliver Peoples, Arnette and REVO, and the Group's licenced designer brands include Bvlgari, Burberry, Chanel, Dolce & Gabbana, Donna Karan, Paul Smith, Polo Ralph Lauren, Prada, Stella McCartney, Tiffany, Tory Burch, Versace and Coach.

The Group's wholesale distribution network, covering 130 countries across five continents, has 18 logistics centres and 42 commercial subsidiaries providing direct operations in key markets. The Group is currently seeking to penetrate emerging markets and is exploring new channels of distribution, such as shopping centres, airports and railway stations, in the geographic markets that the Group currently services.

The Group's direct wholesale operations are complemented by an extensive retail network. The Group is a leader in the prescription business in North America with the Group's LensCrafters and Pearle Vision brands, in Asia-Pacific with the Group's OPSM, Laubman & Pank and Budget Eyewear brands, and in China with the Group's LensCrafters brand. In the Group's retail sun business, the Group operates over 6,500 retail locations in North America, Asia-Pacific, South Africa, Europe and the Middle East, mainly through the Sunglass Hut brand. In addition, the Group maintains a global sun and luxury retail management group to

² Please note that information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Group's business contained in this prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data taken from other external sources, and on the Issuer's knowledge of its sales and markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer to rely on internally developed estimates. While the Issuer has compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, it has not independently verified that data. The Issuer gives no assurance regarding the accuracy and completeness of, and takes no responsibility for, such data. Similarly while the Issuer believes its internal estimates to be reasonable, they have not been verified by any independent sources and the Issuer gives no assurance as to their accuracy.

³ Financial Statement data appearing in this Section is derived from the Group's audited consolidated financial statements as at and for the years ended 31 December 2009 and 2010 and unaudited consolidated financial statements as at and for the six months ended 30 June 2011, which were subject to a limited review, prepared in accordance with IFRS. See "Documents Incorporated by Reference" and "Overview of the Issuer's Financial Information" for further information.

support the Sunglass Hut, Ilori, The Optical Shop of Aspen and Bright Eyes brands and to reinforce the Group's global retail brands dedicated to sun and luxury eyewear.

In North America, the Group operates the points of sale for its licenced brands, with over 1,100 stores under the Sears Optical and Target Optical brands. In addition, the Group is one of the largest managed vision care operators in the United States, through EyeMed, and the second biggest lens finisher, having a network of five central laboratories and over 900 on-site labs at LensCrafters stores.

In 2010, the Group distributed approximately 20.4 million prescription frames and approximately 38.4 million sunglasses, in approximately 5,900 different styles.

The Group's Oakley brand provides a strong wholesale and retail (**O Stores**) presence in both the performance optics and the sport channels. In the Group's O Stores, the Group offers a variety of Oakley-branded products in addition to the Group's Oakley sunglass styles. The Group's Oakley-branded products include men's and women's apparel, footwear, backpacks and accessories designed for surf, snow, golf, outdoor, motor sport, mountain bike and other athletic lifestyles.

The Group's capital expenditure for its continuing operations was €230.4 million for the year ended 31 December 2010 and €132 million for the six-month period ended 30 June 2011. The most significant investments planned are for the remodelling of existing stores for the Group's North American retail operations and for investment in new IT infrastructure worldwide. The Group expects to fund this future capital expenditure with its current available borrowing capacity and available cash.

Starting from 1 July 2011, the Group fully consolidated Multiópticas Internacional S.L. (**Multiópticas Internacional**), a leader in South America in the design, manufacturing and distribution of fashion, luxury and sports eyewear. Multiópticas Internacional is a company that currently owns over 470 eyewear stores operating under the Ópticas GMO, Econópticas and Sun Planet retail brands in Chile, Peru, Ecuador and Colombia.

HISTORY

Incorporation

The Group was founded by Leonardo Del Vecchio in 1961, when he set up Luxottica di Del Vecchio e C. S.a.S., which subsequently became a joint-stock company organised under the laws of Italy under the name of Luxottica S.p.A. The Group started out as a small workshop and operated until the end of the 1960s as a contract producer of dyes, metal components and semi-finished goods for the optical industry. The Group gradually widened the range of processes that it offered until it had an integrated manufacturing structure capable of producing a finished pair of glasses. In 1971, the Group's first collection of prescription eyewear was presented at Milan's MIDO (an international optics trade fair), marking the Group's definitive transition from contract manufacturer to independent producer.

Expansion in wholesale distributions

In the early 1970s, the Group sold its frames exclusively through wholesalers. In 1974, after five years of sustained development of its manufacturing capacity, it started to pursue a strategy of vertical integration, with the goal of distributing frames directly to the market. The Group's first step was the acquisition of Scarrone S.p.A., which had marketed the Group's products since 1971, and which brought with it vital knowledge of the Italian market.

The Group's international expansion began in the 1980s with the acquisition of independent distributors, the opening of branches and the forming of joint ventures in key international markets.

The Group's acquisition in 1981 of La Meccanoptica Leonardo, the owner of the Sferoflex brand and an important flexible hinge patent, enabled it to enhance the image and quality of the Group's products and increase the Group's market share.

From the late 1980s, eyeglasses, previously perceived as mere sight-correcting instruments, began to evolve into "eyewear." Continual aesthetic focus on everyday objects and interest on the part of designers in the emerging accessories industry led the Group, in 1988, to embark on its first collaboration with the fashion industry by entering into a licensing agreement with Giorgio Armani. The Group followed up that initial collaboration (the Armani licence was terminated in 2003, for more information regarding the Armani licence, see "Recent Developments - Armani Licence") with numerous others, gradually building the Group's current world-class brand portfolio with the launch of collections from names like Bvlgari (1997), Chanel (1999), Prada (2003), Versace (2003), Donna Karan (2005), Dolce & Gabbana (2006), Burberry (2006), Polo Ralph Lauren (2007), Tiffany (2008), Stella McCartney (2009) and Tory Burch (2009).

As for the Group's house brands, the Group expanded in the sun business by buying Vogue (1990), Persol (1995), Ray-Ban (1999) and Oakley (2007).

Retail Distribution

In 1995, the Group acquired The United States Shoe Corporation, which owned LensCrafters, one of North America's largest optical retail chains. As a result, the Group became the world's first significant eyewear manufacturer to enter the retail market, thereby maximising synergies with the Group's production and wholesale distribution and increasing penetration of the Group's products through LensCrafters stores.

Ray-Ban

In 1999, the Group acquired Ray-Ban, one of the world's best-known sunglass brands. Through this acquisition, the Group obtained crystal sunglass lens technology and the associated manufacturing capacity and upgraded its portfolio with brands like Arnette, REVO and Killer Loop.

A Decade of Growth

Since 2000, the Group has strengthened its retail business by acquiring a number of chains, including Sunglass Hut (in 2001), a leading retailer of premium sunglasses, OPSM Group (in 2003), a leading optical retailer in Australia and New Zealand, and Cole National (in 2004), which brought with it another leading optical retail chain in North America, Pearle Vision, and an extensive Licenced Brands store business. In 2005, the Group began its retail expansion into China, where LensCrafters has since become a leading brand in China's high-end market. In 2006, the Group started to expand Sunglass Hut globally in high-potential markets like the Middle East, South Africa, Thailand, India and the Philippines.

During this time, the Group's wholesale segment has supported its new licensing agreements with an increasing commitment to research, innovation, product quality and manufacturing excellence, whilst continuing to focus the distribution expansion on customer differentiation and emerging sales channels, such as large department stores and travel retail.

Oakley

In 2007, the Group completed a merger with Oakley, a leading sports and performance brand which owns the Oliver Peoples brand and a licence to manufacture and distribute the Paul Smith brand, as well as its own retail network of over 160 stores, for a total purchase price of approximately U.S. \$2.1 billion.

DESIGN AND PRODUCT DEVELOPMENT

The Group's success depends on, among other things, product design and the continuous development of new styles. In 2010, the Group added approximately 1,800 new styles to its eyewear collections.

The design of the Group's products is at the focal point where vision, technology and creativity converge.

The Group's in-house designers oversee the entire concept phase of the creative process, culminating in the creation of the model. At the initial phase, the prototype makers transform designs into one-off pieces, crafted by hand with precision.

Once the prototypes or style concepts are developed in the initial phase of design, they are passed on to the product department, which uses 3D software to analyse the steps necessary to bring the prototype to mass production.

Three main manufacturing technologies are involved: metal, acetate slabs and plastic (injection moulding).

At this point in the cycle, the tooling shop puts together equipment needed to make the components for the new model. The first specimens obtained are assembled and undergo a series of tests required by internal quality control procedures.

The next steps are production and quality certification of sales samples of the new models. These samples are subjected to a sequence of tests to ascertain the quality of what has been engineered so far.

The final step is the production of an initial significant batch using definitive tooling certified by an external standards organisation, which is produced in a pilot facility accurately representing the plant chosen to mass produce the new model to meet the needs of production planning.

For the Group's designer line products, the design team works with licensors to discuss the basic themes and fashion concepts for each product and then works closely with each licensor's designers to refine such themes. In addition, the design team works directly with the marketing and sales departments, which monitor demand for the Group's current models as well as general style trends in eyewear. The information obtained from the marketing and sales departments is then used to refine existing product designs and market positioning in order to react to changing consumer preferences.

BRAND PORTFOLIO

The Group's brand portfolio is one of the largest in the industry, with the Group's major global brands backed by leading brands both at a regional level and in specific market segments and niche markets. The Group's portfolio is balanced between house and licenced designer brands, combining the stability and volumes of the former with the prestige and high margins of the latter.

The presence of Ray-Ban, one of the world's best-selling brands of sun and prescription eyewear, and Oakley, a leader in the sport/performance category, gives the portfolio a strong base, complemented by Persol and Oliver Peoples in the high end of the market, Arnette and REVO in the sports market, and Vogue in the fashion market.

Alongside the house brands, which accounted for over 70 per cent. of all units sold in 2010, the Group's portfolio has over 20 licenced designer brands, including some well-known and prestigious names in the global fashion and luxury industries. With the Group's manufacturing know-how, capillary distribution and direct retail operations supported by targeted advertising and the Group's experience in international markets, the Group's goal is to be the ideal partner for fashion houses and stylists seeking to translate their style and values into successful premium quality eyewear collections. The Group differentiates each designer's offering as much as possible, segmenting it by type of customer and geographical market, to produce a broad

range of models capable of satisfying the broadest range of tastes and to respond to the demands and characteristics of widely differing markets.

During the first half of 2010, the Group renewed its licence agreement with Jones Apparel Group for the design, production and global distribution of prescription frames and sunglasses under the Anne Klein New York brand and with Retail Brand Alliance, Inc. for the design, production and global distribution of prescription frames and sunglasses under the Brooks Brothers brand, extending the licences through 2012 and 2014, respectively. In addition, the Group renewed its partnership with Bvlgari S.p.A. (**Bvlgari**), one of the Group's oldest licences dating back to 1997, extending the licence for an additional ten years, from 2010 to 2020.

Since January 2012, Coach eyewear (under the Coach, Coach Poppy and Reed Krakoff brands) is distributed through Coach stores across the world, though select department stores primarily in North America, Japan, China and East Asia, as well as through select travel retail locations, independent optical locations and the Group's retail chains.

The following table presents the respective percentages of the Group's consolidated total unit (a "unit" represents an eyeglass frame or pair of sunglasses and excludes sales of other materials) sales comprised by the Group's designer and house brands during the periods indicated:

<i>(as a percentage of total unit sales)</i>	Year Ended 31 December	
	2010	2009
Designer brands.....	26.5	28.3
House brands.....	73.5	71.7

The following table presents the respective percentages of the Group's total sales comprised by the Group's prescription frames and lenses and sunglasses for the periods indicated:

<i>(as a percentage of total sales of frames and lenses)</i>	Year Ended 31 December	
	2010	2009
Prescription frames and lenses	50.2	51.5
Sunglasses	49.8	48.5

House Brands

In 2010, the Group developed approximately 500 distinct new styles within the Group's house brands, of which approximately 290 are prescription frames and 210 are sunglasses. Each style is typically produced in two sizes and five colours.

Ray-Ban

Style, tradition and freedom of expression are the key values underpinning the philosophy of Ray-Ban, a leader in sun and prescription eyewear for generations. Debuting in 1937 with the Aviator model created for American Air Force pilots, Ray-Ban joined the Group's brand portfolio in 1999. Ray-Ban is recognised for the quality and authenticity of its eyewear and is worn by celebrities all over the world.

Oakley

Acquired by Luxottica in 2007, Oakley is a leading sports eyewear brand, known for its blend of technology, design and art across all its products. In addition to its sun and prescription eyewear and ski goggles, it offers branded apparel, footwear and accessories in collections addressing specific consumer categories:

Sport/Active, Lifestyle and Women. Oakley is also well-known for its lens technologies and especially its High Definition Optics® (HDO®).

Arnette

Launched in California in 1992, Arnette was acquired by the Group in 1999, and combines the comfort and functionality demanded by extreme sports enthusiasts.

Persol

Persol made its debut in 1917 and was acquired by the Group in 1995. With its evocative name, meaning "for sun", it is the proud heir to a culture of excellence and craftsmanship, a perfect alchemy of aesthetics and technology. The high quality makes the brand a favourite among celebrities.

Revo

Created in 1985 and acquired by the Group in 1999, REVO is characterised by an innovative lens based on a technology that NASA developed for satellite portholes, offering maximum protection against ultraviolet and infrared light.

Vogue

Launched in 1973 under the same name as the famous fashion magazine, the Vogue brand was acquired by the Group in 1990. Vogue models distinguish themselves through their innovative designs, their variety of colours and frames and the detailing on the temples.

Oliver Peoples

Acquired by Luxottica in 2007, Oliver Peoples began in 1987 with the introduction of a retro-inspired eyewear collection created by designer and optician Larry Leight. All eyewear is handcrafted from the finest quality materials, in colours exclusive to Oliver Peoples. Frames are manufactured in limited quantity and with deliberate anti-logo labelling so that only people "in the know" will recognise them.

K&L

Created in 1989, Killer Loop joined the Group's brand portfolio in 1999. It gradually evolved from a general sports style to embody a more "urban" spirit. In 2008 it took on a new name, K&L, and launched a project for collections specifically addressing the preferences of consumers in emerging markets while maintaining global distribution.

Luxottica

Launched in 1967, the Group's original line best conveys the experience and tradition that are its essence. The brand broadened its range with Luxottica Titanium, a collection for people who prefer super-lightweight frames of elegant design.

Mosley Tribes

Launched in 2005 and part of the Group's brand portfolio since 2007, Mosley Tribes combines design and aesthetics with a vision of the urban lifestyle and sports performance worlds. The sleek and stylish frames use titanium and injected plastic for a lightweight design, ideal for active individuals. Most frames feature advanced lens technology.

Sferoflex

Sferoflex, which joined the Group's portfolio in 1981, takes its name from the patented flexible hinge enabling the temples to conform to the shape and size of the face, thus increasing the resilience of the frame itself and ensuring perfect fit.

Eye Safety Systems (ESS)

Acquired by the Group in 2007, ESS designs, develops and markets advanced eye protection systems for military, firefighting and law enforcement professionals and is a leading supplier of protective eyewear to the U.S. military and firefighting markets.

Licensed Brands

The Group's designer lines are produced and distributed through licence agreements with major fashion houses. The licence agreements are exclusive contracts and typically have terms of between three and ten years. Designer collections are developed through the collaborative efforts of the Group's in-house design staff and the brand designers. The Group's designer lines presently feature approximately 900 different styles.

Anne Klein

This product line targets successful professional women who place an emphasis on quality and image. The original licence was entered into in 1996.

Brooks Brothers

Characterised by lightweight materials and a slender line, the Brooks Brothers collections reflect the iconic features of the style of this American brand. This is an affordable product line with classic style that delivers functionality, lightness and high quality. The Group entered into the original licence agreement in 1992.

Bvlgari

Under licence since 1997, Bvlgari eyewear is distinguished by the high quality of its materials, attention to detail and elegant design. This product line targets a client base seeking a distinctive and exclusive product.

Burberry

The Burberry licence agreement was signed in 2005, with the launch of the first eyewear collection in 2006. This collection features the brand's core values of form and function, innovation and the essence of classic style.

Chanel

In 1999, the Issuer was the first company licenced to produce Chanel eyewear products. The Chanel product line, targeting luxury-oriented consumers, reflects the essential characteristics of the brand: style, elegance and class.

Dolce & Gabbana

Under licence since 2006, Dolce & Gabbana eyewear collections are characterised by modern, fashionable shapes, prestigious materials and sumptuous detailing, such as logos in Swarovski crystals or elegant metal circles.

D&G

Also under licence since 2006, the D&G eyewear collection has a youthful, innovative and unconventional spirit. The eyewear collection emphasises the spirit of the brand: innovative, provocative and cosmopolitan.

Donna Karan

Under licence since 2005, this product line reflects the design sensibility and spirit of the Donna Karan collection, offering women sophisticated styling in modern and lightweight materials.

DKNY

DKNY is easy-to-wear fashion with an urban mindset, the New York City street-smart look. DKNY eyewear caters to modern, urban, fashion-conscious women and men with multifaceted lifestyles: international, eclectic, fun and real. The licence was entered into in 2005.

Fox

Fox Eyewear collections are the result of a multi-year licensing agreement with Fox Head, Inc., a leading motocross and action sport brand based in California. Fox eyewear and ski goggles have been on the market for over five years and are currently the only brand other than Oakley to use High Definition Optics® (HDO®) technology. Fox Eyewear joined Luxottica's brand portfolio at the end of 2007.

Miu Miu

Under licence since 2003, the Miu Miu brand addresses a sophisticated, free-and-easy clientele particularly attentive to new trends and expresses Miuccia Prada's vision of an alternative style, always characterised by a strong personality.

Paul Smith

The Paul Smith Spectacles brand, which launched in 1994, includes prescription and sun eyewear featuring the whimsical yet classic designs and attention to detail that are synonymous with one of Britain's leading fashion designers.

Polo Ralph Lauren

Under licence since 2007, the Polo Ralph Lauren brand is comprised of the following collections:

Chaps

Chaps features easy-to-wear designs in the classic tradition of Polo Ralph Lauren. The line offers competitively priced sportswear with a designer name to the young consumer.

POLO

The Polo collection focuses on refined designs, inspired by the heritage of Polo Ralph Lauren apparel. This collection features emblematic models that are classic and never out of style.

Ralph

This women's line is an expression of the Ralph Lauren spirit at an accessible price. It features the latest looks and trends, as well as some more classic looks, and vibrant colours for a feminine, flirty and fun look.

Ralph Lauren Purple Label

The exclusive Purple Label eyewear collection combines the elegance of tradition with the requirements of the modern gentleman: high quality, precious materials, details and style.

Prada

The Prada licence agreement was signed in 2003. Prada collections offer a range of optical frames and sunglass collections, as well as a series of models created for leisure, identified by the brand's unmistakable red stripe.

Stella McCartney

Stella McCartney eyewear reflects the sense of modernity and innovation that the stylist shows in her creation of desirable fashion, combining everyday functionality with a strong fashion awareness. The licence was entered into in 2009.

Tiffany & Co.

For 169 years, Tiffany & Co. has designed and produced standard-setting jewellery and accessories. The first collection of Tiffany & Co. eyewear, launched exclusively by the Issuer in early 2008, remains true to the brand's highest standards. The licence agreement has been effective since December 2006.

Tory Burch

Under licence since 2009, Tory Burch is an attainable luxury lifestyle brand defined by classic American sportswear with an eclectic sensibility, which embodies the personal style and spirit of its co-founder and creative director, Tory Burch.

Versace

Versace, under licence since 2003, is a lifestyle brand for modern men and women who choose to express strength, confidence and uniqueness through a bold and distinctive personal style.

Versus

While staying true to the essence of the Versace brand, Versus, under licence since 2003, embodies a younger, edgier take on those themes.

MANUFACTURING

Plants and Facilities

The Group's primary manufacturing facilities are located in Italy, China and the United States. In 2010, 2009 and 2008, the Group's manufacturing facilities produced a combined total of approximately 56.6 million, 48.7 million and 50.1 million prescription frames and sunglasses, respectively.

The Group has six manufacturing facilities in Italy: five in north-eastern Italy, the area in which most of the country's optical industry is based, and one near Turin. All of these facilities are highly automated, which has made it possible for the Group to maintain a high level of production without significant capital outlay.

Over the years, the Group has consolidated its manufacturing processes by concentrating a specific production technology in each of the Italian facilities. This consolidation has enabled it to improve both the productivity and quality of the Group's manufacturing operations. The Group makes plastic frames in the Agordo, Sedico, Pederobba and Lauriano facilities, while the Group produces metal frames in Agordo and

Rovereto. The Group produces certain metal frame parts in the Cencenighe plant. The Lauriano facility also makes crystal and polycarbonate lenses for sunglasses.

