

*ENGLISH TRANSLATION FOR CONVENIENCE PURPOSES ONLY  
[PRELIMINARY DRAFT SUBJECT TO REVIEW AND COMMENTS]*

*Report of the Directors pursuant to Section 125-ter of the Legislative Decree no. 58 of February 24, 1998, ("T.U.F."), and Section 84-ter of Consob Regulation adopted by means of resolution no. 11971 of May 14, 1999 (as subsequently amended)*

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**REPORT OF THE DIRECTORS  
FOR THE SHAREHOLDERS' MEETING OF  
SAFILO GROUP S.p.A.  
CALLED FOR APRIL 27, 2011, ON SINGLE CALL**

**(Report drafted pursuant to Section 125-ter of the T.U.F. and Section  
84-ter of the Consob Regulation)**

**SHAREHOLDERS' MEETING April 27, 2011**

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## REPORT

Dear Shareholders,

We make available to you, at the registered office and the secondary office of the Company, as well as at Borsa Italiana S.p.A., pursuant to Section 125-ter of the T.U.F. and Section 84-ter of the Consob Regulation, a report relating to the proposals concerning the following items of the agenda of the ordinary Shareholders' Meeting, to which you have been called to take part, at the secondary office of the Company, in Padua, at Zona Industriale, Settima Strada no. 15, on April 27, 2011, at 2.00 p.m., on single call:

- 1. *Financial statements as of December 31, 2010 - Presentation of the consolidated financial statements as of December 31, 2010 – Reports of the Directors, the Board of Statutory Auditors and the Auditing Company – Pertinent and consequent resolutions***
- 2. *Appointment of the Board of Statutory Auditors and its Chairman, with the previous determination of their remunerations for the entire term of their office***

### **First item of the agenda**

***Financial statements as of December 31, 2010 - Presentation of the consolidated financial statements as of December 31, 2010 – Reports of the Directors, the Board of Statutory Auditors and the Auditing Company – Pertinent and consequent resolutions***

Reference is made to the documentation relating to this item of the agenda that will be made available in due course at the registered office and the secondary office of the Company, in Padua, as well as at Borsa Italiana S.p.A. and on the Company's web site [www.safilo.com](http://www.safilo.com) (section Investor Relations/Financial Documents/Reports) in compliance with the legal terms, and in any case within and not beyond April 5, 2011.

### **Second item of the agenda**

***Appointment of the Board of Statutory Auditors and its Chairman, with the previous determination of their remunerations for the entire term of their office***

Dear Shareholders,

the Board of Statutory Auditors of your Company ceases from the office due to the expiration of the relevant term; therefore, we invite you to appoint the new auditing body.

Without prejudice to what has been already illustrated in the notice of call of the Shareholders' Meeting, we hereby remind you that the appointment of the Board of Statutory Auditors is carried out in accordance with the provisions set forth under article 27 of the Article of Association, published on the Company's web site in the section *Investor Relations/Corporate Governance* and attached hereto, to which you are fully referred.

The procedures for the deposit of the lists and the modalities of appointment of the statutory auditors are briefly summarized herein below.

The Board of Statutory Auditors consists of three standing Statutory Auditors and two alternates that remain in office for three fiscal years and may be re-appointed.

The Statutory Auditors will be appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders, so as to allow the minority to appoint one standing member and one alternate member.

The number of candidates appearing on the lists may not exceed the number of Statutory Auditors that are up to the appointment. Each candidate shall be listed with a sequential number. No candidate may appear in more than one list, otherwise they will be disqualified.

The lists, showing the names of the candidates for the office of standing Statutory Auditor and alternate Statutory Auditor, undersigned by the shareholders submitting same lists, shall be deposited at the registered office of the Company, in compliance with the instructions set forth under the notice of call, at least twenty-five (25) days prior to the date of the Shareholders' Meeting on single call and shall be completed with:

- (i) information relating to the identity of the shareholders that have submitted the lists, specifying the overall percentage of the share capital hold by them. The certificate attesting the legal ownership necessary for the submission of the lists of candidates, to be determined by taking into account the number of shares registered in favour of the concerned Shareholder on the same day when the lists are deposited at the Company, may be delivered to the Company also after the deposit of the lists provided that such certificate is delivered at least twenty-one (21) days prior to the date of the Shareholders' Meeting;
- (ii) a statement of the shareholders, other than those that individually or jointly own a controlling or relatively majority shareholding, confirming the absence of

relationships connecting them to the latter as provided under Section 144-*quinquies* of the Consob Regulation;

- (iii) a thorough information on the personal characteristics and experience of the candidates;
- (iv) a statement of the candidates confirming that they are in possession of the requirements provided by the law and that there are no ineligibility and incompatibility causes provided by the law against them, as well as that they meet the integrity and experience requirements provided by the law in relation to the members of the Board of Statutory Auditors;
- (v) a statement of the candidates in which they accept the candidacy and provide details of the number of their appointments as directors and statutory auditors in other companies, with the commitment to update this list as of the date of the Shareholders' Meeting;
- (vi) any other information required pursuant to the current laws and regulations.