In 2006, the Group modernised its operations in Italy by building a new approximately 32,000 square-metre manufacturing facility to produce acetate frames and sunglasses. In 2007, the Group further expanded its manufacturing facilities in Italy by approximately 28,000 square metres in order to rationalise the product production flow.

From 1998 to 2001, the Group operated a facility in China to manufacture prescription frames, through the Group's 50 per cent.-owned joint venture (Tristar Optical Company Ltd.) with a Japanese partner. In 2001, the Group acquired the remaining 50 per cent. interest in this Chinese manufacturer. In 2006, the Group increased its manufacturing capacity in China through the construction of a new approximately 26,000 square-metre manufacturing facility to produce both metal and plastic frames. After the construction of this new facility, the Group's annual average daily production in China increased by approximately 80 per cent. compared to 2005. In 2007, the Group further expanded its manufacturing capacity in China by approximately 74,000 square metres. The percentage of private label products produced at the Group's facilities in China has decreased in favour of increased production of certain of the Group's core, fashion and North American brands.

In 2010, Tristar also began to produce plastic sun lenses, which are paired with frames manufactured by the same Chinese plant. Production started in September 2010, reaching a total output of approximately 400,000 pairs of lenses by the end of the year.

The Group's Dongguan plants, in China's Guangdong province, make both plastic and metal frames.

The Group's Foothill Ranch facility in California manufactures high-performance sunglasses and prescription frames and lenses and assembles most of Oakley's eyewear products, while Oakley's manufacturing center in Dayton, Nevada produces the frames used in its X Metal® (a proprietary alloy) eyewear products. The Group also operates a small plant in India serving the local market.

In 2010, approximately 45 per cent. of all frames manufactured by the Group were metal-based, and the remainder was plastic.

The manufacturing process for both metal and plastic frames begins with the fabrication of precision tooling and moulds based on prototypes developed by in-house designers and engineering staff. The Group seeks to use its manufacturing capacity to reduce the lead time for product development and thereby adapt quickly to market trends and to contain production costs, as well as maintain smaller and more efficient production runs so that the Group can better respond to the varying needs of different markets.

The manufacturing process for metal frames has approximately 70 phases, beginning with the production of basic components such as rims, temples and bridges, which are produced through a moulding process. These components are then welded together to form frames over numerous stages of detailed assembly work. Once assembled, the metal frames are treated with various coatings to improve their resistance and finish, and then prepared for lens fitting and packaging.

The Group manufactures plastic frames using either a milling process or injection moulding. In the milling process, a computer-controlled machine carves frames from coloured plastic sheets. This process produces rims, temples and bridges that are then assembled, finished and packaged. In the injection moulding process, plastic resins are liquefied and injected into moulds. The plastic parts are then assembled, coated, finished and packaged.

The Group engages in research and development activities relating to its manufacturing processes on an ongoing basis. As a result of such activities, it has invested and will continue to invest in automation and in

innovative technologies, thus increasing efficiency while improving quality. Costs associated with research and development activities are expensed when incurred and are not significant.

The Group utilises third-party manufacturers to produce Oakley apparel, footwear, watches, electronically-enabled eyewear and certain goggles.

Suppliers

The principal raw materials and parts purchased for the manufacturing process include plastic resins, metals, lenses and frame parts.

The Group purchases a substantial majority of raw materials in Europe and, to a lesser extent, in Asia and the United States. In addition, the Group uses certain external suppliers for frames, lenses, eyeglass/frame cases and packaging materials, and for some logistic services.

Although, historically, prices of the principal raw materials used in the Group's manufacturing process have been stable, in 2010, the Group implemented a process to hedge the risk of price changes for gold and palladium, in order to have a more predictable cost. Regarding the other raw materials used in the Group's manufacturing process, the Group negotiates prices directly with its suppliers.

The Group has built strong relationships with its major suppliers. In 2010, the Group started a risk project in its purchasing function to identify material risks (impact and probability) and put in place mitigation actions if not already in place. With most suppliers, the Group maintains agreements that prohibit disclosure of the Group's proprietary information or technology to third parties. Although the Group's Oakley subsidiary relies on outside suppliers for most of the specific moulded components of its glasses, goggles, watches and footwear, it generally retains ownership of the moulds used in the production of the components. The Group believes that most of the components can be obtained from one or more alternative sources within a relatively short period of time, if necessary or desired. In addition, to further mitigate risk, it has developed an in-house injection moulding capability for sunglass lenses.

Essilor S.A. (**Essilor**) has become one of the largest suppliers of the Group's retail operations, accounting for 10 per cent. of the Group's total merchandise purchases in 2010 and 9 per cent. in 2009. Although the Group does not have formal, long-term contracts with Essilor or any of its other suppliers, the Group has not experienced any significant interruptions its supplies. The Group believes that the loss of Essilor or any of the Group's other vendors would not have a significant impact on its future operations as the Group could replace them quickly with other third-party suppliers.

In February 2010, the Group and Essilor formed a long-term joint venture for the Australian and New Zealand markets. The joint venture manages Eyebiz Laboratories Pty Limited (**Eyebiz**), the Group's Sydney-based optical lens finishing laboratory, which as a result of this alliance is majority controlled by Essilor.

Essilor Australia Pty Limited, Eyebiz and Luxottica Retail Australia Pty Limited subsequently entered into a 10-year manufacturing and supply agreement whereby Eyebiz performs lens laboratory services for the Group and distributes to the Group's stores, which include OPSM, Budget Eyewear and Laubman & Pank, a range of finished optical lenses in Australia and New Zealand.

Quality Control

The "Made in Italy" feature of Luxottica products represents the "culture of quality" that has been central to the Group's organisation.

Most of the manufacturing equipment that the Group uses is specially designed and adapted for the Group's manufacturing processes. This helps it to respond more quickly to customer demand and adhere to strict quality-control standards.

Quality and process control teams regularly inspect semi-finished products during the various phases of production, verifying the feasibility of prototypes in the design phase, controlling standards across the spectrum of products in the production phase, and subsequently checking for resistance to wear and tear and reviewing optical properties in relation to type of use. The manufacturing processes and materials used by primary suppliers are also controlled and certified. Through ongoing verification of precision and expertise in all phases of production, the Group seeks to manufacture products of the highest quality.

The Group designs products to meet or exceed relevant industry standards for safety, performance and durability. Throughout the development process, the Group's optics products undergo extensive testing against standards established specifically for eyewear by ANSI (Z.80.3), ASTM, Standards Australia Limited (AS 1067) and EU (EN 1836 and ISO EN 12870). These standards relate to product safety and performance and provide quantitative measures of optical quality, UV protection, light transmission and impact resistance.

Due to the efficiency of the Group's quality controls, the return rate for defective merchandise manufactured by it is approximately 1 per cent.

DISTRIBUTION

The Group operates in all the world's major eyewear markets and continues to expand in emerging markets.

Direct distribution in key markets makes it possible for it to maintain close contact with clients and maximise the image and visibility of the Group's brands. Further, the Group's experience in direct operation of stores in certain of the Group's more important markets has given it a unique understanding of the world's eyewear markets. All this makes it possible to achieve tight control and strategic optimisation of brand diffusion, both of house brands and licenced designer brands.

In emerging markets, the Group has made substantial investments in the last few years and intends to expand and strengthen its distribution platform.

The Group's Principal Markets

The following table presents the Group's net sales by geographic market and segment for the periods indicated:

	Year Ended 31 December	
	2010	2009
	(audited)	(audited)
<i>(In thousands of Euro)</i>		
European Retail.....	103,585	92,054
European Wholesale.....	1,059,942	980,359
North America Retail.....	2,942,009	2,591,689
North America Wholesale.....	539,916	474,248
Asia-Pacific Retail.....	495,083	442,105
Asia-Pacific Wholesale.....	250,054	199,552
Other Retail.....	20,956	13,131
Other Wholesale.....	386,491	301,181
Total.....	5,798,035	5,094,318

Logistics

The Group's distribution system is globally integrated and supplied by a centralised manufacturing programming platform. The network linking the logistics and sales centres to the production facilities in Italy and China also provides daily monitoring of global sales performance and inventory levels so that manufacturing resources can be programmed and warehouse stocks re-allocated to meet local market demand. This integrated system serves both the retail and wholesale businesses and is one of the most efficient and advanced logistics systems in the industry, with 18 distribution centres worldwide, of which 8 are in the Americas, 7 are in the Asia-Pacific region and 3 are in the rest of the world.

The Group has three main distribution centres (hubs) in strategic locations serving its major markets: Sedico in Europe, Atlanta in the Americas and Dongguan in the Asia-Pacific region. They operate as centralised facilities, offering customers a highly automated order management system that reduces delivery times and keeps stock levels low.

The Sedico hub was opened in 2001 and updated with a new automated system in 2006. In 2010, it managed over 13,500 orders per day, including eyeglasses and spare parts. Sedico ships over 170,000 units daily to customers in Europe, the Middle East and Africa and to the Group's distribution centres in the rest of the world, from which they are then shipped to local customers.

The Sedico hub enabled the Group to close the local warehouses throughout Europe that characterised the previous distribution system, improving the speed and efficiency of the Group's distribution, as well as eliminating unnecessary overhead expenses. During 2009, the information system SAP (Systems, Applications and Products in Data Processing) was implemented in the Sedico distribution center. The new system has allowed the Group to efficiently control and allocate the Group's customers' orders.

The Atlanta facility, opened in 1996, has consolidated several North America-based facilities into a single state-of-the-art distribution centre located in one of the major airport hubs of the United States. This facility has a highly advanced cross-belt sorting system that can move up to 140,000 frames per day at a conveyor belt speed of 1.5 metres a second. In late 2009, the facility, which was originally a retail-only distribution centre, started serving both the Group's retail and wholesale businesses in the North American market. The Atlanta facility ships to three of the Group's retail brands: LensCrafters, Sunglass Hut and Sears for the United States, Canada and Caribbean, servicing over 3,500 stores with ophthalmic and sun frames as well as lenses, contact lenses and accessories.

The Dongguan hub was opened in 2006 and employs approximately 230 people who manage an average of 100,000 units of finished and semi-finished frames per day.

Following the SAP implementation in Sedico in 2009, the Group implemented the same IT platform in the Dongguan hub in 2010. In addition to the advantages resulting from the European implementation, now the Group is able to leverage advantages in Asia resulting from greater network control over orders and inventories. With the continuing growth in the region, the Dongguan hub has become an integral and strategic part of the Group's distribution network. The Group continues to invest in services and volume capacity to become even more efficient in the region.

System implementation continued in 2011 in our North American Distribution Centers to enhance inventory control, network optimisation and the order management process.

Wholesale Distribution

The Group's wholesale distribution structure covers more than 130 countries, with 42 directly controlled or majority-owned operations in the major markets and approximately 100 independent distributors in other markets. Each wholesale subsidiary operates its own network of sales representatives who are normally

retained on a commission basis. Relationships with large international, national and regional accounts are generally managed and serviced by employees.

Customers of the Group's wholesale business are mostly retailers of mid- to premium-priced eyewear, such as independent opticians, optical retail chains, specialty sun retailers, department stores and duty-free shops. In North America and other areas, the main customers also include independent optometrists and ophthalmologists and premium department stores.

The Group also distributes certain brands, including Oakley, to sporting goods stores and speciality sports stores, including bike, surf, snow, skate, golf and motor sports stores.

The Group seeks to provide its wholesale customers with pre- and post-sale services to enhance their business. These services are designed to provide customers with the best product and in a time frame and manner that best serve the Group's customers' needs.

The Group maintains close contact with its distributors in order to monitor sales and control the quality of the points of sale that display the Group's products. The Group typically enters into distribution agreements with importers and distributors that establish minimum annual purchases and impose territorial limitations. In addition, to the extent permitted by law, the Group allows distribution only through specifically authorised retail channels and qualified sales agents. No single customer or group of related customers accounted for more than 5 per cent. of the Group's consolidated net sales in any of the past three years. The Group does not believe that the loss of any single customer would have a material adverse effect on its financial condition or results of operations.

Nearly a decade ago, the Group introduced STARS (Superior Turn Automatic Replenishment System). This business unit, which is a part of the wholesale division, provides third party customers with an enhanced partnership service. Developed in 2002, originally under the name "Retail Service", STARS offers management directly by the Group of the product selection activities, production and assortment planning and automatic replenishment of products in the store, all of which are activities previously managed directly by the third party customer.

STARS provides the stores with a higher level of service, exploiting the knowledge of local markets and brands in order to present a fresh and high-turnover product, and utilising systems, tools and state-of-the-art planning techniques to ensure an optimal inventory level at the point of sale.

When the project started in 2002, STARS managed 4 stores, growing to 100 by 2004 and maintaining a progressive growth reaching 1,000 points of sale by the end of 2009. By the end of 2010, STARS served a total of approximately 1,500 stores in the major European markets, Latin America and emerging markets.

Retail Distribution

With a strong portfolio of retail brands, the Group is well positioned to reach different segments of the market. The retail portfolio offers a variety of differentiation points for consumers, including the latest in designer and high-performance sun frames, advanced lens options, advanced eye care, everyday value, and high-quality vision care health benefits.

As of 30 June 2011, the Group's retail business consisted of 6,072 corporate stores and 518 franchised or licenced locations as follows:

	<u>North America</u>	<u>Asia- Pacific</u>	<u>China/ Hong Kong</u>	<u>Europe</u>	<u>Africa and Middle East</u>	<u>South Africa</u>	<u>Central and South America</u>	<u>Total</u>
LensCrafters	984		206					1,190
Pearle Vision.....	324							324
Sunglass Hut ⁽¹⁾	1,969	253	8	70		119	77	2,496
Ilori and The Optical Shop of Aspen	47							47
Oliver Peoples.....	6							6
Oakley retail locations ⁽²⁾	126	18		13			4	161
Sears Optical.....	825							825
Target Optical.....	325							325
OPSM ⁽³⁾		400						400
Laubman & Pank		62						62
Budget Eyewear.....		116						116
Bright Eyes.....		41						41
David Clulow ⁽⁴⁾				79				79
Franchised or licenced locations ⁽⁵⁾	<u>364</u>	<u>115</u>	<u>214</u>	<u>9</u>	<u>27</u>	<u>119</u>	<u>3</u>	<u>518</u>
	4,970	1,005	214	171	27	119	84	6,590

(1) Includes Sunglass Icon locations.

(2) Includes Oakley "O" Stores and Vaults.

(3) Includes 33 stores acquired from Just Spectacles.

(4) Includes David Clulow joint-venture stores

(5) Includes primarily franchised and licenced locations for Pearle Vision and Bright Eyes, with the remaining locations for Budget Eyewear, David Clulow, Sunglass Hut, Oakley "O" Stores and Vaults, Oliver Peoples, Icon-HMS.

The Group's retail stores sell not only prescription frames and sunglasses that the Group manufactures but also a wide range of prescription frames, lenses and other ophthalmic products manufactured by other companies. In 2010, units manufactured with the Group's own brand names or the Group's licenced brands represented approximately 80.2 per cent. of the total sales of frames based on units sold by the retail division (77.1 per cent. in 2009).

The Group's optical retail operations are anchored by leading brands such as LensCrafters and Pearle Vision in North America, and OPSM, Laubman & Pank and Budget Eyewear, which are active throughout Australia and New Zealand. The Group also has a major retail presence in China, where the Group operates in the premium eyewear market with LensCrafters. Due to the fragmented nature of the European retail market, it does not operate optical retail stores in Europe outside of the United Kingdom, where in 2008 the Group increased the Group's stake in the David Clulow chain, which sells both prescription and sun products. In 2010, the Group completed the acquisition of the David Clulow chain, bringing the Group's ownership in the subsidiary to 100 per cent. As at 30 June 2011, the Group's optical retail business consisted of approximately 6,500 retail locations globally.

LensCrafters

As at 30 June 2011, the Group operated a retail network of 1,190 LensCrafters stores, of which 984 are in North America and 206 stores are in China and Hong Kong. LensCrafters is currently the largest optical retailer in North America in terms of sales. LensCrafters stores offer a wide selection of prescription frames and sunglasses, mostly made by the Issuer, in addition to a wide range of lenses and optical products made by other suppliers. LensCrafters' products include innovative lenses, such as FeatherWates® (lightweight, thin and impact-resistant lenses), DURALENS® (super scratch-resistant lenses), Advanced View

Progressive® (free-form, digitally surfaced progressive lenses), Invisibles® (anti-reflective lenses) and MVP Maximum View Progressives® (multi-focal lenses without visible lines). Points of sale are normally in high-traffic commercial malls and shopping centres and have an on-site optometrist (sometimes a Luxottica employee) so that customers can have immediate eye examinations. Most LensCrafters stores in North America also include a lens finishing laboratory, which improves the customer service level. During the last few years, it has invested in the premium aspects of the LensCrafters brand, adding supplementary elements such as an exclusive new store concept currently being implemented in store renovations across North America, associate training and advertising and marketing, which together represent the premium brand and future direction of LensCrafters.

In 2006, the Group began to expand the LensCrafters brand in China by rebranding most of the Group's stores there, which were acquired through the acquisition of three retail chains. As at 30 June 2011, the Group operates 206 stores in China and Hong Kong. Hong Kong is one of China's most significant luxury markets, and launching LensCrafters as a premium brand in Hong Kong was important for increasing awareness and consumer demand for Luxottica products and services in the region.

Pearle Vision

Pearle Vision is one of the largest optical retail chains in North America. Although LensCrafters and Pearle Vision both address the mid- to high-end customer bracket, their positioning is complementary. Pearle Vision focuses on the factors that made the brand a success: customers' trust in the doctor's experience and the quality of service they receive. Pearle Vision stores are mostly located in strip malls instead of the conventional malls where most LensCrafters and Sunglass Hut stores are located. The successful relaunching of the Pearle Vision brand in 2004 and 2005 was centered on a return to its original values, which had made Pearle Vision the "Home of Trusted Eyecare" for generations of Americans. A product mix increasingly geared to high quality has sought to restore strong customer relationships, as has the emphasis on doctors in advertising campaigns.

In order to centralise services and achieve economies of scale at Pearle Vision locations, all in-store labs were closed and their work was transferred to nearby LensCrafters labs or to one of the Group's six central lens finishing facilities. As at 30 June 2011, Pearle Vision operated 324 corporate stores and had 351 franchise locations throughout North America.

The Group also operate a network of retail locations in North America operating as Sears Optical and Target Optical, the Group's Licenced Brands, which use the brand names of their respective host American department store. These points of sale offer consumers the convenience of taking care of their optical needs while shopping at these department stores. Both brands have a precise market positioning that the Group has reinforced by improving service levels while strengthening their fashion reputation by offering brands such as Ray-Ban and Vogue. As at 30 June 2011, the Group operates 825 Sears Optical and 325 Target Optical locations throughout North America.

OPSM

OPSM, the largest of the three optical chains the Group operates in Australia and New Zealand, is a leading eyewear retail brand for luxury and fashion-minded customers. In 2010, OPSM continued to solidify its position as the market leader in the Australia/New Zealand optical retail market. In July 2010, the brand launched its new flagship store OPSM Eye Hub and in September 2010, the brand successfully launched its new OPSM Loves Eyes marketing campaign. As of 30 June 2011, the Group owned 321 OPSM corporate stores throughout Australia. OPSM also has 46 corporate-owned stores in New Zealand, mainly in large urban areas.

Laubman & Pank

Laubman & Pank targets the independent optical shopper looking for quality eyecare and service. As of 30 June 2011, the Group owned 62 Laubman & Pank corporate stores throughout Australia.

Budget Eyewear

Budget Eyewear focuses on the value shopper and in 2010 launched clearer and more transparent pricing through its Price It Yourself (PIY) menu. Budget Eyewear provides an easy selection process for frames and lens packages in a bright and modern store environment. As at 30 June 2011, the Group owned 93 Budget Eyewear corporate stores throughout Australia and had 9 franchise locations. Budget Eyewear also has 23 corporate stores in New Zealand.

Just Spectacles Acquisition

On 26 November 2010, the Group acquired the Optifashion Australia Pty Limited group from HAL Optical Investments B.V. The acquisition included 47 corporate stores (40 optical and 7 sun) and 9 franchises, trading under brands including Just Spectacles. The Group is in the process of rebranding these stores under Luxottica trade names.

EyeMed Vision Care

EyeMed Vision Care is one of the largest managed vision care operators in the United States, serving over 28.5 million members in large and medium size companies and government entities and through insurance companies. EyeMed has a network of over 24,000 locations, including opticians, ophthalmologists, optometrists and chains operated by the Group.

EyeMed Vision Care seeks to offer quality, choice, value and service excellence, which are all priority concerns for employers shopping for vision care programmes, especially for large groups. Customers using such services benefit from the quality of the products and the wide reach of the distribution network, enjoying a broad range of choices among the numerous stores in the Group's chains and independent optical retailers.

Online Retail for Contact Lenses

In December 2009, the Group entered into a strategic multi-year e-commerce alliance to expand online access to contact lenses in the North American market with Drugstore.com, Inc., a leading online retailer of health, beauty, vision and pharmacy products.

Under this exclusive agreement, Vision Direct, Inc., a leading online contact lens retailer and a wholly-owned subsidiary of Drugstore.com, Inc, has collaborated with the Group to develop branded contact lens e-commerce sites for the Group's North American retail business and provide customer care and fulfilment services. The alliance has enabled the Group, starting with its retail brands, to offer a comprehensive platform for consumers to conveniently purchase contact lenses in person, by telephone or online. In addition, the two companies are pursuing synergies, such as purchasing contact lenses on behalf of the alliance, cross-marketing initiatives and cooperating in a number of other related areas.

Lens Laboratories

Together with LensCrafters' over 900 in-store laboratories, the Group operates 6 central lens finishing laboratories in North America. Combining a broad presence in the market with the capacity for handling lens finishing reduces the time and cost of lens finishing work and improves quality of service. All the laboratories use highly advanced technologies to meet growing demand. The six central laboratories serve all the Pearle Vision stores, the Licenced Brands stores, LensCrafters and a number of franchises. The labs in

LensCrafters stores have been upgraded to help Sears and Pearle Vision stores (including those under franchise) to handle peak demand.

In addition, the Group operates Oakley optical lens laboratories in the United States, Ireland and Japan. These laboratories provide Oakley prescription lenses to the North and South American, European and Asian markets, respectively, enabling it to achieve expeditious delivery, better quality control and higher optical standards.

Sunglass Hut

Since the acquisition of Sunglass Hut in 2001, the Group has become a world leader in the speciality sunglass retail business. As at 30 June 2011, Sunglass Hut had 2,566 stores worldwide, of which 2,496 are corporate stores and 70 are franchise locations. The former are in North America, Asia-Pacific, Europe and South Africa, whereas the latter are in the Middle East, India, the Philippines and Thailand.

Founded in the United States in 1971 to operate in department stores, Sunglass Hut gradually expanded its base of stores and kiosks in shopping malls to new retail locations on city shopping streets and in airports. Over the years, Sunglass Hut focused increasingly on selling premium sunglasses. In 2007, the Group developed an exclusive new store concept, which is now being extended to all prime Sunglass Hut locations around the world. This repositioning was made possible by substantial changes to the product mix allowing the chain to focus more on fashion and luxury brands, especially for women, while maintaining a varied selection of lifestyle, sport and performance sunglasses.

The chain has reinforced its presence in the department store channel through long-term strategic agreements with Myers in Australia, Edgars in South Africa and Macy's Inc. (**Macy's**) in the United States.

On 4 December 2009, the Group entered into an agreement to open Sunglass Hut points of sale in Macy's department stores in the United States. As at 30 June 2011 the Group operated approximately 470 departments in Macy's. Sunglass Hut is the exclusive operator of Macy's in-store sunglass departments and Macy's department stores is the exclusive U.S. department store with Sunglass Hut locations.

ILORI

ILORI is the Group's high-end fashion sunwear retail brand, with 23 stores in the United States as at 30 June 2011, including flagship stores in the SoHo area of New York City and in Beverly Hills, California. ILORI caters to a different, more exclusive clientele than Sunglass Hut, offering a richer purchasing experience in prestige locations, featuring sophisticated luxury collections, exclusive niche brands and highly personalised service.

The Optical Shop of Aspen

Founded in the 1970s, The Optical Shop of Aspen is known in the optical industry for its luxury brands for both prescription frames and sunglasses and its first-class customer service. As at 30 June 2011, the Group operated 24 stores in some of the most upscale and exclusive locations throughout the United States.

Oliver Peoples

The Group operates 8 luxury retail stores under the Oliver Peoples brand. The Oliver Peoples brand retail stores only offer Oliver Peoples, Mosley Tribes and Paul Smith branded optical products. Two additional Oliver Peoples retail location are operated under licence in Tokyo and Los Angeles.

David Clulow

In Europe, the Group operates David Clulow, a premium optical retailer operating in the United Kingdom and Ireland, predominantly in London and the south east of the United Kingdom. The brand emphasises service, quality and fashion and the Group's marketing is targeted to reinforce these brand values and build long-term relationships with the Group's customers. In addition to operating optical stores, David Clulow operates a number of sunglass concessions in upmarket department stores, further reinforcing the Group's position as a premium brand in the United Kingdom. As at 30 June 2011, David Clulow operated 39 corporate-owned locations (including 9 joint ventures), 4 franchise locations and 40 sun stores/concessions.

Bright Eyes

First established in 1985, Bright Eyes is one of Australia's largest and fastest-growing sunglass chains, with over 108 sunglass stores across the continent. As at 30 June 2011, Bright Eyes operated 41 corporate store locations and 67 franchise locations, mostly in tourist resorts and high-traffic areas.

Oakley Stores and Vaults

As at 30 June 2011, the Group operated 172 Oakley "O" Stores and Vaults worldwide, offering a full range of Oakley products including sunglasses, apparel, footwear and accessories. These stores are designed and merchandised to immerse consumers in the Oakley brand through innovative use of product presentation, graphics and original audio and visual elements. In the United States, Oakley "O" Stores are in major shopping centres. Oakley's retail operations also are located in Mexico, Europe and the Asia-Pacific region.

e-Commerce Sites

Another important sales channel is e-commerce, including the Oakley and the Ray-Ban websites (www.oakley.com, www.Ray-Ban.com), which are complementary to the retail operations and international distribution. The websites allow consumers to purchase Oakley and Ray-Ban products as efficiently as possible, increasing awareness of both brands, improving customer service and communicating the brands' values and essence.

MARKETING

The Group's marketing and advertising activities are designed primarily to enhance the Group's image and the Group's brand portfolio and to drive traffic into the Group's retail locations.

Advertising expenses amounted to approximately 6 per cent. of the Group's net sales in 2010.

Marketing Strategy for the Group's Wholesale Business

The Group's marketing strategy for the wholesale business is focused on promoting its extensive brand portfolio, corporate image and the value of its products. Advertising is extremely important in supporting the Group's marketing strategy, and therefore the Group engages in extensive advertising activities, both through various media (print, radio and television, as well as billboard advertising and digital media) directed at the end consumer of the Group's products and at the point-of-sale (displays, counter cards, catalogues, posters and product literature).

In addition, the Group advertises in publications targeted at independent practitioners and other market-specific magazines and participates in major industry trade fairs, where the Group promotes some of its new collections.

The Group also benefits from brand-name advertising carried out by licensors of the Group's designer brands intended to promote the image of the eyewear collections. The Group's advertising and promotional efforts

in respect of its licenced brands are developed in coordination with the Group's licensors. The Group contributes to the designer a specified percentage of the Group's sales of the designer line to be devoted to its advertising and promotion.

For the Group's Oakley brand, the Group also uses less conventional marketing methods, including sports marketing, involvement in grass-roots sporting events and targeted product allocations. The exposure generated by athletes wearing Oakley products during competitions and in other media appearances serves as a more powerful endorsement of product performance and style than traditional commercial endorsements and results in strong brand recognition and authenticity on a global level.

Marketing Strategy for the Group's Retail Business

The Group engages in promotional and advertising activities through its retail business with the objectives of attracting customers to the stores, promoting sales, building the Group's image and the visibility of its retail brands throughout the world and encouraging customer loyalty and repeat purchases.

The "O" Stores and Vaults are designed and merchandised to immerse the consumer in the Oakley brand through innovative use of product presentation, graphics and original audio and visual elements.

A considerable amount of the Group's retail marketing budget is dedicated to direct marketing activities, such as communications with customers through mailings and catalogues. The Group's direct marketing activities benefit from the Group's large database of customer information and investment in customer relationships, marketing technologies and skills in the United States and in Australia. Another significant portion of the marketing budget is allocated to broadcast and print media, such as television, radio and magazines, designed to reach the broad markets in which the Group operates with image-building messages about the Group's retail business.

ANTI-COUNTERFEITING POLICY

Intellectual property is one of the Group's most important assets. The Group protects it through the registration and enforcement of the Group's trademarks and patents around the world. The Group's commitment to maintaining and strengthening its anti-counterfeiting programme is demonstrated through the strength of its anti-counterfeiting and brand protection team, which leverages the strengths of the Group's global organisation. This allows it, among other things, to implement a global anti-counterfeiting programme to combat the widespread phenomenon of counterfeit goods, sending a strong message to the infringers that the Group will exercise its rights against both the retailers of counterfeit eyewear, such as street vendors, and those that supply these sellers. Through the Group's strong investigative network, especially in China, the Group has been able to identify key sources of counterfeit goods, organise raids on their premises in cooperation with local law enforcers and file legal actions against the counterfeiters.

Additionally, the Group continues to consolidate and strengthen its cooperation with customs organisations around the world, which have helped it to stop, seize and destroy hundreds of thousands of counterfeit goods each year. The Group dedicates considerable efforts to monitoring the trafficking of counterfeit goods through the internet, in order to remove the offers for counterfeit eyewear from certain popular on-line auction platforms and shut down the websites that violate the Group's intellectual property rights through the sale of counterfeit products or the unauthorised use of the Group's trademarks.

TRADEMARKS, TRADE NAMES AND PATENTS

The Group's principal trademarks or trade names include *Luxottica*, *Ray-Ban*, *Oliver Peoples*, *Oakley*, *Persol*, *Vogue*, *Arnette*, *Revo*, *LensCrafters*, *Sunglass Hut*, *ILORI*, *Pearle Vision*, *OPSM*, *Laubman & Pank*, *Budget Eyewear* and the *Oakley ellipsoid "O"* and square *"O"* logos. The Group's principal trademarks are registered worldwide. Other than *Luxottica*, *Ray-Ban*, *Oakley*, *LensCrafters*, *Sunglass Hut*, *Pearle Vision*, *OPSM* and the *Oakley ellipsoid "O"* and square *"O"* logos, the Group does not believe that any single

trademark or trade name is material to its business or results of operations. The collection of *Oakley* and *Ray-Ban* products accounted for approximately 11.9 per cent. and 19.9 per cent., respectively, of the Group's net sales in 2010. The Group believes that its trademarks have significant value for the marketing of the Group's products and that having distinctive marks that are readily identifiable is important for creating and maintaining a market for the Group's products, identifying its brands and distinguishing its products from those of the Group's competitors. Therefore, the Group utilises a combination of trademarked logos, names and other attributes on nearly all of its products.

The Group utilises patented and proprietary technologies and precision manufacturing processes in the production of its products. As at 30 June 2011, the Group held a portfolio of over 600 Oakley-related patents worldwide that protect the Group's designs and innovations. Some of the most important of these patents relate to the following categories: innovations in lens technology and the associated optical advances; electronically enabled eyewear; innovations in frame design and functionality; biased, articulating and dimensionally stable eyewear; and interchangeable lenses.

LICENCE AGREEMENTS

The Group has entered into licence agreements to manufacture and distribute prescription frames and sunglasses with numerous designers. These licence agreements typically have terms ranging from three to ten years, but may be terminated early by either party for a variety of reasons, including non-payment of royalties, failure to meet minimum sales thresholds, product alteration and, under certain agreements, a change of control of the Group.

Under these licence agreements, the Group is required to pay a royalty which generally ranges from five per cent. to 14 per cent. of the net sales of the relevant collection, which may be offset by any guaranteed minimum royalty payments. The licence agreements also provide for a mandatory marketing contribution that generally amounts to between five and ten per cent. of net sales.

The Group believes that early termination of one or a small number of the current licence agreements would not have a material adverse effect on its results of operations or financial condition. Upon any early termination of an existing licence agreement, the Group expects that it would seek to enter into alternative arrangements with other designers to reduce any negative impact of such a termination.

The table below summarises the principal terms of the Group's most significant licence agreements.

Licensor	Licensed Marks	Territory	Expiration
Burberry Limited	Burberry Burberry Check Equestrian Knight Device Burberry Black Label*	Worldwide exclusive licence	31 December 2015
Bvlgari S.p.A.	Bvlgari	Worldwide exclusive licence	31 December 2020
Chanel Group	Chanel	Worldwide exclusive licence	31 March 2014
Coach, Inc.	Coach Poppy Coach Reed Krakoff	Worldwide exclusive licence	30 June 2016 (renewable until 30 June 2024)
Dolce & Gabbana S.r.l.	Dolce & Gabbana D&G	Worldwide exclusive licence	31 December 2015
Donna Karan Studio LLC	Donna Karan DKNY	Worldwide exclusive licence	31 December 2014 (renewable until 31

Gianni Versace.S.p.A	Gianni Versace Versace Versace Sport Versus	Worldwide exclusive licence	December 2019) 31 December 2022
Jones Investment Co. Inc.	Anne Klein New York Lion Head Design AK Anne Klein A-Line	Worldwide exclusive licence	31 December 2012
Paul Smith Limited	Paul Smith PS Paul Smith	Worldwide exclusive licence	31 December 2013
Prada S.A.	Prada Miu Miu	Worldwide exclusive licence	31 December 2013 (renewable until 31 December 2018)
PRL USA Inc. The Polo/Lauren Company LP	Polo by Ralph Lauren Ralph Lauren Ralph (Polo Player Design) Lauren RLX RL Ralph Ralph/Ralph Lauren Lauren by Ralph Lauren Polo Jeans Company The Representation of the Polo Player Chaps**	Worldwide exclusive licence	31 March 2017
Retail Brand Alliance, Inc.*	Brooks Brothers	Worldwide exclusive licence	31 December 2014 (renewable until December 2019)
Stella McCartney	Stella McCartney	Worldwide exclusive licence	31 December 2014 (renewable until 31 December 2019)
Tiffany and Company	TIFFANY & CO. Tiffany	Exclusive licence in United States of America, Canada, Mexico, Barbados, Cayman Islands, Jamaica, Panama, Netherlands Antilles, South America (excluding Argentina), Middle East (excluding Iran, Iraq, Yemen, Jordan and Kuwait), Morocco, Tunisia, South Africa, United Kingdom, France, Germany, Italy, Austria, Holland, Spain, Belgium, Greece, Poland, Portugal, Switzerland, Bosnia, Bulgaria, Kosovo, Malta,	31 December 2017

Tory Burch LLC	Tory Burch TT	Romania, Slovakia, Hungary, Croatia, Slovenia Republic, Russian Federation, Azerbaijan, Kazakhstan, Republic of Georgia, Ukraine, Baltic Countries, Singapore, Taiwan, Thailand, Vietnam, China, India, Pakistan, Philippines, Korea, Japan, Australia Worldwide exclusive licence	31 December 2014 (renewable until 31 December 2018)
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- * Retail Brand Alliance, Inc. is indirectly owned and controlled by one of the Group's directors.
 - ** Japan only.
 - *** United States, Canada, Mexico and Japan only.
 - **** With a provision for further renewal.

REGULATORY MATTERS

The Group's products are subject to governmental health and safety regulations in most of the countries where they are sold, including the United States. The Group regularly inspects its production techniques and standards to ensure compliance with applicable requirements. Historically, compliance with such requirements has not had a material effect on the Group's operations.

In addition, governments throughout the world impose import duties and tariffs on products being imported into their countries. Although in the past the Group has not experienced situations in which the duties or tariffs imposed materially impacted its operations, the Group can provide no assurances that this will be true in the future.

The Group's past and present operations, including owned and leased real property, are subject to extensive and changing environmental laws and regulations pertaining to the discharge of materials into the environment, the handling and disposition of waste or otherwise relating to the protection of the environment. The Group believes that it is in substantial compliance with the applicable environmental laws and regulations. However, the Group cannot predict with any certainty that it will not in the future incur liability under environmental statutes and regulations with respect to contamination of sites formerly or currently owned or operated by it (including contamination caused by prior owners and operators of such sites) and the off-site disposal of hazardous substances.

The Group's retail operations are also subject to various legal requirements in the United States, Australia, Canada, China, New Zealand, Hong Kong, Singapore and Malaysia that regulate the permitted relationships between licenced optometrists or ophthalmologists, who primarily perform eye examinations and prescribe corrective lenses, and opticians, who fill such prescriptions and sell eyeglass frames.

Through the Group's acquisition of Oakley, the Group produces and sells to the U.S. government, including the U.S. military, and to international governments, certain Oakley and Eye Safety Systems protective eyewear products. As a result, the Group's operations are subject to various regulatory requirements, including the necessity of obtaining government approvals for certain products, country-of-origin restrictions on materials in certain products, U.S.-imposed restrictions on sales to specific countries, foreign import controls, expropriation of assets and various decrees, laws, taxes, regulations, interpretations and court

judgements that are not always fully developed and that may be retroactively or arbitrarily applied. Additionally, the Group could be subject to periodic audits by U.S. government personnel for contract and other regulatory compliance.

COMPETITION

The Group believes that its integrated business model, innovative technology and design, integrated sunglass manufacturing capabilities, effective brand and product marketing efforts and vigorous protection of its intellectual property rights are important aspects of competition and are among the Group's primary competitive advantages.

The prescription frame and sunglasses industry is highly competitive and fragmented. As the Group markets its products throughout the world, it competes with many prescription frame and sunglass companies in various local markets. The major competitive factors include fashion trends, brand recognition, marketing strategies, distribution channels and the number and range of products offered. The Group believes that some of its largest competitors in the design, manufacturing and wholesale distribution of prescription frames and sunglasses are Charmant Group, De Rigo S.p.A., Marchon Eyewear, Inc., Marcolin S.p.A., Safilo Group S.p.A., Silhouette International Schmied AG and Viva International Group.

Several of the Group's most significant competitors in the manufacture and distribution of eyewear are significant vendors to the Group's retail division. The Group's success in these markets will depend on, among other things, its ability to manage an efficient distribution network and to market the Group's products effectively as well as the popularity and market acceptance of its brands.

The highly competitive optical retail market in North America includes a large number of small independent competitors and several national and regional chains of optical superstores. In recent years, a number of factors, including consolidation among retail chains and the emergence of optical departments in discount retailers, have resulted in significant competition within the optical retailing industry. The Group competes against several large optical retailers in North America, including Wal-Mart and Eye Care Centres of America, and, in the sunglasses area, department stores and numerous sunglass retail chains and outlet centres. The Group's optical retail operations emphasise product quality, selection, customer service and convenience. The Group does not compete primarily on the basis of price.

The Group believes that Oakley and the Group's other sports brands are leaders in non-prescription sports eyewear, where they compete mostly with smaller sunglass and goggle companies in various niches and a number of large eyewear and sports products companies that market eyewear.

The managed vision care market is highly competitive. EyeMed has a number of competitors, including Vision Service Plan (VSP), Davis Vision and Spectera. While VSP was founded almost 57 years ago and is the current market leader, EyeMed's consistent year-over-year growth has enabled it to become the second-largest market competitor in terms of funded lives. EyeMed competes based on its ability to offer a network and plan design with the goal of delivering overall value based on the price, accessibility and administrative services provided to clients and their members.

SEASONALITY

The Group has historically experienced sales volume fluctuations by quarter due to seasonality associated with the sale of sunglasses, which represented 49.8 per cent. and 48.5 per cent. of the Group's units sold in 2010 and 2009, respectively. As a result, the Group's net sales are typically higher in the second quarter, which includes increased sales to wholesale customers and increased sales in its Sunglass Hut stores, and lower in the first quarter, as sunglass sales are lower in the cooler climates of North America, Europe and Northern Asia. These seasonal variations could affect the comparability of the Group's results from period to period. The Group's retail fiscal year is either a 53-week year or a 52-week year, which also can affect the comparability of the Group's results from period to period. When a 53-week year occurs, the Group

generally adds the extra week to the fourth quarter. In 2008, the fiscal year for the Retail Division in North America and the United Kingdom included 53 weeks; in 2009, the fiscal year for the Retail Division in Asia-Pacific, Greater China (mainland China and Hong Kong) and South Africa included 53 weeks. A 53-week year occurs in five- to six-year intervals and will occur again in fiscal 2014 in North America and the United Kingdom and in fiscal 2015 in Asia-Pacific, Greater China and South Africa.

Concentration of Credit Risk

Financial instruments which potentially expose the Group to concentration of credit risk consist primarily of cash, investments and accounts receivable. The Group attempts to limit the credit risk associated with cash equivalents by placing the Group's cash balances and investments with highly-rated banks and financial institutions. However, at any time, amounts invested at these banks may be in excess of the amount of insurance provided on such deposits. With respect to accounts receivable, the Group limits its credit risk by performing ongoing credit evaluations, and certain customers may be required to post security in the form of letters of credit. As at 31 December 2010 and 2009, no single customer's balance comprised 10 per cent. or more of the overall accounts receivable balance.