The lists that are not compliant with the above provisions will be deemed as if they had not been submitted.

In the event that on the expiry date for the deposit of the lists, only one list is deposited, or only lists submitted by shareholders that are connected with each other, pursuant to Section 144-*quinquies* of the Consob Regulation, are deposited, it will be possible to submit additional lists within the third day following such expiry date; in such case, the threshold for the submission of the lists, equal to 2,5% of the share capital of the Company, as indicated in the notice of call, will be reduced by a half. The Company will communicate these circumstances without delay and in accordance with the terms set forth in the current laws and regulations.

The deposited lists will be made available to the public at the registered office of the Company, on the Company's web site and with the other modalities provided by the applicable laws and regulations, at least twenty-one (21) days prior to the Shareholders' Meeting on single call, convened to resolve upon the appointment of the members of the Board of Statutory Auditors.

The Shareholders' Meeting will appoint as Chairman of the Board of Statutory Auditors the standing Statutory Auditor elected from the minority list, if submitted.

On the contrary, in the event that only one list is submitted, or admitted to the vote, all candidates of such list will be appointed as standing Statutory Auditors and alternate

Statutory Auditors in accordance with the number with which the candidates are ordered in the same list and in the relative sections.

In case no list is submitted or in the event it is not possible to appoint one or more Statutory Auditors in accordance with the voting list mechanism, the Shareholders' Meeting will resolve with the majorities provided by the law.

With regard to the determination of the remuneration due to the Board of Statutory Auditors, the shareholders intending to deposit the lists are kindly invited to put forward proposals relating to such remuneration.

It should be noted that in relation to the previous financial years, as remuneration for the carrying out of the office and for the entire term thereof, an amount equal to the minimum fares of the accountants ("Dottori Commercialisti") has been resolved, plus the reimbursement of the expenses borne for the carrying out of the office.

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The above being states, the Shareholders are requested to:

- vote the lists of candidates for the office of Statutory Auditor submitted in compliance with the terms and provisions set forth under article 27 of the Articles of Association and published pursuant to the current laws and regulations;
- appoint the Chairman of the Board of Statutory Auditors in accordance with article 27 of the Article of Association;
- *[Resolution concerning remuneration].*

Padua, March 16, 2011

for the Board of Directors

Melchert Frans Groot  
Chairman

**BOARD OF STATUTORY AUDITORS - LEGAL AUDITING OF THE COMPANY'S ACCOUNTS**

**Article 27)**

The Board of Statutory Auditors shall consist of three standing members and two alternate members, who remain in office for three financial years and are eligible for re-election. Current laws shall apply to statutory auditors' requirements for eligibility, integrity, experience and independence, to their duties, the determination of their remuneration and their term in office; more specifically, with regard to the experience requirements under article 1 of Ministry of Justice Decree 162 dated 30 March 2000, activities that are considered strictly pertinent to those of the Company are those matters concerning commercial or tax law, economics or corporate finance and the sectors of activity listed in article 4 above and the sectors of fashion, luxury goods, manufacturing industry, finance, banking and insurance.

The Board of Statutory Auditors shall be appointed by the Shareholders' Meeting on the basis of lists presented by shareholders, with the procedures described below, so as to allow the minority to appoint one standing member and one alternate member.

The number of candidates appearing in the lists may not exceed the number of members up for election. Each candidate shall be listed with a sequential number.

No candidate may appear in more than one list, otherwise they will be disqualified.

**A) Presentation of lists**

Lists may be presented only by those shareholders who own, alone or together with others, at the time of presentation of the list, at least the percentage of share capital consisting of shares with voting rights at Ordinary Shareholders' Meetings, set forth by applicable law or regulations governing the appointment of the Board of Statutory Auditors. Details of this percentage and of the appointment procedures shall be provided in the notice convening the Shareholders' Meeting.

No individual/entity attending the meeting, none of the shareholders belonging to a shareholder syndicate as defined by article 122 of Decree 58/1998, nor the parent company, subsidiaries and companies under common control pursuant to article 93 of Decree 58/1998, may present or vote for more than one list, either directly or through a third party or trust company.

If the above rules are not observed by one or more individuals/entities entitled to attend and vote at the Shareholders' meeting, their vote for any of the lists presented is discounted.