LEGAL PROCEEDINGS

French Competition Authority Investigation

The Issuer's French subsidiary Luxottica France S.A.S., together with other major competitors in the French eyewear industry, has been the subject of an anti-competition investigation conducted by the French Competition Authority relating to pricing practices in such industry. The investigation is ongoing and, to date, no formal action has yet been taken by the French Competition Authority. As a consequence, it is not possible to estimate or provide a range of potential liability that may be involved in this matter. The outcome of any such action, which the Group intends to vigorously defend, is inherently uncertain, and there can be no assurance that such action, if adversely determined, will not have a material adverse effect on the Issuer's business, results of operations and financial condition.

Other proceedings

The Issuer and its subsidiaries are defendants in various other lawsuits arising in the ordinary course of business. It is the opinion of the management of the Issuer that it has meritorious defences against all such outstanding claims, which the Group will vigorously pursue, and that the outcome of such claims, individually or in the aggregate, will not have a material adverse effect on the Issuer's consolidated financial position or results of operations.

In addition, the Issuer and its subsidiaries may be subject to material claims, judgments or proceedings in the future which, if adversely determined, may have a material adverse effect on the Issuer's business, results of operations and financial condition.

FINANCING AND NET FINANCIAL POSITION

The financing of the Group is mainly provided by the Issuer and the Guarantors. The Group's financing is structured to ensure that credit commitment is consistent with its liquidity risk. The Group's long term debt consisting of committed bank credit lines, unsecured guaranteed notes (US private placement) and Eurobonds is summarised in the following tables:

(thousands of Euro)

	30 June 2011 (unaudited)	31 December 2010 (audited)	31 December 2009 (audited)
Luxottica Group S.p.A.'s credit agreement with various financial institutions ⁴	546,789	545,552	544,585
Senior unsecured senior guaranteed notes ⁵	927,546	943,112	205,297
Luxottica Group S.p.A. and Luxottica U.S. Holdings Corp.'s multiborrower credit agreement with various financial institutions ⁶	201,868	242,236	750,228
Luxottica Group S.p.A. and Luxottica U.S. Holdings Corp.'s multiborrower credit agreement with various financial institutions for Oakley acquisition ⁷	760,638	897,484	1,062,816
Capital lease obligations	988	1,141	970
Other loans ⁸	1,829	3,112	4,179
Total	2,439,659	2,632,637	2,568,075
Less: Current maturities	230,381	197,566	166,279
Long Term Debt	2,209,278	2,435,071	2,401,796

⁴ This figure includes:
Euro 250 million revolving credit facility with Intesa Sanpaolo S.p.A., as agent, and various banks as lenders. The final maturity of the credit facility is 29 May 2013. Euro 250 million was borrowed under this credit facility as of 30 June 2011.

Euro 300 million term facility agreement with Mediobanca – Banca di Credito Finanziario S.p.A., as agent, and various banks as lenders. The final maturity of the term facility is 30 November 2014. As of 30 June 2011, Euro 300 million was borrowed under this credit facility.

⁵ This figure includes:
Luxottica U.S. Holdings Corp.'s private placement of US \$300 million (the **USPP Notes**), issued in three series (Series A, Series B and Series C). The Series A and Series B USPP Notes matured on 3 September 2008, while the Series C Notes matured on 3 September 2010. As at 31 December 2010, the USPP Notes have been repaid in full.

Luxottica U.S. Holdings Corp.'s private placement of U.S. \$275 million senior unsecured guaranteed notes (the **2008 Notes**), issued in three series (Series D, Series E and Series F). The aggregate principal amounts of Series A, Series B and Series C of the 2008 Notes are U.S. \$20 million, U.S. \$127 million and U.S. \$128 million, respectively. Series A of the 2008 Notes matures on 1 July 2013, Series B of the 2008 Notes matures on 1 July 2015 and Series C of the 2008 Notes matures on 1 July 2018.

Luxottica U.S. Holdings Corp.'s private placement of U.S. \$175 million senior unsecured guaranteed notes (the **2010 Notes**), issued in three series (Series D, Series E and Series F). The aggregate principal amounts of Series D, Series E and Series F of the 2010 Notes are U.S. \$50 million, U.S. \$50 million and U.S. \$75 million, respectively. Series D of the 2010 Notes matures on 29 January 2017, Series E of the 2010 Notes matures on 29 January 2020 and Series F of the 2010 Notes matures on 29 January 2019.

Luxottica Group S.p.A.'s private placement of Euro 100 million senior unsecured guaranteed notes (the September 2010 Notes), issued in two series (Series G and Series H). The aggregate principal amounts of the Series G and H Notes are Euro 50 million and Euro 50 million, respectively. Series G of the September 2010 Notes matures on 15 September 2017 and Series H of the September 2010 Notes matures on 15 September 2020.

Luxottica Group S.p.A.'s Eurobond of Euro 500 million senior unsecured notes due 10 November 2015.

⁶ This figure includes:
Luxottica Group S.p.A. and Luxottica U.S. Holdings Corp.'s multiborrower multicurrency credit facility with a group of banks. This credit facility includes a tranche B term loan of U.S. \$325 million and a tranche C revolving credit facility of Euro 725 million-equivalent multicurrency (Euro and US Dollar) maturing in March 2013. Under this credit facility, Euro 202.8 million was borrowed as of 30 June 2011 under Tranche B and Tranche C was unused.

⁷ This figure includes:
Luxottica Group S.p.A. and Luxottica U.S. Holdings Corp.'s multiborrower credit facilities with a group of banks providing for certain term loans and a short-term bridge loan for an aggregate principal amount of U.S. \$2.0 billion. The term loan facility is divided into two facilities, Facility D is a U.S. \$1.0 billion amortising term loan made available to Luxottica U.S. Holdings Corp., and Facility E consists of a bullet term loan in an aggregate amount of U.S. \$500 million, made available to Luxottica Group S.p.A. Final maturity is 12 October 2013. U.S. \$1.1 billion was borrowed under this credit facility as of 30 June 2011

⁸ Other loans consist of several small credit agreements.

As of 30 June 2011, the Group had unused committed credit lines in an amount of €692.2 million and in an amount of €875.0 million as of 31 December 2010.

Repayment schedule as of 30 June 2011

(thousands of Euro)

2011	95,583
2012	490,835
2013	643,898
2014	300,257
2015 and later on	897,516
IAS Adjustment	11,570
Total	2,439,659

The net financial position as of 30 June 2011 and at the end of 2010 and 2009 is summarised in the following table:

(thousands of Euro)

	30 June 2011 (unaudited)	31 December 2010 (audited)	31 December 2009 (audited)
Cash and cash equivalents	508,397	679,852	380,081
Bank overdrafts	(187,051)	(158,648)	(148,951)
Current portion of long-term debt	(230,381)	(197,566)	(166,279)
Long-term debt	(2,209,278)	(2,435,071)	(2,401,796)
Total	(2,118,313)	(2,111,433)	(2,336,945)

Bank overdrafts consist of short-term uncommitted credit lines, most of which are overdrafts and short-term revolving lines obtained by various Group companies.

The financing agreements of the Group require compliance with financial covenants, that include the obligation of the Group to comply with specific levels of financial ratios, including the ratio of net debt of the Group to EBITDA as well as EBITDA to financial charges. The level of these covenants is monitored by the Group and as of 30 June 2011 the Group was in compliance with those covenants. The Group's net debt to EBITDA ratio has, since March 1999, remained in a range between 1.18 and 3.27 (the net debt to EBITDA ratio in June 1999 being 3.27 due to the Ray Ban acquisition).

RECENT DEVELOPMENTS

Partial Demerger

On 19 September 2011, the Group approved the partial demerger of Luxottica S.r.l., a wholly-owned subsidiary of the Issuer, in favour of the Issuer. The assets of Luxottica S.r.l. that, in connection with the demerger, were transferred to the Issuer are primarily the subsidiary's licence contracts and assets related to its distribution activities. Given that the Issuer is the sole shareholder of Luxottica S.r.l., no shares of Luxottica were granted in exchange for these assets and no capital increase took place. Furthermore, the corporate purpose of the Issuer did not change. The demerger is part of a broader project of reorganisation of the activities of Luxottica S.r.l., which started in 2007 and is aimed at focusing the business of this company on manufacturing activities. The demerger was not subject to the Group's Procedure for Operations with Related Parties and was based upon the financial statements as of 30 June 2011 of the two companies. The transaction was completed on 27 December 2011.

Armani Licence

On 16 November 2011, the Group signed a letter of intent with the Armani Group which is preliminary to an exclusive licence agreement for the design, manufacturing and global distribution of sun and prescription eyewear under the Giorgio Armani, Emporio Armani and A/X brands, beginning January 2013. The letter of intent, which is not binding, is preliminary to the signing of a 10 year licence agreement, which will envisage market conditions and will begin on 1 January 2013. It is anticipated that the first collection could be presented during 2013.

Private Placement of Notes

On 15 December 2011, Luxottica U.S. Holdings Corp. closed a private placement of U.S. \$ 350 million senior unsecured guaranteed notes (the Series I Notes). The Series I Notes mature on 15 December 2021. Interest on the Series I Notes accrues at 4.35 per cent. per annum. The Series I Notes contain certain financial and operating covenants and are guaranteed on a senior unsecured basis by the Issuer and Luxottica S.r.l. The Group was in compliance with those covenants as of 31 December 2011. The proceeds from the Series I Notes are being used for general corporate purposes and to refinance existing term debt.

Tecnol Acquisition

On 1 December 2011, the Group entered into an agreement to acquire 100 per cent. of Grupo Tecnol Ltda (**Tecnol**), a Brazilian eyewear company. As a result of the acquisition, the Group will strengthen its presence in Brazil. Tecnol has a production plant, a portfolio comprising both house and licenced brands, wholesale distribution activities, an optical retail chain of 90 stores and a central laboratory. The acquisition closed on 20 January 2012. In accordance with the terms of the acquisition agreement, the Group initially acquired 80 per cent. of Tecnol's capital and will acquire the remaining 20 per cent. over the next four years (5 per cent. per year) at pre-determined prices. The enterprise value of Tecnol is approximately €110 million.

Announcement for the full year 2011 and fourth quarter 2011 results

On 28 February 2012, the Company approved the draft statutory financial statements and its consolidated financial statements for the year ended 31 December 2011 in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

Fiscal Year 2011¹

<i>(in millions of Euro)</i>	FY11	FY10	Change
Net sales	6,222.5	5,798.0	+7.3% (+9.9% at constant exchange rates ²)
Operating income	807.1	712.2	+13.3%
Adjusted ^{3,4}	820.9	732.6	+12.0%
Net income attributable to Luxottica Group Stockholders	452.3	402.2	+12.5%
Adjusted ^{3,4}	455.6	402.7	+13.1%
Earnings per share	0.98	0.88	+12.0%
Adjusted ^{3,4}	0.99	0.88	+12.7%
In US\$ adjusted ^{3,4}	1.38	1.16	+18.4%

Fourth quarter of 2011¹

<i>(in millions of Euro)</i>	Q411	Q410	Change
Net sales	1,509.0	1,346.5	+12.1% (+11.2% at constant exchange rates ²)
Operating income	128.4	96.1	+33.5%
Adjusted ^{3,4}	139.3	116.6	+19.5%
Net income attributable to Luxottica Group Stockholders			
Adjusted ^{3,4}	64.4	55.1	+16.8%
Adjusted ^{3,4}	72.7	55.6	+30.8%
Earnings per share	0.14	0.08	+82.0%
Adjusted ^{3,4}	0.16	0.12	+30.2%
<i>In US\$ adjusted</i> ^{3,4}	<i>0.21</i>	<i>0.16</i>	+29.2%

Luxottica's growth trend continued throughout 2011, with the highest net sales results recorded in the Group's history and a more than proportional increase in profitability. Both divisions made major contributions to these results, owing to the strong performance of the business in all of the regions in which the Group operates.

Group trends in 2011

As a consequence of the positive growth enjoyed throughout all quarters of the year, total net sales for 2011 exceeded €6.2 billion, an unprecedented result for Luxottica, as compared to the previous record of €5.8 billion in 2010 (+7.3 per cent. at current exchange rates and 9.9 per cent. at constant exchange rates²).

The year's operating performance once again confirmed the success of Luxottica's strategy of increasing profitability. More specifically, adjusted EBITDA^{3,4} for the full year grew significantly (+9.8 per cent. compared to 2010) totaling €1,135.9 million. The adjusted EBITDA^{3,4} margin increased from the 17.8 per cent. recorded for 2010 to 18.3 per cent. in 2011. In the fourth quarter of 2011, adjusted EBITDA^{3,4} showed a 16.6 per cent. increase from the same period of the previous year, to € 224.7 million, with an adjusted EBITDA^{3,4} margin of 14.9 per cent. (14.3 per cent. in the fourth quarter of 2010).

Growth in adjusted operating income^{3,4} for 2011, amounting to €820.9 million, up 12 per cent. from the figure recorded at the end of 2010. The Group's adjusted operating margin^{3,4} therefore increased from 12.6 per cent. for 2010 to 13.2 per cent. for 2011. In the fourth quarter of the year, adjusted operating income^{3,5} was €139.3 million as compared with €116.6 million recorded for the same period of the previous year (+19.5 per cent.), with an adjusted operating margin^{3,4} up from 8.7 per cent. to 9.2 per cent., thus confirming the effectiveness of the measures taken to improve profitability.

Operating income of the wholesale division in 2011 amounted to €529.1 million (+14.6 per cent. over 2010), with an operating margin of 21.5 per cent. (+80 basis points as compared with the previous year).

In 2011 the retail division recorded adjusted operating income^{3,4} of €448.7 million, up 5.7 per cent. from 2010, with an adjusted operating margin^{3,4} of 11.9 per cent., in line with the previous year.

¹ All comparisons, including percentage changes, refer to the three and twelve-month periods ended as of 31 December 2011 and 31 December 2010, respectively.

2 Figures given at constant exchange rates have been calculated using the average exchange rate of the respective comparative period in the previous year. For further information, please refer to the attached tables.

3 The adjusted data for 2011 does not include an extraordinary gain of approximately €19 million related to the acquisition in 2009 of a 40 per cent. stake in Multiópticas Internacional; non-recurring costs related to Luxottica's 50th anniversary celebrations of approximately €12 million; non-recurring restructuring costs in the Retail Division of approximately Euro 11 million; and non-recurring reorganization costs for Luxottica's OPSM business of approximately €9.5 million. The adjusted data for 2010 does not include an impairment charge recorded in the fourth quarter of 2010 of approximately €20 million related to certain of Luxottica's assets in Australia; and the release in 2010 of a provision for taxes of approximately €20 million related to the sale of the Things Remembered retail business in 2006.

4 EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted operating income, adjusted operating margin, free cash flow, net debt, adjusted net debt/EBITDA ratio, adjusted net income and adjusted EPS are not measures in accordance with IAS/IFRS. For further information on such non-IAS/IFRS measures, please see the following tables.

Adjusted net income^{3,4} for the year amounted to €455.6 million, up 13.1 per cent. from €402.7 million for last year, corresponding to adjusted Earnings per Share (EPS)^{3,4} of €0.99. In the fourth quarter of 2011, adjusted net income^{3,4} went from €55.6 million to €72.7 million (+30.8 per cent.).

By carefully controlling working capital, the Group generated strong free cash flow⁴, reaching approximately €500 million during the year. As a result, net debt⁴ as of December 31, 2011 decreased further, falling to €2,032 million (€2,111 million at the end of 2010), and the ratio of adjusted net debt to EBITDA^{3,4} was 1.7x, as compared with the 2.0x at the end of 2010.

The Board of Directors announced that it will submit a motion to the general meeting of shareholders recommending the distribution of a cash dividend of €0.49 per ordinary share. The total dividend amount will be approximately €225 million, equal to a payout of approximately 50 per cent. of the consolidated net income of the Group.

Upon the recommendation of the human resources committee and as a result of Luxottica achieving the combined EPS target for the three-year period 2009-2011 set forth in the 2009 Performance Share Plan (the **Plan**) adopted by the Board of Directors on 7 May 2009, the Board of Directors has assigned 1,505,400 Luxottica Group shares to 31 beneficiaries under the Plan.

5 Comparable store sales reflect the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period, and applies to both periods the average exchange rate for the prior period and the same geographical area.

LUXOTTICA GROUP
CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE THREE-MONTH PERIODS ENDED
DECEMBER 31, 2011 AND DECEMBER 31, 2010

In accordance with IAS/IFRS

KEY FIGURES IN THOUSANDS OF EURO ⁽¹⁾

	2011	2010	% Change
NET SALES	1,509,030	1,346,492	12.1%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	64,380	55,110	16.8%
BASIC EARNINGS PER SHARE (ADS) ⁽²⁾ :	0.14	0.08	82.0%

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS ⁽¹⁾⁽³⁾

	2011	2010	% Change
NET SALES	2,034,474	1,828,940	11.2%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	86,797	74,855	16.0%
BASIC EARNINGS PER SHARE (ADS) ⁽²⁾ :	0.19	0.10	80.6%

Notes :

(1) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively

(2) Weighted average number of outstanding shares

(3) Average exchange rate (in U.S. Dollars per Euro)

	2011	2010
	461,309,163	459,207,853
	1.3482	1.3583

LUXOTTICA GROUP
CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED
DECEMBER 31, 2011 AND DECEMBER 31, 2010

In accordance with IAS/IFRS

KEY FIGURES IN THOUSANDS OF EURO ⁽¹⁾

	2011	2010	% Change
NET SALES	6,222,483	5,798,035	7.3%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	452,343	402,187	12.5%
BASIC EARNINGS PER SHARE (ADS) ⁽²⁾	0.98	0.88	12.0%

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS ⁽¹⁾⁽³⁾

	2011	2010	% Change
NET SALES	8,661,696	7,686,455	12.7%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	629,661	533,179	18.1%
BASIC EARNINGS PER SHARE (ADS) ⁽²⁾	1.37	1.16	17.6%

Notes :

	2011	2010
(1) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively		
(2) Weighted average number of outstanding shares	460,437,198	458,711,441
(3) Average exchange rate (in U.S. Dollars per Euro)	1.3920	1.3257

**CONSOLIDATED INCOME STATEMENT
FOR THE THREE-MONTH PERIODS ENDED
DECEMBER 31, 2011 AND DECEMBER 31, 2010**

In accordance with IAS/IFRS

KEY FIGURES IN THOUSANDS OF EURO ⁽¹⁾	2011	% of sales	2010	% of sales	% Change
NET SALES	1,509,030	100.0%	1,346,492	100.0%	12.1%
COST OF SALES	(546,281)		(460,810)		
GROSS PROFIT	962,748	63.8%	885,682	65.8%	8.7%
<i>OPERATING EXPENSES:</i>					
SELLING EXPENSES	(509,191)		(468,728)		
ROYALTIES	(26,200)		(25,094)		
ADVERTISING EXPENSES	(101,712)		(85,397)		
GENERAL AND ADMINISTRATIVE EXPENSES	(167,603)		(169,329)		
TRADEMARK AMORTIZATION AND OTHER	(29,672)		(40,989)		
TOTAL	(834,379)		(789,536)		
OPERATING INCOME	128,370	8.5%	96,147	7.1%	33.5%
<i>OTHER INCOME (EXPENSE):</i>					
INTEREST EXPENSES	(31,258)		(28,487)		
INTEREST INCOME	2,079		2,669		
OTHER - NET	2,674		(2,258)		
OTHER INCOME (EXPENSES)-NET	(26,505)		(28,076)		
INCOME BEFORE PROVISION FOR INCOME TAXES	101,864	6.8%	68,071	5.1%	49.6%
PROVISION FOR INCOME TAXES	(36,762)		(32,017)		
NET INCOME FROM CONTINUING OPERATIONS	65,102		36,053		
DISCONTINUED OPERATIONS	0		19,944		
NET INCOME	65,102	4.3%	55,997	4.2%	16.3%
OF WHICH ATTRIBUTABLE TO:					
- LUXOTTICA GROUP STOCKHOLDERS	64,380	4.3%	55,110	4.1%	16.8%
- NON-CONTROLLING INTERESTS	722	0.0%	887	0.1%	
NET INCOME	65,102	4.3%	55,997	4.2%	16.3%
BASIC EARNINGS PER SHARE (ADS):					
FROM CONTINUING OPERATIONS	0.14		0.08		
TOTAL	0.14		0.12		
FULLY DILUTED EARNINGS PER SHARE (ADS):					
FROM CONTINUING OPERATIONS	0.14		0.08		
TOTAL	0.14		0.12		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES					
	461,309,163		459,207,853		
FULLY DILUTED AVERAGE NUMBER OF SHARES					
	464,077,965		461,315,447		

Notes :

(1) Except earnings per share (ADS), which are expressed in Euro

LUXOTTICA GROUP
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2011 AND DECEMBER 31, 2010

In accordance with IAS/IFRS

KEY FIGURES IN THOUSANDS OF EURO ⁽¹⁾					
	2011	% of sales	2010	% of sales	% Change
NET SALES	6,222,483	100.0%	5,798,035	100.0%	7.3%
COST OF SALES	(2,168,065)		(1,990,205)		
GROSS PROFIT	4,054,419	65.2%	3,807,830	65.7%	6.5%
<i>OPERATING EXPENSES:</i>					
SELLING EXPENSES	(1,994,979)		(1,896,521)		
ROYALTIES	(106,322)		(99,606)		
ADVERTISING EXPENSES	(408,483)		(371,852)		
GENERAL AND ADMINISTRATIVE EXPENSES	(647,664)		(623,875)		
TRADEMARK AMORTIZATION AND OTHER	(89,831)		(103,818)		
TOTAL	(3,247,278)		(3,095,672)		
OPERATING INCOME	807,140	13.0%	712,158	12.3%	13.3%
<i>OTHER INCOME (EXPENSE):</i>					
INTEREST EXPENSES	(121,067)		(106,987)		
INTEREST INCOME	12,472		8,494		
OTHER - NET	(3,273)		(8,130)		
OTHER INCOME (EXPENSES)-NET	(111,868)		(106,623)		
INCOME BEFORE PROVISION FOR INCOME TAXES	695,272	11.2%	605,535	10.4%	14.8%
PROVISION FOR INCOME TAXES	(236,972)		(218,220)		
NET INCOME FROM CONTINUING OPERATIONS	458,300	7.4%	387,315	6.7%	18.3%
DISCONTINUED OPERATIONS			19,944		
NET INCOME	458,300	7.4%	407,259	7.0%	12.5%
OF WHICH ATTRIBUTABLE TO:					
- LUXOTTICA GROUP STOCKHOLDERS	452,343	7.3%	402,187	6.9%	12.5%
- NON-CONTROLLING INTERESTS	5,957	0.1%	5,072	0.1%	
NET INCOME	458,300	7.4%	407,259	7.0%	12.5%
BASIC EARNINGS PER SHARE (ADS):					
FROM CONTINUING OPERATIONS	0.98		0.83		
TOTAL	0.98		0.88		
FULLY DILUTED EARNINGS PER SHARE (ADS):					
FROM CONTINUING OPERATIONS	0.98		0.83		
TOTAL	0.98		0.87		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	460,437,198		458,711,441		
FULLY DILUTED AVERAGE NUMBER OF SHARES	463,296,262		460,535,397		

Notes :

(1) Except earnings per share (ADS), which are expressed in Euro

LUXOTTICA GROUP
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2011 AND DECEMBER 31, 2010

In accordance with IAS/IFRS

KEY FIGURES IN THOUSANDS OF EURO	December 31, 2011	December 31, 2010
<i>CURRENT ASSETS:</i>		
CASH AND CASH EQUIVALENTS	905,100	679,852
ACCOUNTS RECEIVABLE - NET	714,033	655,892
INVENTORIES - NET	649,506	590,036
OTHER ASSETS	230,850	226,759
TOTAL CURRENT ASSETS	2,499,489	2,152,539
<i>NON-CURRENT ASSETS:</i>		
PROPERTY, PLANT AND EQUIPMENT - NET	1,169,066	1,096,204
GOODWILL	3,090,563	2,890,397
INTANGIBLE ASSETS - NET	1,350,921	1,287,933
INVESTMENTS	8,754	54,083
OTHER ASSETS	147,625	148,125
DEFERRED TAX ASSETS	377,739	364,299
TOTAL NON-CURRENT ASSETS	6,144,667	5,841,040
TOTAL	8,644,156	7,993,579
<i>CURRENT LIABILITIES:</i>		
BANK OVERDRAFTS	193,834	158,648
CURRENT PORTION OF LONG-TERM DEBT	498,295	197,566
ACCOUNTS PAYABLE	608,327	537,742
INCOME TAXES PAYABLE	39,859	60,067
OTHER LIABILITIES	632,932	549,280
TOTAL CURRENT LIABILITIES	1,973,247	1,503,303
<i>NON-CURRENT LIABILITIES:</i>		
LONG-TERM DEBT	2,244,583	2,435,071
LIABILITY FOR TERMINATION INDEMNITIES	45,286	45,363
DEFERRED TAX LIABILITIES	456,375	429,848
OTHER LIABILITIES	299,545	310,590
TOTAL NON-CURRENT LIABILITIES	3,045,789	3,220,872
<i>STOCKHOLDERS' EQUITY:</i>		
LUXOTTICA GROUP STOCKHOLDERS' EQUITY	3,612,928	3,256,375
NON-CONTROLLING INTEREST	12,192	13,029
TOTAL STOCKHOLDERS' EQUITY	3,625,120	3,269,404
TOTAL	8,644,156	7,993,579

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE TWELVE-MONTH PERIODS ENDED
DECEMBER 31, 2011 AND DECEMBER 31, 2010
- SEGMENTAL INFORMATION -

In accordance with IAS/IFRS

In thousands of Euro	Manufacturing and Wholesale		Inter-Segment Transactions and Corporate Adj.	Consolidated
		Retail		
2011				
Net Sales	2,456,341	3,766,143		6,222,483
Operating Income	529,073	436,869	(158,802)	807,140
<i>% of Sales</i>	<i>21.5%</i>	<i>11.6%</i>		<i>13.0%</i>
Capital Expenditure	153,229	179,493		332,721
Depreciation & Amortization	85,765	148,292	89,831	323,889
2010				
Net Sales	2,236,403	3,561,632		5,798,035
Operating Income	461,854	424,384	(174,080)	712,158
<i>% of Sales</i>	<i>20.7%</i>	<i>11.9%</i>		<i>12.3%</i>
Capital Expenditure	98,724	131,633		230,358
Depreciation & Amortization	79,028	139,216	103,818	322,062

Non-IAS/IFRS Measures: Adjusted measures

In order to provide a supplemental comparison of current period results of operations to prior periods, we have adjusted for certain non-recurring transactions or events.

We have made such adjustments to the following measures: EBITDA, EBITDA margin, operating income, operating margin, net income and earnings per share. For comparative purposes, management has adjusted each of the foregoing measures by excluding, as applicable, the following:

- (a) an extraordinary gain of approximately €19 million related to the acquisition, in 2009, of a 40% stake in Multiópticas Internacional;
- (b) non-recurring costs related to Luxottica's 50th anniversary celebrations of approximately €12 million, including the adjustment of treasury shares to Group employees;
- (c) non-recurring restructuring and start-up costs in the Retail Division of approximately €11 million;
- (d) non-recurring OPSM re-organization costs for approximately €9.5 million;
- (e) the release in 2010 of a provision for taxes of approximately Euro 20 million related to the sale of the Things Remembered retail business in 2006; and
- (f) a non-recurring impairment charge recorded in the fourth quarter of 2010 of approximately Euro 20 million related to certain of the Company assets in the Asia Pacific region.

The Company believes that these adjusted measures are useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry because they exclude the impact of non-recurring items that are not relevant to the Company's operating performance.

The adjusted measures referenced above are not measures of performance in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include these adjusted comparisons in this presentation in order to provide a supplemental view of operations that excludes items that are unusual, infrequent or unrelated to our ongoing core operations.

These adjusted measures are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these adjusted measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating these adjusted measures may differ from methods used by other companies.

The Company recognizes that there are limitations in the usefulness of adjusted comparisons due to the subjective nature of items excluded by management in calculating adjusted comparisons. We compensate for the foregoing limitation by using these adjusted measures as a comparative tool, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance.

See the tables on the following pages for a reconciliation of the adjusted measures discussed above to their most directly comparable IAS/IFRS financial measures or, in the case of adjusted EBITDA and adjusted EBITDA margin, to EBITDA and EBITDA margin, respectively, which are also non-IAS/IFRS measures. For a discussion of EBITDA and EBITDA margin and a reconciliation of EBITDA and EBITDA margin to their most directly comparable IAS/IFRS financial measures, see the tables on the pages immediately following the reconciliation of the adjusted measures.

Non-IAS/IFRS Measure: Reconciliation between reported and adjusted P&L items
Millions of Euro

	4Q2011					4Q2010				
	Net sales	EBITDA	Operating Income	Net Income	EPS	Net sales	EBITDA	Operating Income	Net Income	EPS
Reported	1,599.0	222.8	128.4	64.4	0.14	1,346.5	172.3	96.1	55.1	0.08
> Adjustment for Multiópticas Internacional extraordinary gain		1.9	1.9	1.9						
> Adjustment for restructuring costs in the Retail Division		(0.9)	(0.9)	(0.3)						
> Adjustment for OPSM re-organization		0.7	9.6	6.7						
> Adjustment for goodwill impairment charge							20.4	20.4	20.4	
> Adjustment for tax provision related to discontinued operations									(19.9)	
Adjusted	1,599.0	224.7	139.3	72.7	0.16	1,346.5	192.8	116.6	55.6	0.12

Non-IAS/IFRS Measure: Reconciliation between reported and adjusted P&L items
Millions of Euro

	FY 2011					FY 2010				
	Net sales	EBITDA	Operating Income	Net Income	EPS	Net sales	EBITDA	Operating Income	Net Income	EPS
Reported	6,222.5	1,131.0	807.1	452.3	0.98	5,798.0	1,013.8	712.2	402.2	0.88
> Adjustment for Multiópticas Internacional extraordinary gain		(19.0)	(19.0)	(19.0)						
> Adjustment for 50 th anniversary celebrations		12.0	12.0	8.5						
> Adjustment for restructuring costs in Retail Division		11.2	11.2	7.1						
> Adjustment for OPSM re-organization		0.7	9.6	6.7						
> Adjustment for goodwill impairment charge							20.4	20.4	20.4	
> Adjustment for tax provision related to discontinued operations									(19.9)	
Adjusted	6,222.5	1,135.9	820.9	456.6	0.99	5,798.0	1,034.2	732.6	402.7	0.88

Non-IAS/IFRS Measure: EBITDA and EBITDA margin

EBITDA represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization. **EBITDA margin** means EBITDA divided by net sales. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business.

EBITDA and EBITDA margin are not measures of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include them in this presentation in order to:

- * improve transparency for investors;
- * assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- * assist investors in their assessment of the Company's cost of debt;
- * ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- * properly define the metrics used and confirm their calculation; and
- * share these measures with all investors at the same time.

EBITDA and EBITDA margin are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS.

Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors.

Investors should be aware that Luxottica Group's method of calculating EBITDA may differ from methods used by other companies. The Company recognizes that the usefulness of EBITDA has certain limitations, including:

- * EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- * EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;
- * EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- * EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- * EBITDA does not reflect changes in, or cash requirements for, working capital needs; and
- * EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss.

We compensate for the foregoing limitations by using EBITDA as a comparative tool, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure, as well as the calculation of EBITDA margin on net sales.

Non-IAS/IFRS Measure: EBITDA and EBITDA margin

Millions of Euro

	4Q 2010	4Q 2011	FY 2010	FY 2011
Net income/(loss) (+)	55.1	64.4	402.2	452.3
Net income attributable to non-controlling interest (+)	0.9	0.7	5.1	6.0
Provision for income taxes (+)	32.0	36.8	218.2	237.0
Other (income)/expense (+)	28.1	26.5	106.6	111.9
Depreciation & amortization (+)	56.2	94.4	281.7	323.9
EBITDA (=)	172.3	222.8	1,013.8	1,131.0
Net sales (/)	1,346.5	1,509.0	5,798.0	6,222.5
EBITDA margin (=)	12.8%	14.8%	17.5%	18.2%

Non-IAS/IFRS Measure: *Adjusted EBITDA* and *Adjusted EBITDA margin*
Millions of Euro

	4Q 2010	4Q 2011	FY 2010	FY 2011
Adjusted Net income/(loss) (+)	55.6	72.7	402.7	455.6
Net income attributable to non-controlling interest (+)	0.9	0.7	5.1	6.0
Adjusted Provision for income taxes (+)	32.0	39.3	218.2	247.4
Other (income)/expense (+)	28.1	26.5	106.6	111.9
Adjusted Depreciation & amortization (+)	76.2	85.5	301.6	315.0
Adjusted EBITDA (=)	192.8	224.7	1,034.2	1,135.9
Net sales (/)	1,346.5	1,509.0	5,798.0	6,222.5
Adjusted EBITDA margin (=)	14.3%	14.9%	17.8%	18.3%

Non-IAS/IFRS Measure: Net Debt to EBITDA ratio

Net debt to EBITDA ratio Net debt means the sum of bank overdrafts, current portion of long-term debt and long-term debt, less cash. EBITDA represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business. The ratio of net debt to EBITDA is a measure used by management to assess the Company's level of leverage, which affects our ability to refinance our debt as it matures and incur additional indebtedness to invest in new business opportunities. The ratio also allows management to assess the cost of existing debt since it affects the interest rates charged by the Company's lenders.

EBITDA and ratio of net debt to EBITDA are not measures of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include them in this presentation in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

EBITDA and ratio of net debt to EBITDA are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company.

The Company cautions that these measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EBITDA and the ratio of net debt to EBITDA may differ from methods used by other companies.

The Company recognizes that the usefulness of EBITDA and the ratio of net debt to EBITDA as evaluative tools may have certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;
- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss; and
- The ratio of net debt to EBITDA is net of cash and cash equivalents, restricted cash and short-term investments, thereby reducing our debt position.

Because we may not be able to use our cash to reduce our debt on a dollar-for-dollar basis, this measure may have material limitations.

We compensate for the foregoing limitations by using EBITDA and the ratio of net debt to EBITDA as two of several comparative tools, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of net debt to long-term debt, which is the most directly comparable IAS/IFRS financial measure, as well as the calculation of the ratio of net debt to EBITDA. For a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure, see the table on the preceding pages.

Non-IAS/IFRS Measure: Net debt and Net debt / EBITDA
Millions of Euro

	Dec. 31, 2011	Dec. 31, 2010
Long-term debt (+)	2,244.6	2,435.1
Current portion of long-term debt (+)	498.3	197.6
Bank overdrafts (+)	193.8	158.6
Cash (-)	(905.1)	(679.9)
Net debt (=)	2,031.6	2,111.4
EBITDA	1,131.0	1,013.8
Net debt/EBITDA	1.8x	2.1x
Net debt @ avg. exchange rates ⁽¹⁾	1,944.4	2,116.2
Net debt @ avg. exchange rates ⁽¹⁾ /EBITDA	1.7x	2.1x

Non-IAS/IFRS Measure: Net debt and Net debt / *Adjusted* EBITDA
Millions of Euro

	Dec. 31, 2011	Dec. 31, 2010
Long-term debt (+)	2,244.6	2,435.1
Current portion of long-term debt (+)	498.3	197.6
Bank overdrafts (+)	193.8	158.6
Cash (-)	(905.1)	(679.9)
Net debt (=)	2,031.6	2,111.4
LTM EBITDA ADJ	1,135.9	1,034.2
Net debt/LTM EBITDA	1.8x	2.0x
Net debt @ avg. exchange rates ⁽¹⁾	1,944.4	2,116.2
Net debt @ avg. exchange rates ⁽¹⁾ /LTM EBITDA	1.7x	2.0x

1. Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures.

Non-IAS/IFRS Measures: Free Cash Flow

Free cash flow net represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization (i.e. EBITDA – see table on the earlier page) plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. The Company believes that free cash flow is useful to both management and investors in evaluating the Company's operating performance compared with other companies in its industry. In particular, our calculation of free cash flow provides a clearer picture of the Company's ability to generate net cash from operations, which is used for mandatory debt service requirements, to fund discretionary investments, pay dividends or pursue other strategic opportunities.

Free cash flow is not a measure of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include it in this presentation in order to:

- * Improve transparency for investors;
- * Assist investors in their assessment of the Company's operating performance and its ability to generate cash from operations in excess of its cash expenses;
- * Ensure that this measure is fully understood in light of how the Company evaluates its operating results;
- * Properly define the metrics used and confirm their calculation; and
- * Share this measure with all investors at the same time.

Free cash flow is not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, this non-IAS/IFRS measure should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that this measure is not a defined term under IAS/IFRS and its definition should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculation of free cash flow may differ from methods used by other companies. The Company recognizes that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

- The manner in which the Company calculates free cash flow may differ from that of other companies, which limits its usefulness as a comparative measure;
- Free cash flow does not represent the total increase or decrease in the net debt balance for the period since it excludes, among other things, cash used for funding discretionary investments and to pursue strategic opportunities during the period and any impact of the exchange rate changes; and
- Free cash flow can be subject to adjustment at the Company's discretion if the Company takes steps or adopts policies that increase or diminish its current liabilities and/or changes to working capital.

We compensate for the foregoing limitations by using free cash flow as one of several comparative tools, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance.

See the table on the following page for a reconciliation of free cash flow to EBITDA and the table on the earlier page for a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure.

Non-IAS/IFRS Measure: Free cash flow
Millions of Euro

	FY 2011
EBITDA ⁽¹⁾	1,136
Δ working capital	13
Capex	(307)
<hr/>	
Operating cash flow	842
Financial charges ⁽²⁾	(109)
Taxes	(229)
Extraordinary charges ⁽³⁾	(8)
<hr/>	
Free cash flow	496

1. EBITDA is not an IAS/IFRS measure; please see table on the earlier page for a reconciliation of EBITDA to net income

2. Equals interest income minus interest expense

3. Equals extraordinary income minus extraordinary expense

Non-IAS/IFRS Measure: Free cash flow
Millions of Euro

	4Q 2011
EBITDA ⁽¹⁾	225
Δ working capital	171
Capex	(110)
<hr/>	
Operating cash flow	286
Financial charges ⁽²⁾	(29)
Taxes	(99)
Extraordinary charges ⁽³⁾	1
<hr/>	
Free cash flow	158

1. EBITDA is not an IAS/IFRS measure; please see table on the earlier page for a reconciliation of EBITDA to net income

2. Equals interest income minus interest expense

3. Equals extraordinary income minus extraordinary expense

Major currencies

Average exchange rates per €1	Three months ended 31 December 2011	Twelve months ended 31 December 2011	Three months ended 31 December 2010	Twelve months ended 31 December 2010
US\$	1.34815	1.39196	1.35827	1.32572
AUD	1.33156	1.34839	1.37471	1.44231
GBP	0.85727	0.86788	0.85944	0.85784
CNY	8.56824	8.99600	9.04049	8.97123
JPY	104.22219	110.95860	112.10182	116.23857

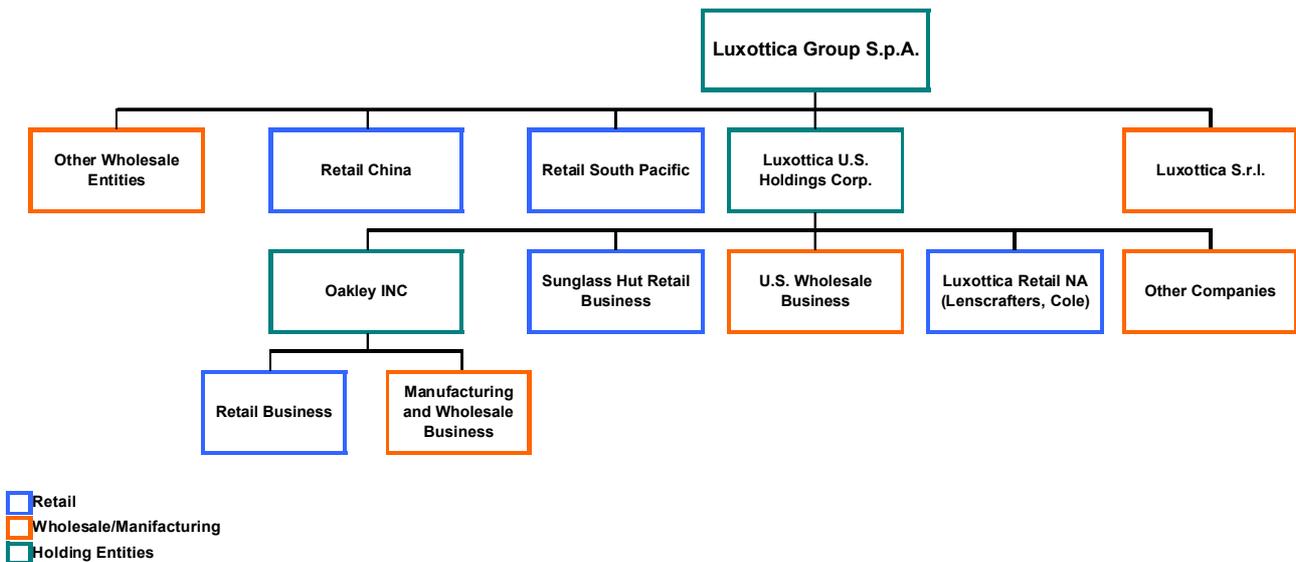
DESCRIPTION OF THE ISSUER

INCORPORATION

Luxottica Group S.p.A. (the **Issuer**) has its registered office at Via C. Cantù 2, Milan 20123, Italy, telephone number +39 02 863341. The Issuer is registered with the Companies Register of Milan under number 00891030272. The Issuer was incorporated in the form of a limited liability company under the name of FININCO S.r.l. on 23 November, 1981. On 1 June 1982, it became a *società per azioni*, which is its present form. It operates under the laws of the Republic of Italy. On 6 March 1987, the Issuer changed its name to its present name, Luxottica Group S.p.A. The Issuer's corporate duration is currently due to expire on 31 December 2050.