The lists, containing the names of the candidates for the office of standing statutory auditor and alternate statutory auditor, shall be signed by the shareholders presenting them and filed at the Company's registered offices at least 25 (twenty-five) days in advance of the date set for the single call or first call of the related Shareholders' Meeting or within the different deadline set forth by applicable law in force from time to time, without

prejudice to any other form of publicity established by applicable legislation. The lists must be accompanied by:

(i) information on the identity of the shareholders who have presented the lists, specifying their overall percentage interest in share capital, and a certificate confirming them as the owners of such interest. The certificate attesting the ownership of at least the minimum shareholding required to present a list of candidates, determined having regard to the amount of shares registered in favour of the concerned shareholders on the same day when the lists are deposited with the Company, can be delivered to same Company also after the deposit of the lists, provided that such certificate is delivered at least 21 (twenty-one) days before the date of first call of the relevant Shareholders' Meeting or within the different deadline provided for by the applicable law in force from time to time;

(ii) a statement by the shareholders, other than those who individually or jointly own a controlling or majority interest, confirming the absence of relationships connecting them to the latter, as defined by article 144-quinquies of the regulations implementing Decree 58/1998;

(iii) comprehensive details on the personal characteristics and experience of the candidates;

(iv) a statement by the candidates themselves confirming that they are in possession of the requirements envisaged by law, that there are no reasons of ineligibility and incompatibility against them holding office and that they meet the requirements of integrity and experience established by law for members of the Board of Statutory Auditors;

(v) statements by the candidates in which they accept their candidacy and provide details of the number of their appointments as directors or statutory auditors in other companies, with the undertaking to update this list at the date of the Shareholders' Meeting.

(vi) any other information required by current statutory and regulatory provisions.

Lists for which the above provisions are not observed shall be treated as if they had not been presented.

The lists presented are made available to the public at the Company's office, on its website and through the other modalities provided for by applicable law and regulations, at least 21 (twenty-one) days before the date of single call or first call of the Shareholders' Meeting convened to resolve on the appointment of the Board of Statutory Auditors or within the different deadline provided for by applicable law and regulations in force from time to time.

## **B) Voting**

Every shareholder entitled to vote may vote for only one list, including through a third party or trust company.

Two standing members and one alternate member shall be elected from the list that obtains the highest number of votes ("Majority List") in the sequential order in which they appear on this list.

The third standing member and other alternate member shall be taken from the list obtaining the second highest number of votes and presented and voted by entitled individuals/entities who are not associated with the majority shareholders as defined by par. 2, article 148 of Decree 58/1998 ("Minority List"). The first and second candidates appearing on this list shall be elected in the sequential order in which they appear therein.

In the event of a tied vote, further ballots shall be taken involving the entire Shareholders' Meeting in order to obtain an unequivocal result.

The Shareholders' Meeting shall appoint the standing member elected on the Minority List as the Chairman of the Board of Statutory Auditors.

Without prejudice to the above, the provisions of law and regulations in force from time to time apply to the presentation, deposit and publication of the lists, including in the cases where only one list is presented, or the lists are presented by shareholders associated one with the others as per par. 2 of article 148 of Decree 58/1998.

In any event, even if only one list has been presented or admitted to voting, the candidates on this list shall be appointed as standing and alternate statutory auditors in accordance with the sequential number in which they appear in the respective sections of this list.

If no lists are presented or if it is not possible to appoint one or more statutory auditors using the list voting system, the Shareholders' Meeting shall decide with the majorities required by law.

### **C) Replacement**

In the event of having to replace a statutory auditor, the replacement shall be an alternate statutory auditor belonging to the same list as the outgoing auditor in the order specified therein.

This is without prejudice to other replacement procedures established by current statutory or regulatory provisions.

The Shareholders' Meeting called under par. 1, article 2401 of the Italian Civil Code shall make the appointment or replacement in compliance with the principle of having the required minority representation.

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The powers, duties and term in office of the statutory auditors are those established by law.

The statutory auditors may, individually or jointly, request the Board of Directors to provide details and explanations about the information they have received and about general business trends or specific transactions, and may carry out inspections and controls at any time.

Members of the Board of Statutory Auditors may not hold similar appointments in more than five companies that are quoted on the stock exchange. The statutory auditors shall comply with the limits on the number of appointments as a director or statutory auditor established by article 148-bis of Decree 58/1998 and related regulations for its implementation.

No standing or alternate statutory auditor may be a director or employee of companies or entities that control the Company; this is without prejudice to

the other limitations on the number of appointments that may be held under current statutory or regulatory provisions.

Meetings of the Board of Statutory Auditors may be held via teleconference or videoconference, in accordance with the terms stated in article 17.