In 1990, the Issuer listed the Issuer's American Depositary Shares (**ADSs**) on the New York Stock Exchange. In 2000, the Issuer's share capital was listed on Italy's Borsa Italiana S.p.A.'s (**Borsa Italiana**) electronic share market and has been listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana (**MTA**) in Italy since 2003.

ORGANISATIONAL STRUCTURE



The Issuer is a holding company, and the majority of its operations are conducted through its wholly-owned subsidiaries, which operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution.

The significant subsidiaries controlled by the Issuer, including holding companies, are:

Subsidiary	Country of Incorporation	Percentage of Ownership
Manufacturing		
Luxottica S.r.l.....	Italy	100
Luxottica Tristar (Dongguan) Optical Co.....	China	100
Distribution (both wholesale and retail)		
Luxottica USA LLC.....	United States	100
Luxottica Retail North America Inc. ⁽¹⁾	United States	100
Sunglass Hut Trading, LLC.....	United States	100
OPSM Group Pty Limited.....	Australia	100
Luxottica Trading and Finance Limited.....	Ireland	100
Holding companies		
Luxottica U.S. Holdings Corp (wholesale, manufacturing and distribution)	United States	100
Luxottica South Pacific Holdings Pty Limited (distribution).....	Australia	100
Luxottica South Pacific Pty Limited (distribution).....	Australia	100
Luxottica (China) Investment Co. Ltd. (distribution).....	China	100
Oakley, Inc. ⁽²⁾ (distribution).....	United States	100
Arnette Optic Illusions, Inc. (distribution).....	United States	100
The United States Shoe Corporation (distribution).....	United States	100

(1) Successor by merger to the Group's LensCrafters, Cole and Pearle subsidiaries.

(2) In addition to being a holding company, Oakley, Inc. is also a manufacturer and a distributor.

DIRECTORS

Directors

The Issuer's board of directors currently consists of 15 members, each of whom was appointed at the shareholders' meeting held on 29 April 2009 (the **Board of Directors**).

The current term of the Board of Directors expires at the time of the approval of the Issuer's statutory financial statements as of and for the year ending 31 December 2011.

Set forth below is certain information regarding the directors of the Issuer:

Name	Position
Leonardo Del Vecchio	Chairman of the Board of Directors
Luigi Francavilla	Deputy Chairman
Andrea Guerra	Chief Executive Officer and Director
Roger Abravanel	Director
Mario Cattaneo	Director
Enrico Cavatorta	Chief Financial Officer - General Manager Central Corporate Functions and Director
Roberto Chemello	Director
Claudio Costamagna	Director
Claudio Del Vecchio	Director
Sergio Erede	Director
Sabina Grossi	Director
Ivanhoe Lo Bello	Director
Marco Mangiagalli	Director
Gianni Mion	Director
Marco Reboa	Director

The business address of each of the Directors is Via C. Cantù 2, 20123 Milan, Italy.

Executive officers serve at the discretion of the Board of Directors. Messrs. Cattaneo, Chemello, Mion, Abravanel, Costamagna, Claudio Del Vecchio, Erede, Mangiagalli, Reboa, Lo Bello and Ms. Grossi are all non-executive directors. In addition, Messrs. Cattaneo, Mion, Abravanel, Costamagna, Mangiagalli, Reboa and Lo Bello are also independent directors under Italian law.

Pursuant to Italian law and the Issuer's by-laws, the Issuer's Board of Directors is appointed according to a voting list system. A list for the appointment of the Board of Directors can be presented only by shareholders who hold the minimum percentage of the share capital established annually by the Italian competent authority, *Commissione Nazionale per le Società e la Borsa (CONSOB)*. For 2009, this was equal to 1 per cent. of the share capital of the Issuer. All directors except Mr. Lo Bello were appointed by Delfin S.a.r.l., the Group's controlling shareholder. Mr. Lo Bello was appointed by minority shareholders.

Pursuant to the Italian Code of Corporate Governance, issued by Borsa Italiana, the Issuer maintains a Human Resources Committee, elected within the members of the Board of Directors. The Human Resources Committee has verification, advisory and proposal-making functions, including: (i) recommending to the Board the remuneration payable to the Issuer's Directors with additional responsibilities and determining the remuneration criteria for the top management of the Issuer and of the entire Group; and (ii) reviewing the Luxottica Group employees' incentive plans. Effective as of 29 April 2009, the members of the Human Resources Committee are non-executive directors Gianni Mion, Roger Abravanel, Claudio Costamagna, who acts as Chairman of the committee, and Sabina Grossi, three of whom are independent directors. The term of the Human Resources Committee is co-extensive with the term of the Group's Board of Directors since its members are also members of the Issuer's Board of Directors.

The Issuer also maintains an Internal Control Committee elected from the members of the Board of Directors. The Internal Control Committee is responsible for performing investigations, providing advice and submitting proposals to the Board of Directors. In particular, it performs the following activities: (i) assisting the Board of Directors in the execution of its internal controls tasks and mandates; (ii) evaluating the planned initiatives and projects of the Internal Control Officer (**ICO**); (iii) reviewing and assessing the regular reports issued by the ICO; (iv) assessing, together with the manager responsible for the preparation of the Issuer's accounting records and the managers and the auditors, the proper use and application of accounting principles; (v) assessing the results of the activities performed by the Internal Auditing function; (vi) monitoring the effectiveness of the auditing process; and (vii) expressing opinions concerning the identification of corporate risks as well as the planning, implementation and management of the internal control system.

On 29 April 2009, the Board of Directors appointed the following individuals to be members of the Internal Control Committee, each of whom is a non-executive, independent director: Mr. Mario Cattaneo (Chairman), Mr. Marco Reboa and Mr. Marco Mangiagalli. On 28 July 2009, the Board of Directors authorised, as proposed by the Chairman of the Internal Control Committee, an increase in the number of members of the committee from three members to four. Ivanhoe Lo Bello, a non-executive and independent director, has been appointed as the additional member. A short biography of each of the Issuer's Directors is set forth below:

Leonardo Del Vecchio is the founder of the Group's operations and has been Chairman of the Board since the Group was formed in 1961. In 1986, the President of the Republic of Italy conferred on Mr. Del Vecchio the honour of Cavaliere dell'Ordine al "Merito del Lavoro" (Knight of the Order for Labour Merit). In May 1995, he received an honorary degree in Business Administration from the Venice Ca' Foscari University. In 1999, he received a Master "honoris causa" in International Business from MIB- Management School in Trieste, and in 2002, he received an honorary degree in Managerial Engineering from the University of Udine. In March 2006, Mr. Del Vecchio received another honorary degree in Materials Engineering from

Politecnico of Milan. Mr. Del Vecchio is also a director of Beni Stabili S.p.A., GiVi Holding S.p.A., Vice Chairman of Fonciere des Regions and a director of Delfin S. à.r.l., Aterno S.a.r.l. and Kairos Partners SGR S.p.A.

Luigi Francavilla joined the Group in 1968, has been Director since 1985, Deputy Chairman since 1991 and was, until June 2010, the Chief Quality Officer of the Group. From 1977 until May 2009, he was Group Product and Design Director. From 1972 to 1977, Mr. Francavilla was General Manager of Luxottica S.r.l. and, from 1969 to 1971, he served as Technical General Manager of Luxottica S.r.l. In addition, he is Chairman of Luxottica S.r.l., the Issuer's principal operating subsidiary. Mr. Francavilla is also a Director in the Venice branch of the Bank of Italy. In April 2000, he received an honorary degree in Business Administration from Constantinian University in Cranston, Rhode Island, U.S.A.

Andrea Guerra was appointed a Director and Chief Executive Officer of the Issuer on 27 July 2004. Prior to joining the Group, Mr. Guerra was with Merloni Elettrodomestici since 1994, where, from 2000, he was its Chief Executive Officer. Prior to being at Merloni, Mr. Guerra worked for Marriott Italia where he became Director of Marketing. He received a degree in Business Administration from the "La Sapienza" University of Rome in 1989. Mr. Guerra is, among others, Director of Luxottica S.r.l., Chairman of OPSM Group PTY Limited, member of the Board of Directors of Luxottica U.S. Holdings Corp., Luxottica Retail North America Inc. and of Oakley, Inc., all of which belong to the Luxottica Group. He is also member of the Board of Amplifon S.p.A. and DEA Capital S.p.A.

Roger Abravanel has been a Director since 2006. He worked at McKinsey & Company from 1972 until June 2006. Mr. Abravanel is also involved in international consulting projects, advising on strategic, organisational and operational development issues. He graduated with a degree in Engineering from the Politecnico di Milano and received a Masters in Business Administration from INSEAD in Fontainebleau (with High Distinctions). He is the author of several studies and articles on business organisation. He is a member of the Board of Directors of Teva Pharmaceutical Industries LTD, Banca Nazionale del Lavoro S.p.A., COFIDE S.p.A., Admiral Group Plc. and Coesia S.p.A.

Mario Cattaneo has been a Director since 2003. He is emeritus professor of Corporate Finance at the Catholic University of Milan. He was a director of Eni S.p.A. from 1998 until 2005 and of Unicredito from 1999 until 2005 and Statutory Auditor of the Bank of Italy from 1991 until 1999. He is the Chairman of Euromobiliare Asset Management SGR S.p.A. and is a member of the Board of Directors of Bracco S.p.A. and Banca Sella Holding S.p.A. Furthermore, Mr. Cattaneo is the chairman of the Board of Statutory Auditors of Italiana Assicurazioni S.p.A. and Sara Assicurazioni S.p.A. He is an auditor of Michelin Italiana Sami S.p.A. and a member of the Supervisory Board of UBI Banca S.C.p.A.

Enrico Cavatorta has been General Manager—Corporate Functions since March 2011. He has been a Director of the Group since 2003. He has been Chief Financial Officer since he joined the Group in 1999, and he is a director, among others, of the principal subsidiaries of the Issuer, including Luxottica U.S. Holdings Corp., Luxottica S.r.l., OPSM Group Pty Ltd., Luxottica Retail North America Inc. and Oakley, Inc. Prior to joining Luxottica, Mr. Cavatorta was with Piaggio S.p.A., most recently as Group Controller, responsible for planning and control. From 1993 to 1996, Mr. Cavatorta was a consultant with McKinsey & Co., having joined the firm from Procter & Gamble Italy, where he worked from 1985 to 1993, most recently as Controller. Mr. Cavatorta graduated with the highest honours from the LUISS University in Rome with a bachelor's degree in Business Administration.

Roberto Chemello has been a Director since 1985. He holds a degree in Corporate Finance from the Cà Foscari University in Venice. He joined the Group in 1979. Until 1985 he was Chief Financial Officer of the Issuer. Between 1985 and 2004 he was Chief Executive Officer of Luxottica. He then took over the position of Chief Operations Officer, which he held until July 2008, when he left all operational positions held in Luxottica. In 2007, he acquired control of Woodn S.r.l., a company that specializes in the manufacturing and marketing of wood-based composites, where he holds the position of Chairman of the Board of Directors. In 2008, he was appointed Chairman of the Board of Directors of the Chinese company, Sunbow

Environmental Decoration Material Co Ltd, fully owned by Woodn S.r.l., which manufactures wooden composites for distribution both in China and internationally. In 2008, he was appointed member of the Board of Directors of the Entrepreneurs' Association of the Belluno Province. He is a director of Stefanel S.p.A.

Claudio Costamagna has been a Director since 2006. Mr. Costamagna holds a business administration degree and has held important offices in Citigroup, Montedison and Goldman Sachs where he served for many years as Chairman of the Investment Banking division for Europe, the Middle East and Africa. He is currently Chairman of "CC e Soci", a financial advisory boutique he founded. Mr. Costamagna is a member of the Board of Directors of AAA S.A., DEA Capital S.p.A., Il Sole 24Ore S.p.A. and Virgin Group Holding Limited BVI. He is also Chairman of Virtual B Sim S.p.A, a member of the International Advisory Board of the Università Commerciale Luigi Bocconi and Virgin Group.

Claudio Del Vecchio, a son of Leonardo Del Vecchio, joined the Group in 1978 and has been a Director since 1986. From 1979 to 1982, he managed the Group's Italian and German distribution operations. From 1982 until 1997, he was responsible for all business operations of the Group in North America. He also serves as a Director of U.S. Holdings, a key subsidiary in North America. Claudio Del Vecchio is Chairman and Chief Executive Officer of Retail Brand Alliance, Inc., the owner of Brooks Brothers.

Sergio Erede has been a Director since 2004. Mr. Erede graduated magna cum laude from the University of Milan in 1962 with a degree in jurisprudence and obtained an LL.M. from Harvard Law School in 1964. From 1965 to 1969, he was head of the legal department of IBM Italia S.p.A. Prior to such time, Mr. Erede was an attorney at the law firm of Sullivan & Cromwell from 1964 to 1965, and the law firm of Hale & Dorr from 1963 to 1964. In 1999, he founded the law firm of Bonelli, Erede & Pappalardo (which is the successor by merger to the firm of Erede e Associati), a leading firm in Italian financial transactions. Additionally, he is a member of the Board of Directors of Fonciere des Regions, Interpump Group S.p.A., Gruppo Editoriale L'Espresso S.p.A., Manuli Rubber Industries S.p.A., Gruppo IPG Holding S.r.l. (Gruppo Interpump), Bolton Group International S.A., Brioni S.p.A. and Sintonia S.A. Additionally, Mr. Erede is Chairman of AON Italia S.p.A. and vice chairman of the Board of Directors of Banca Nazionale del Lavoro S.p.A.

Sabina Grossi has been a Director since 2003. She joined Luxottica Group S.p.A. in 1996 and was Head of Investor Relations, a position which she held from 1996 until 2004. Prior to joining Luxottica Group S.p.A., she was a financial analyst with Caboto Sim S.p.A. from 1994 until 1996. From 1991 to 1993, Ms. Grossi was an associate professor in the school of engineering of the La Sapienza University in Rome, where she taught undergraduate courses as well as published papers on mathematics and statistics. Ms. Grossi, who is a certified public accountant in Italy, graduated with the highest honours from the LUISS University in Rome with a bachelor's degree in Business Administration. Ms. Grossi is currently a member of the Board of Directors of Molmed S.p.A. She is also the chairperson of the OneSight foundation in Italy.

Ivanhoe Lo Bello became a Director on 29 April 2009. He is Chairman of UniCredit Leasing S.p.A. He was Chairman of the Board of Directors of Banco di Sicilia S.p.A. — Gruppo Unicredit from April 2008 until October 2010. From January 2008 to April 2008, he was Vice President of Banco di Sicilia S.p.A. — Gruppo Unicredit. From 1998 to 2001 and again since January 2008, he has been a member of the Board of Directors of Banco di Sicilia S.p.A. From 2004 to 2008, he was Director of the Syracuse branch of the Bank of Italy. He is President of Confindustria Sicilia and the Chamber of Commerce of Syracuse. Mr. Lo Bello graduated magna cum laude from the University of Catania in 1989 with a degree in jurisprudence.

Marco Mangiagalli became a Director on 29 April 2009. Mr. Mangiagalli received a degree in Political Economy from the Università Commerciale Luigi Bocconi in 1973. Most of his career has been with Eni Group; he also has had working experience with Barclays Group in Italy and the Nuovo Banco Ambrosiano Group. He has served as a member of the Board of Directors for Agip S.p.A., Polimeri Europa S.p.A., Nuovo Pignone S.p.A., Snamprogetti S.p.A., Saipem S.p.A., Eni International Holding B.V., Albacom S.p.A., Emittenti Titoli S.p.A., Oil Investment Corp and Falck Renewables S.p.A. He also has been Chairman of Eni Coordination Center SA, Eni Bank Ltd/Banque Eni S.A. and of Enifin S.p.A. From August

2008 to May 2011 he was Chairman of the Board of Directors for Saipem S.p.A. He is a member of the Supervisory Board of Intesa San Paolo S.p.A. and is a member of the Board of Directors of Autogrill S.p.A. He is also a member of the Senior Advisory Board of Global Infrastructure Partners.

Gianni Mion has been a Director since 2004. He is Chief Executive Officer of Edizione S.r.l., a position he has held since 1986. Prior to joining Edizione S.r.l., Mr. Mion was the Chief Financial Officer of Marzotto S.p.A. from 1985 to 1986, Managing Director of Fintermica S.p.A. from 1983 to 1985, Vice President of Gepi S.p.A. from 1974 to 1982, controller of McQuay Europa S.p.A. from 1972 to 1974 and an auditor at the accounting firm of KPMG from 1967 to 1972. Mr. Mion is Chief Executive Officer of Edizione S.r.l. and also sits on the Board of Directors of Benetton Group S.p.A., Autogrill S.p.A., Atlantia S.p.A., Sintonia, S.A., Aeroporti di Roma S.p.A. and Burgo Group S.p.A. Mr. Mion graduated from the Venice University Ca' Foscari with a degree in Business Administration and is a certified public accountant.

Marco Reboa became a Director on 29 April 2009. Mr. Reboa received a degree in Business Economics from the Università Commerciale Luigi Bocconi in Milan, Italy in 1978. He has been registered in the Register of Chartered Accountants of Milan since 1982 and he is an auditor pursuant to Ministerial Decree since 1995. He is currently a professor at the Faculty of Law at the Libero Istituto Universitario Carlo Cattaneo in Castellanza, Italy and works in private practice in Milan, specialising in financial transactions. Mr. Reboa has published books and articles on financial statements, economic appraisals and corporate governance. He is editor-in-chief of the Magazine of Chartered Accountants. Mr. Reboa was the Chairman of the Luxottica Group S.p.A. Board of Statutory Auditors from 14 June 2006 until 29 April 2009. He is a member of the Board of Directors of Interpump Group S.p.A., Parmalat S.p.A., Made in Italy S.p.A. and Chairman of the Board of Auditors of Indesit Company S.p.A.

Share Ownership by Directors

Set forth below is certain information concerning the beneficial ownership of the Issuer's ordinary shares as of 31 December 2011, by each of the Group's directors who beneficially owns in excess of one per cent. of the Issuer's outstanding ordinary shares.

Shareholder	Issuer	Shares owned as at 31 December 2011	Percentage Ownership
Leonardo Del Vecchio	Luxottica Group S.p.A.	313,258,339 ⁽¹⁾	67.0%
Luigi Francavilla	Luxottica Group S.p.A.	5,205,000 ⁽²⁾	1.1%

(1) 312,533,339 shares held of record by Delfin S.a.r.l., an entity established and controlled by Mr. Del Vecchio. Mr. Del Vecchio holds voting and investment power over the shares held by such entity. Includes 275,000 ADRs and 450,000 shares held by Mr. Del Vecchio's wife.

(2) Includes (a) 190,100 shares held by Mr. Francavilla, 70,100 shares held by his wife and 3,364,800 shares held in usufruct with his wife, and (b) 1,580,000 options to purchase shares currently held by Delfin S.a.r.l. granted under the Delfin plan (for a description of the plan, see the Consolidated Financial Statements incorporated by reference herein).

Except as otherwise indicated above, each of the Issuer's directors owns less than one per cent. of the Issuer's outstanding ordinary shares.

Code of Ethics

The Board of Directors adopted a Code of Ethics, as may be amended from time to time, that applies to the Issuer's chief executive officer, chief financial officer and all of its directors, members of management

bodies, any other employees, and is addressed to those who directly or indirectly permanently or temporarily have relationships and dealings with the Issuer. The Issuer will provide a copy of the Group's Code of Ethics without charge upon a written request sent to the Issuer's registered office at Via C. Cantù 2, 20123 Milan, Italy. The Code of Ethics is also available on the Group's website at www.luxottica.com.

In accordance with Italian law, the Issuer adopted a Procedure for Handling Privileged Information, updated in March 2008, in order to ensure that material non-public information is promptly and adequately disclosed to the public and in compliance with the fundamental principles of transparency and truthfulness. The Issuer also adopted an Internal Dealing Procedure in order to comply with certain regulatory amendments. The procedure, updated in March 2008, governs the disclosure obligations and the limitations concerning transactions carried out on shares and other financial instruments by a "significant" person (including directors, the main shareholders of the Issuer and the persons closely related to them).

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table sets forth, as at 31 December 2011, the beneficial ownership of ordinary shares by each person beneficially owning, as per the Issuer's knowledge, two per cent. or more of the outstanding ordinary shares (including ordinary shares represented by ADSs) in accordance with their most recent communication with the Issuer.

Identity of Person or Group	Amount of Shares Owned	Percent of Class
Leonardo Del Vecchio	313,258,339 ⁽¹⁾	67.0%
Giorgio Armani	22,724,000 ⁽²⁾	4.86%
Deutsche Bank Trust Company Americas	35,576,802 ⁽³⁾	7.61%

(1) 312,533,339 shares held of record by Delfin S.a.r.l., an entity established and controlled by Mr. Del Vecchio. Mr. Del Vecchio holds voting and investment power over the shares held by such entity. Includes 275,000 ADRs and 450,000 shares held by Mr. Del Vecchio's wife.

(2) Including 13,514,000 shares represented by ADSs, and 9,210,000 shares represented by ordinary shares. Of those, 9,010,000 ordinary shares are held directly and 200,000 ordinary shares are held indirectly through Giorgio Armani S.p.A.

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

The shares held by Mr. Del Vecchio through Delfin S.a.r.l. have the same voting rights as the shares held by other shareholders.

Mr. Del Vecchio is the Issuer's controlling shareholder through Delfin S.a.r.l. and serves as Chairman of the Issuer's Board of Directors. The Issuer is not otherwise directly or indirectly owned or controlled by another corporation or by any government.

To the best of the Issuer's knowledge, to date there are no arrangements the operation of which may at a subsequent date result in a change of control of the Issuer.

On October 25, 2010, in accordance with CONSOB Regulation No. 17221/2010, the Board of Directors of the Issuer approved a procedure governing related party transactions. The Board of Directors also resolved with respect to the interested parties involved in any individual transaction, that: (i) in the case of transactions relating to the remuneration and economic benefits of the members of the management and control bodies and managers in strategic roles, the Human Resources Committee—composed of non-

executive directors, the majority of which being independent—shall be involved and consulted ; and (ii) in the case of all other related party transactions, the Internal Control Committee shall be involved and consulted.

Related Party Transactions

Licence Agreements

The Issuer has a worldwide exclusive licence agreement to manufacture and distribute ophthalmic products under the Brooks Brothers name. The Brooks Brothers trade name is owned by Retail Brand Alliance, Inc. (**RBA**), which is controlled by Claudio Del Vecchio, one of the Group's directors. The licence expires on 31 December 2014. Royalties paid to RBA for such agreement were €0.8 million, €0.3 million and €0.8 million in the years ended 31 December 2010, 2009 and 2008, respectively.

Management believes that the terms of this licence agreement were fair to the Issuer.

Shareholder Plan

On 14 September 2004, the Issuer's Chairman and majority shareholder, Mr. Leonardo Del Vecchio, allocated shares previously held through holding companies of the Del Vecchio family, representing 2.06 per cent. (or 9.6 million shares) of the Issuer's authorised and issued share capital as at 15 April 2011, to a stock option plan for the Issuer's top management.

BOARD OF STATUTORY AUDITORS

Pursuant to Italian law, the Issuer maintains a board of statutory auditors (the **Board of Statutory Auditors**), elected at the shareholders' meeting, composed of three experts in accounting matters who are required to have no other affiliation with Luxottica Group S.p.A. and who must satisfy certain professional and other standards. The Board of Statutory Auditors is required to: (i) verify that the Issuer complies with applicable law and the Issuer's by-laws; (ii) verify that the Issuer respects the principles of correct administration; (iii) verify that the Issuer maintains adequate organisational structure, internal controls and administrative and accounting systems; (iv) ensure that the Issuer's accounting system represents the facts in a fair and true manner; (v) verify that the Issuer complies with the Italian Code of Corporate Governance; and (vi) verify that the Issuer gives adequate instructions to the Group's subsidiaries. It also supervises the Group's financial reporting process, the effectiveness of our internal auditing system and risk assessment, the audit work and the independence of our auditing firm. Although members of the Board of Statutory Auditors are required to attend the meetings of the Board of Directors and of the shareholders, they are not deemed to be members of the Board of Directors and do not vote on matters submitted to such meetings. Effective as of 29 April 2009, the members of the Board of Statutory Auditors are Francesco Vella, Chairman, Enrico Cervellera and Alberto Giussani. As of 29 April 2009, there were also two alternate members of the Board of Statutory Auditors, Mario Magenes and Alfredo Macchiati. On 29 May 2009, Mr. Magenes died. Giorgio Silva was appointed to succeed Mr. Magenes at the shareholders' meeting held on 29 October 2009. The alternate members will replace current members who leave their position during the current term. Francesco Vella and Alfredo Macchiati were selected from a list submitted by the minority shareholders. Enrico Cervellera, Alberto Giussani and Mario Magenes were selected from a list submitted by Delfin S.a.r.l. Giorgio Silva was appointed by the majority of the Issuer's shareholders. The current term of the Board of Statutory Auditors expires at the time of the approval of the Issuer's statutory financial statements as of and for the year ending 31 December 2011.

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A. have been engaged as the Issuer's independent auditors to audit the Issuer's consolidated financial statements for the years ended 31 December 2010 and 2009.

The consolidated annual financial statements of the Issuer, prepared in accordance with IFRS, have been audited for the years ended 31 December 2010 and 2009 by Deloitte & Touche S.p.A. and are incorporated by reference herein. Deloitte & Touche S.p.A. is registered under No. 46 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Decree No. 58 and under No. 132587 in Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992. Deloitte & Touche S.p.A. is a member of ASSIREVI (the Italian association of audit firms). The consolidated interim financial statements of the Issuer for the six months ended 30 June 2011 and 2010 were subject to a limited review by Deloitte & Touche S.p.A.

CONFLICTS OF INTEREST

To the best of the Issuer's knowledge as of the date of this Prospectus, there are no potential conflicts of interests between any duties of the Issuer's members of the Board of Directors and of the Board of Statutory Auditors to the Issuer on the one hand, and their private interests or other duties on the other hand.

However, see Risk Factor "*Leonardo Del Vecchio, the Issuer's chairman and principal shareholder, controls 66.9 per cent of the Issuer's voting power and is in a position to affect the Group's ongoing operations, corporate transactions and any matters submitted to a vote of the Issuer's shareholders, including the election of directors and a change in corporate control.*"

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND ASSOCIATED SALES

As of 31 December 2011, the Issuer held 6,186,425 treasury shares.

DESCRIPTION OF THE ORIGINAL GUARANTORS

LUXOTTICA U.S. HOLDINGS CORP.

INCORPORATION AND STATUS

Luxottica U.S. Holdings Corp. (**U.S. Holdings**) is a corporation incorporated under the laws of the state of Delaware, with its headquarters at 44 Harbor Park Drive, Port Washington, NY 11050. It is registered in Delaware with the Delaware Secretary of State under registration number 3046668. Its agent for service of process in Delaware is National Registered Agents Inc., with an address at 160 Greentree Drive, Suite 101, Dover, Delaware 19904. It was incorporated on 27 May 1999. Its telephone number is +1-516-484-3800.

U.S. Holdings' accounting reference date is 31 December of each year.

PRINCIPAL ACTIVITIES

U.S. Holdings' principal activity is as a holding company for the Group's North American operations.

SHARE CAPITAL

As at 31 December 2011, U.S. Holdings had an authorised share capital of 100,000 shares, par value \$0.01, 10,000 shares of which are issued. All issued shares are held by the Issuer.

BOARD OF DIRECTORS AND OFFICERS

The current Board of Directors of U.S. Holdings is comprised of five members, each of whom will remain in office until his successor is elected and qualified or until his earlier resignation or removal. Set forth below is certain information regarding the directors and officers of U.S. Holdings and details of positions held with other companies:

Name	Position held since	Position	Positions held with companies outside the Group
Andrea Guerra	4 November 2005 / 24 July 2007	Director/ President	Director of Amplifon and DEA CAPITAL S.p.A.
Enrico Cavatorta	4 November 2005 / 24 July 2007	Director/Executive Vice President	
Claudio Del Vecchio	13 March 2001	Director	Chairman and Chief Executive Officer of Brooks Brothers Group, Inc.
Michael A. Boxer	4 November 2005/ 24 August 2011	Director/ Executive Vice President, General Counsel & Secretary	
Vito Giannola	24 August 2011/5 December 1997	Director/Vice President & Treasurer	
Daniel Soggi	27 November 2008	Vice President of Administration & Tax	

Some of the directors are domiciled outside the United States. Each of the officers are domiciled for business purposes at the headquarters of U.S. Holdings.

To the best of U.S. Holdings' knowledge as at the date of this Prospectus, there are no conflicts of interest between the duties of the members of the Board of Directors and their private interests or other duties.

INDEPENDENT AUDITORS

The financial statements of U.S. Holdings prepared in accordance with US GAAP for the years ended 31 December 2010 and 2009 have been audited by Deloitte & Touche LLP, United States of America and are incorporated by reference herein.

LUXOTTICA S.R.L.

INCORPORATION AND STATUS

Luxottica S.r.l. is a limited liability company incorporated under the laws of Italy, with registered office at Agordo (Belluno), Via Valcozzena 10. It is registered with the Companies Register of Belluno under registration number 00064820251. It was incorporated on 27 April 1961 as Luxottica di Leonardo Del Vecchio & C. *Società in accomandita semplice*. It subsequently became a *società per azioni* known as Luxottica S.p.A. on 23 December 1977 and then into its present form (*società a responsabilità limitata*) with its current name on 26 July 2001. It has a corporate duration through to 31 December 2050, which may be extended by shareholder resolution. Its telephone number is +39 04 376441.

Luxottica S.r.l.'s accounting reference date is 31 December.

PRINCIPAL ACTIVITIES

Luxottica S.r.l.'s principal activities are the production and design of optical goods, frames and accessories for eyeglasses and sunglasses.

SHARE CAPITAL

At 31 December 2011, Luxottica S.r.l. had an authorised capital of €10,000,000. Its issued capital is fully held by the Issuer.

BOARD OF DIRECTORS

The current Board of Directors of Luxottica S.r.l. is comprised of five members, who will remain in office until the approval of the financial statements as of 31 December 2013. The members of the Board of Directors also hold positions in other companies of the Group. Set forth below is certain information regarding the directors of Luxottica S.r.l.:

Name	Director since	Position	Positions held with companies outside of the Group
Luigi Francavilla	31 July 1978	Chairman	Bank of Italy, Venice Branch
Massimo Vian	22 July 2010	Chief Executive Officer	None
Andrea Guerra.....	24 April 2007	Director	Amplifon S.p.A., DEA CAPITAL S.p.A.
Enrico Cavatorta.....	23 April 2003	Director	None
Nicola Pelà.....	24 July 2007	Director	None

Each of the directors are domiciled for business purposes at the registered offices of Luxottica S.r.l.

To the best of Luxottica S.r.l.'s knowledge at the date of this Prospectus, there are no conflicts of interest between the duties of the members of the Board of Directors and their private interests or other duties.

BOARD OF STATUTORY AUDITORS

The current Board of Statutory Auditors of Luxottica S.r.l. is comprised of three effective members, who will remain in office until the approval of the financial statements as of 31 December 2011. There are also two alternate auditors who will replace current members who leave their position during the current term.

Set forth below is certain information regarding the statutory auditors and details of the positions they hold with other companies:

Name	Positions held with companies outside of the Group
Walter Pison (Chairman)	Sest S.p.A. (Chairman of the Board of Statutory Auditors) Imap S.r.l. (Effective Auditor) Ecomont S.r.l. (Chairman of the Board of Statutory Auditors) Feinar S.r.l. (Chairman of the Board of Statutory Auditors)
Mario Bampo (Effective auditor)	Clivet S.p.A. (Chairman of the Board of Statutory Auditors) Elettromec S.p.A. (Chairman of the Board of Statutory Auditors) Idrotermica Veneta Zeggio S.p.A. (Effective Auditor) Libera Ugo S.p.A. (Effective Auditor) Monti S.p.A. (Chairman of the Board of Statutory Auditors) Società Funivia Arabba Marmolada Sofma S.p.A. (Chairman of the Board of Statutory Auditors) Bortoluzzi Celeste S.r.l. (Chairman of the Board of Statutory Auditors) Maricell S.r.l. (Chairman of the Board of Statutory Auditors) Mariposa S.r.l. (Chairman of the Board of Statutory Auditors) Finras Monti S.a.p.a. (Chairman of the Board of Statutory Auditors) M. Guarnier S.p.A. (Effective Auditor) RCH S.p.A. (Chairman of the Board of Statutory Auditors) Canzian F.lli S.r.l. (Chairman of the Board of Statutory Auditors) Beton Costruzioni S.p.A. (Chairman of the Board of Statutory Auditors) De Rigo S.p.A. (Chairman of the Board of Statutory Auditors) De Rigo Vision S.p.A. (Chairman of the Board of Statutory Auditors) Reviviscar S.r.l. (Chairman of the Board of Statutory Auditors) De Pra Holding S.p.a. (Chairman of the Board of Statutory Auditors) Confcommercio Imprese per l'Italia della Provincia di Belluno (Chairman of the Board of Statutory Auditors) La Schiara S.r.l. (Effective Auditor)
Stefano Beltrame (Alternate auditor)	Sest S.p.A. (Effective Auditor) Porto San Rocco S.p.A. (Chairman of the Board of Statutory Auditors)
Mario Medici (Alternate auditor)	Solatrix S.p.A. (Effective Auditor) Sapes S.p.A. (Effective Auditor)

Masterlegno S.r.l. (Effective Auditor)
RBAE S.r.l. (Effective Auditor)
O.G. Officine Giudicariensi S.r.l. (Effective Auditor)

To the best of Luxottica S.r.l.'s knowledge at the date of this Prospectus, there are no conflicts of interest between the duties of the members of the Board of Statutory Auditors and their private interests or other duties.

INDEPENDENT AUDITORS

The annual financial statements of Luxottica S.r.l. prepared in accordance with Italian GAAP for the years ended 31 December 2010 and 2009, have been audited by Deloitte & Touche S.p.A. of Treviso, Italy and are incorporated by reference herein. Deloitte & Touche S.p.A. is registered under No. 46 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Decree No. 58 and under No. 132587 in Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992. Deloitte & Touche S.p.A. is a member of ASSIREVI (the Italian association of audit firms).

OVERVIEW FINANCIAL INFORMATION

LUXOTTICA GROUP S.P.A AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009- IAS/IFRS

(Amounts in Euro thousands)

	2010	%	2009	%
Net sales	5,798,035	100.0%	5,094,318	100.0%
Cost of sales	1,990,205	34.3%	1,762,591	34.6%
Gross profit	3,807,831	65.7%	3,331,727	65.4%
Selling	1,896,521	32.7%	1,691,801	33.2%
Royalties	99,606	1.7%	100,623	2.0%
Advertising	371,852	6.4%	311,938	6.1%
General and administrative	727,693	12.6%	656,280	12.9%
Total operating expenses	3,095,672	53.4%	2,760,642	54.2%
Income from operations	712,159	12.3%	571,085	11.2%
Other income/(expense)				
Interest income	8,494	0.1%	6,887	0.1%
Interest expense	(106,987)	-1.8%	(109,132)	-2.1%
Other - net	(8,130)	-0.1%	(4,056)	-0.1%
Income before provision for income taxes	605,535	10.4%	464,784	9.1%
Provision for income taxes	(218,219)	-3.8%	(159,888)	-3.1%
Net income from continuing operations	387,315	6.7%	304,896	6.0%
Discontinued operations	19,944	0.3%	0	0.0%
Net income	407,258	7%	304,896	6.0%
Attributable to				
- Luxottica Group stockholders	402,187	6.9%	299,122	5.9%
- minority interests	5,072	0.1%	5,774	0.1%

**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME AS OF 31
DECEMBER 2010 AND 31 DECEMBER 2009- IAS/IFRS**

<i>(Amounts in Euro thousands)</i>	2010	2009
Net income	407,258	304,896
Other comprehensive income:		
Cash flow hedge – net of tax	(3,223)	10,429
Currency translation differences	233,518	24,827
Actuarial gain/(loss) on postemployment benefit obligations	(8,744)	14,951
Total other comprehensive income – net of tax	221,552	50,207
Total comprehensive income for the period	628,810	355,103
Total comprehensive income for the period attributable to:		
- Luxottica Group stockholders' equity	622,949	349,889
- Minority interests	5,861	5,214
Total Comprehensive income for the period	628,810	355,103

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED
31 DECEMBER 2010 AND 31 DECEMBER 2009-IAS/IFRS**

(Amounts in Euro thousands)

ASSETS	31 Dec 10	31 Dec 09
<i>CURRENT ASSETS:</i>		
Cash and cash equivalents	679,852	380,081
Accounts receivable – net	655,892	618,884
Inventories-net	590,036	524,663
Other assets	226,759	198,365
<i>Total current assets</i>	<i>2,152,539</i>	<i>1,721,993</i>
<i>NON-CURRENT ASSETS</i>		
Property, plant and equipment – net	1,229,130	1,149,972
Goodwill	2,890,397	2,688,835
Intangible assets – net	1,155,007	1,149,880
Investments	54,083	46,317
Other assets	148,125	147,591
Deferred tax assets	364,299	356,706
<i>Total non-current assets</i>	<i>5,841,040</i>	<i>5,539,301</i>
TOTAL ASSETS	7,993,579	7,261,294

LIABILITIES AND STOCKHOLDERS' EQUITY	31 Dec 10	31 Dec 09
<i><u>CURRENT LIABILITIES:</u></i>		
Short-term borrowings	158,648	148,951
Current portion of long-term debt	197,566	166,279
Accounts payable	537,742	434,604
Income taxes payable	60,067	11,204
Other liabilities	549,280	554,136
<i>Total current liabilities</i>	<i>1,503,303</i>	<i>1,315,174</i>
<i><u>NON-CURRENT LIABILITIES:</u></i>		
Long-term debt	2,435,071	2,401,796
Liability for termination indemnity	45,363	44,633
Deferred tax liabilities	429,848	396,048
Other liabilities	310,590	350,028
<i>Total non-current liabilities</i>	<i>3,220,872</i>	<i>3,192,505</i>
<i><u>STOCKHOLDERS' EQUITY:</u></i>		
Luxottica Group stockholders' equity	3,256,375	2,737,239
Minority interests	13,029	16,376
<i>Total stockholders' equity</i>	<i>3,269,404</i>	<i>2,753,615</i>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	7,993,579	7,261,294

STATEMENTS OF CONSOLIDATED INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011 AND 2010- IAS/IFRS (UNAUDITED)

(Amounts in Euro thousands)

	2011	% of net sales	2010	% of net sales
Net sales	3,189,646	100.0%	2,986,811	100.0%
Cost of sales	1,097,127	34.4%	1,029,545	34.5%
<i>Gross profit</i>	<i>2,092,519</i>	<i>65,6%</i>	<i>1,957,265</i>	<i>65.5%</i>
Selling	980,366	30.7%	937,529	31.4%
Royalties	57,052	1.8%	52,500	1.8%
Advertising	203,673	6.4%	196,488	6.6%
General and administrative	327,125	10.3%	299,640	10.0%
Intangibles amortisation	40,069	1.3%	41,533	1.4%
Total operating expenses	1,608,285	50.4%	1,527,690	51.1%
<i>Income from operations</i>	<i>484,234</i>	<i>15.2%</i>	<i>429,577</i>	<i>14.4%</i>
Other income/(expense)				
Interest income	7,235	0.2%	3,282	0.1%
Interest expense	(60,434)	-1.9%	(51,571)	-1.7%
Other – net	(2,896)	-0.1%	(4,752)	-0.2%
<i>Income before provision for income taxes</i>	<i>428,140</i>	<i>13.4%</i>	<i>376,536</i>	<i>12.6%</i>
Provision for income taxes	(147,221)	-4.6%	(127,973)	-4.3%
<i>Net income</i>	<i>280,919</i>	<i>8.8%</i>	<i>248,562</i>	<i>8.3%</i>
Attributable to				
- Luxottica Group stockholders	276,781	8.7%	245,143	8.2%
- non controlling interests	4,138	0.1%	3,419	0.1%

**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011 AND 2010 - IAS/IFRS (UNAUDITED)**

<i>(Amounts in Euro thousands)</i>	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Net income	280,919	248,562
Other comprehensive income:		
Cash flow hedge - net of tax	11,886	(12,194)
Currency translation differences	(183,405)	369,073
Actuarial gain/(loss) on postemployment benefit obligations	339	(1,873)
Total other comprehensive income - net of tax	(171,180)	355,006
Total comprehensive income for the period	109,739	603,567
Attributable to:		
- Luxottica Group stockholders' equity	107,416	599,223
- Noncontrolling interests	2,323	4,344
Total comprehensive income for the period	109,739	603,567

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE SIX MONTHS ENDED
30 JUNE 2011 AND 2010- IAS/IFRS (UNAUDITED)**

(Amounts in Euro thousands)

ASSETS	30 June 2011	30 June 2010
	(unaudited)	(unaudited)
<hr/>		
<i><u>CURRENT ASSETS:</u></i>		
Cash and cash equivalents	508,397	337,649
Accounts receivable – net	812,972	834,556
Inventories – net	586,035	570,536
Other assets	204,460	241,015
	<hr/>	<hr/>
<i>Total current assets</i>	<i>2,111,864</i>	<i>1,983,755</i>
<i><u>NON-CURRENT ASSETS:</u></i>		
Property, plant and equipment – net	1,192,194	1,235,247
Goodwill	2,725,907	3,054,463
Intangible assets – net	1,058,086	1,269,734
Investments	53,568	53,425
Other assets	144,042	153,079
Deferred tax assets	369,060	408,041
	<hr/>	<hr/>
<i>Total non-current assets</i>	<i>5,542,856</i>	<i>6,173,989</i>
<hr/>		
TOTAL ASSETS	7,654,720	8,157,744
<hr/>		

LIABILITIES AND STOCKHOLDERS' EQUITY	30 June 2011	30 June 2010
	(unaudited)	(unaudited)
<i><u>CURRENT LIABILITIES:</u></i>		
Bank overdrafts	187,051	176,215
Current portion of long-term debt	230,381	219,616
Accounts payable	481,444	480,306
Income taxes payable	66,119	42,812
Other liabilities	558,020	540,068
<i>Total current liabilities</i>	<i>1,523,015</i>	<i>1,459,017</i>
<i><u>NON-CURRENT LIABILITIES:</u></i>		
Long-term debt	2,209,278	2,587,402
Liability for termination indemnities	44,742	46,358
Deferred tax liabilities	416,054	447,554
Other liabilities	265,478	412,436
<i>Total non-current liabilities</i>	<i>2,935,552</i>	<i>3,493,750</i>
<i><u>STOCKHOLDERS' EQUITY:</u></i>		
Luxottica Group stockholders' equity	3,182,845	3,192,943
Non controlling interests	13,308	12,034
<i>Total stockholders' equity</i>	<i>3,196,153</i>	<i>3,204,977</i>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	7,654,720	8,157,744

**LUXOTTICA U.S. HOLDINGS CORP. (A Wholly Owned Subsidiary of Luxottica Group S.p.A.)
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009- US GAAP**

(Amounts in USD thousands)

	2010	2009
Net sales	5,025,304	4,684,930
Cost of sales	(2,063,751)	(1,928,749)
<i>Gross profit</i>	<i>2,961,553</i>	<i>2,756,181</i>
Operating Expenses	(2,554,604)	(2,440,063)
<i>Income from operations</i>	<i>406,949</i>	<i>316,118</i>
Other income/(expense)		
Interest and other financial expense	(99,385)	(100,757)
Interest and divided income	13,506	9,774
Equity interest in unconsolidated affiliates' income	20,710	2,830
Other income (expenses)- Net	(113)	4,791
<i>Income before provision for income taxes</i>	<i>341,667</i>	<i>232,756</i>
Provision for income taxes	(115,418)	(81,212)
<i>Net income from continuing operations</i>	<i>226,249</i>	<i>151,544</i>
Discontinued operations	26,440	
<i>Net income</i>	<i>252,689</i>	<i>151,544</i>
Less: Net Income Attributable To Non controlling Interest	(1,167)	(1,064)
Net Income Attributable To The Common Shareholder	251,522	150,480

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009- US GAAP**

(Amounts in USD thousands)

	2010	2009
NET INCOME	252,689	151,544
<i>OTHER COMPREHENSIVE INCOME — Net of tax</i>		
Unrealised gain on available-for-sale securities	-	-
Change in cumulative translation adjustment	9,530	24,479
Adjustment to pension liabilities	(9,213)	17,002
Unrecognised loss on derivatives	(1,215)	7,138
TOTAL OTHER COMPREHENSIVE INCOME — Net of tax	(898)	48,619
COMPREHENSIVE INCOME	251,791	200,163
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON CONTROLLING INTEREST	(1,167)	(1,064)
COMPREHENSIVE INCOME ATTRIBUTABLE TO LUXOTTICA U.S. HOLDINGS CORP.	250,624	199,099

CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2010 AND 2009- US GAAP

(Amounts in USD thousands)

ASSETS	31 Dec 10	31 Dec 09
<i><u>CURRENT ASSETS</u></i>		
Cash and cash equivalents	341,388	243,137
Accounts receivable — net of allowance for doubtful accounts of \$13,477 in 2010 and \$17,701 in 2009	287,422	352,921
Inventories — net	539,458	493,333
Loan to Parent	75,000	-
Deferred income taxes — net	71,074	79,042
Income tax receivable	72,485	34,883
Prepaid expenses and other	109,936	104,570
<i>Total current assets</i>	<i>1,496,763</i>	<i>1,307,886</i>
 <i>PROPERTY AND EQUIPMENT — Net</i>	<i>918,812</i>	<i>936,440</i>
 <i><u>OTHER ASSETS:</u></i>		
Goodwill	2,563,171	2,558,072
Intangible assets — net	933,083	994,672
Investment in affiliate's stock	86,972	31,558
Due from related parties	6,727	20,488
Other noncurrent assets	42,700	28,660
<i>Total other assets</i>	<i>3,632,653</i>	<i>3,633,450</i>
TOTAL	6,048,228	5,877,776

LIABILITIES AND EQUITY	31 Dec 10	31 Dec 09
<i><u>CURRENT LIABILITIES:</u></i>		
Accounts payable — amounts owed to related parties of \$106,766 in 2010 and \$93,911 in 2009	332,580	311,136
Accrued expenses and other	352,536	335,933
Bank overdrafts	14,510	11,070
Borrowings on short-term lines of credit	45	1,975
Current portion of long-term debt — net of discounts of \$74 for 2009	183,374	237,291
<i>Total current liabilities</i>	<u>883,045</u>	<u>897,405</u>
LONG-TERM DEBT	1,295,505	1,402,660
TERM NOTE FROM AFFILIATE	500,000	500,000
DEFERRED INCOME TAXES — Net	309,160	256,541
ACCRUED EMPLOYEE BENEFITS	151,075	162,736
OTHER NONCURRENT LIABILITIES	168,818	205,810
<i>Total liabilities</i>	<u>3,307,603</u>	<u>3,425,152</u>
<i><u>STOCKHOLDERS' EQUITY:</u></i>		
Common stock, \$0.01 par value — authorised, 100,000 shares; issued and outstanding, 10,000 shares	-	-
Additional paid-in capital	1,685,229	1,636,860
Accumulated other comprehensive loss — net	(99,200)	(98,302)
Retained earnings	1,151,769	950,247
Less treasury shares of Parent's stock	-	(38,804)
<i>Total Luxottica U.S. Holdings Corp. stockholder's equity</i>	<u>2,737,798</u>	<u>2,450,001</u>
Non-controlling interest	2,827	2,623
<i>Total equity</i>	<u>2,740,625</u>	<u>2,452,624</u>
TOTAL	<u>6,048,228</u>	<u>5,877,776</u>

LUXOTTICA S.R.L.

**RECLASSIFIED STATEMENTS OF INCOME FOR THE YEARS ENDED
31 DECEMBER 2010 AND 31 DECEMBER 2009-ITA GAAP**

(amounts in Euro)

	2010	%	2009	%
Net sales	1,490,731,810	100%	1,238,254,670	100%
Other income	59,920,540	4%	53,443,569	4%
External costs	898,581,576	60%	771,246,452	62%
<i>Value added</i>	<i>652,070,774</i>	<i>44%</i>	<i>520,451,787</i>	<i>42%</i>
Payroll costs	295,990,611	20%	261,489,794	21%
<i>Gross income from operations</i>	<i>356,080,163</i>	<i>24%</i>	<i>258,961,993</i>	<i>21%</i>
Amortisation, depreciation, impairment, allowances and provisions	51,145,559	3%	51,457,085	4%
<i>Income from operations</i>	<i>304,934,604</i>	<i>20%</i>	<i>207,504,908</i>	<i>17%</i>
Financial income and expense	10,624,251	1%	13,143,801	1%
<i>Income from ordinary activities</i>	<i>315,558,855</i>	<i>21%</i>	<i>220,648,709</i>	<i>18%</i>
Extraordinary items – net	1,981,240	0%	(292,529)	0%
<i>Income before provision for income taxes</i>	<i>317,540,095</i>	<i>21%</i>	<i>220,356,180</i>	<i>18%</i>
Provision for income taxes	(100,015,773)	-7%	(72,538,154)	-6%
<i>Net income</i>	<i>217,524,322</i>	<i>15%</i>	<i>147,818,026</i>	<i>12%</i>

RECLASSIFIED STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED

31 DECEMBER 2010 AND 31 DECEMBER 2009-ITA GAAP

(amounts in Euro)

ASSETS	31 Dec 10	31 Dec 09
<i><u>NON-CURRENT ASSETS</u></i>		
Intangible assets – net	52,757,576	32,074,541
Property, plant and equipment – net	264,307,894	277,829,648
Investments and other financial assets	16,518,245	14,517,040
Other non-current receivables	155,926	154,377
<i>Non-current assets</i>	<i>333,739,641</i>	<i>324,575,606</i>
<i><u>CURRENT ASSETS</u></i>		
Inventories	172,286,886	164,445,795
Accounts receivable – customers	3,574,982	3,328,130
Accounts receivable – subsidiaries	15,072,935	50,070,280
Accounts receivable – associates	11,100	-
Accounts receivable – Parent	3,750,724	8,033,525
Accounts receivable – Other Group companies	258,918,773	327,631,462
Other receivables	133,112,209	158,232,879
Accrued income and prepayments	1,311,642	4,369,505
<i>Current assets</i>	<i>588,039,251</i>	<i>716,111,576</i>
TOTAL ASSETS	921,778,892	1,040,687,182

LIABILITIES AND STOCKHOLDERS' EQUITY	31 Dec 10	31 Dec 09
<i>CURRENT LIABILITIES:</i>		
Accounts payable	199,392,459	159,632,585
Advances from customers	46	2,233
Income taxes and social security payable	26,903,148	21,571,796
Payables to subsidiaries	432,358	545,888
Payables to associates	19,594	9,579
Payables to parent	171,896,426	111,144,375
Payables to other Group companies	30,017,102	167,948,107
Other payables	47,933,830	40,224,203
Deferred income and accrued expenses	544,680	575,691
<i>Current liabilities</i>	477,139,643	501,654,457
NET OPERATING CAPITAL	110,899,608	214,457,119
Liability for termination indemnity	(42,538,801)	(44,474,197)
Other non-current liabilities	(17,107,459)	(17,517,027)
<i>Non-current liabilities</i>	(59,646,260)	(61,991,224)
CAPITAL EMPLOYED	384,992,989	477,041,501
Stockholders' equity	(253,192,952)	(255,668,630)
Long-term net debt	(1,018,995)	(1,476,026)
Short-term net debt	(130,781,042)	(219,896,845)
STOCKHOLDERS' EQUITY AND NET DEBT	(384,992,989)	(477,041,501)

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements above. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Italian Taxation

Tax Treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree 239**), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian resident companies with shares listed on a EU regulated market or a regulated market of the European Economic Area.

For these purposes, debentures similar to bonds are defined as bonds that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for internal payments) and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

Italian Resident Noteholders

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see

"Capital Gains Tax" below), (ii) a non-commercial partnership pursuant to Article 5 of Italian Income Consolidated Code (**TUIR**) (with the exception of general partnership, limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 20 per cent. If the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity pursuant to Article 73 of TUIR or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP, the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economy and Finance through Circular No. 47/E of 8 August 2003, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-*bis* of Law No. 86 of 25 January 1994, are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or a closed-ended investment fund (subject to the regime provided for by Law No. 77 of 23 March 1983, a **Fund**) or a SICAV and the Notes are deposited with an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund or the SICAV. The Fund or SICAV will not be subject to taxation on such result, but a substitutive tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* (SIMs), fiduciary companies, *Società di gestione del risparmio* (SGRs), stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an Intermediary).

For the Intermediary to be entitled to apply the *imposta sostitutiva*, it must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder. If interest and other proceeds on the Notes are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian

resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 20%.

Non-Italian Resident Noteholders

Where the Noteholder is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 20 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy. Please note that according to the Law No. 244 of 24 December 2007 (**Budget Law 2008**) a Decree still to be issued will introduce a new "white list" replacing the current "black list" system, so as to identify those countries which allow for a satisfactory exchange of information.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (i) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (ii) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

Payments made by an Italian resident guarantor

With respect to payments on the Notes made to certain Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 20 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In case of payments to non-Italian resident Noteholders, the withholding tax may be applied at a rate of 20 per cent. Double taxation treaties entered into by Italy may apply allowing for a lower (on, in certain cases, nil) rate of withholding tax. In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

Payments made by a non Italian resident guarantor

With respect to payments made to Italian resident Noteholders by a non Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payment made by the Italian non resident guarantor could be treated, in certain circumstances, as a payment made by the relevant Issuer and would thus be subject to the tax regime described in the previous paragraph of this section.

Capital Gains Tax

Any gain obtained from the sale, early redemption or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 20 per cent. Under some conditions and limitations, Noteholders may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of these three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature for an overall amount of 62.5% of the relevant capital losses.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime provided for by Article 6 of the Legislative Decree No. 461 of 21 September 1997, as subsequently amended, the **Decree No. 461**). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the

managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return. Depreciation of the management assets accrued before 1 January 2012 may be carried forward to be offset against subsequent increase of value for an overall amount of 62.5 per cent. of the relevant capital losses.

Any capital gains realised by a Bondholder which is a Fund or a SICAV will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund or SICAV, but subsequent distributions in favour of unitholders or shareholders may be subject to an *ad hoc* substitutive tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian-resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer and traded on regulated markets are not subject to the *imposta sostitutiva*.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian issuer and not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the actual beneficiary: (i) is resident in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by a non-Italian resident issuer are not subject to Italian taxation, provided that the Notes are held outside Italy.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006 (**Decree No. 262**), converted into Law No. 286 of 24 November, 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift.

Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000; and

- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

Transfer Tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of €168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April, 2005 (**Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner (and shall not apply the withholding tax). Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Merrill Lynch International, The Royal Bank of Scotland plc and UniCredit Bank AG (the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 15 March 2012, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.454 per cent. of the principal amount of Notes, upon the terms and subject to the conditions contained therein. The Issuer will reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations.

General

No action has been taken by the Issuer, any Guarantor or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

1. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 28 February 2012. The giving of the Guarantees was duly authorised by a resolution of the Board of Directors of Luxottica U.S. Holdings Corp. dated 28 February 2012 and Luxottica S.r.l. dated 28 February 2012.

Listing and admission to trading

2. Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The total expenses related to admission to trading are expected to amount to approximately €4,345.

Clearing systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0758640279 and the Common Code is 075864027.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change and no material adverse change

4. There has been no significant change in the financial or trading position of the Issuer and the Group since 30 June 2011 or the Original Guarantors since 31 December 2010 and there has been no material adverse change in the financial position or prospects of the Issuer, the Original Guarantors and the Group since 31 December 2010.

Litigation

5. Save as disclosed under "*Description of the Group—Legal Proceedings*", neither the Issuer nor any Original Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Original Guarantors are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, any Original Guarantor or the Group.

Auditors

6. The independent auditors of the Issuer are Deloitte & Touche S.p.A., Via Tortona 25, 20144 Milan, Italy. Deloitte & Touche S.p.A. is registered under No. 46 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Decree No. 58 and under No. 132587 in Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992. Deloitte & Touche S.p.A. is a member of ASSIREVI (the Italian association of audit firms).

The auditors of Luxottica U.S. Holdings Corp. are Deloitte & Touche LLP in Jericho, New York, United States of America. Deloitte & Touche LLP is a member of the American Institute of Certified Public Accountants and is registered with the Public Company Accounting Oversight Board. Deloitte & Touche LLP is located at 2 Jericho Plaza, Jericho, NY11753, United States of America.

The auditors of Luxottica S.r.l. are Deloitte & Touche S.p.A., Via F.lli Bandiera 3, 31100 Treviso, Italy. Deloitte & Touche S.p.A. is registered under No. 46 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Decree No. 58 and under No. 132587 in Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992. Deloitte & Touche S.p.A. is a member of ASSIREVI (the Italian association of audit firms).

U.S. tax

7. The Notes and Coupons will contain the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Documents available

8. For the period of 12 months following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in Luxembourg:
 - (a) the constitutional documents (with an English translation thereof) of the Issuer and the constitutional documents (with an English translation thereof, where applicable) of each Guarantor;
 - (b) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2010 and 31 December 2009 (with an English translation thereof), the audited consolidated financial statements of Luxottica U.S. Holdings Corp. in respect of the financial years ended 31 December 2010 and 31 December 2009 and the audited non-consolidated financial statements of Luxottica S.r.l. in respect of the financial years ended 31 December 2010 and 31 December 2009 (with an English translation thereof), in each case together with the audit reports in connection therewith, and the unaudited consolidated interim semi-annual financial statements of the Issuer in respect of the six months ended 30 June 2011 and 30 June 2010 (with an English translation thereof), together with the auditors' review report in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis and unaudited consolidated accounts on a quarterly basis. The Issuer's semi-annual accounts are subject to a limited review by its external auditors. Luxottica U.S. Holdings Corp. currently prepares audited consolidated accounts on an annual basis and Luxottica S.r.l. currently prepares audited non-consolidated accounts on an annual basis; and

- (c) the Subscription Agreement, the Trust Deed (including the Guarantees) and the Agency Agreement.

In addition, copies of this Prospectus and each document incorporated by reference is available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Potential Conflicts of Interest

- 9. The Managers and their respective affiliates, including parent companies, engage, and may in the future engage, in investment banking, commercial banking (including the provision of loan facilities) and other related transactions with the Issuer, the Guarantors and their affiliates (including other members of the Group) and may perform services for them, in each case in the ordinary course of business.

Yield

- 10. On the basis of the issue price of the Notes of 99.454 per cent. of their principal amount, the gross yield of the Notes is 3.715 per cent. on an annual basis.

THE ISSUER

Luxottica Group S.p.A.

Via C. Cantù 2
20123 Milan
Italy

THE ORIGINAL GUARANTORS

Luxottica U.S. Holdings Corp.

160 Greentree Drive
Suite 101
Dover - Delaware
United States of America

Luxottica S.r.l.

Via Valcozzena 10
Agordo, Belluno
Italy

TRUSTEE

BNP Paribas Trust Corporation UK Ltd

55 Moorgate
London EC2R 6PA
United Kingdom

PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich
Howald – Hesperange
L-2085 Luxembourg

LUXEMBOURG PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich
Howald – Hesperange
L-2085 Luxembourg

LEGAL ADVISERS

To the Issuer and the Guarantors as to English and Italian law

Clifford Chance

Studio Legale Associato

Piazzetta M. Bossi 3
20121 Milan
Italy

To Luxottica U.S. Holdings Corp. as to U.S. law

Winston & Strawn LLP

200 Park Avenue
New York, NY 10166-4193
United States of America

To the Managers as to English and Italian law

Allen & Overy

Studio Legale Associato

Via Alessandro Manzoni, 41/43
20121 Milan
Italy

Corso Vittorio Emanuele II, 284
00186 Rome
Italy

To the Trustee as to English law

Allen & Overy LLP

One Bishops Square
London E1 6AD
United Kingdom

AUDITORS TO THE ISSUER

Deloitte & Touche S.p.A.

Via Tortona 25
20144 Milan
Italy

AUDITORS TO THE GUARANTORS

To Luxottica U.S. Holdings Corp.

Deloitte & Touche LLP

2 Jericho Plaza
Jericho, NY 11753
United States of America

To Luxottica S.r.l.

Deloitte & Touche S.p.A.

Via F.lli Bandiera 3
31100 Treviso
Italy

LUXEMBOURG LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich
Howald – Hesperange
L-2085 Luxembourg