Press Release

# THE SHAREHOLDERS' MEETING OF SAFILO GROUP S.P.A. HAS APPROVED THE FINANCIAL STATEMENTS AT 31ST DECEMBER 2009

# THE EXTRAORDINARY SHAREHOLDERS' MEETING HAS APPROVED THE REVERSE STOCK SPLIT OF THE SHARE CAPITAL

- ***Following the Reverse Stock Split, the share capital of the Company will be composed by n. 56,821,965 ordinary shares of a nominal value of 5.00 Euro each, equal to 284,109,825.00 Euro.***

**Padua, 30th April 2010, h. 11.50am** – The Shareholders' Meeting of Safilo Group S.p.A., held today on second call, has discussed and approved the Company's financial statements, the Board of Directors' report on the financial year 2009 and, furthermore, viewed the consolidated financial statements.

Today also, the Extraordinary Shareholders' meeting has approved the Reverse Stock Split, proposed by the Board of Directors held on 29th March 2010, on the present share capital of the Company (composed by n. 1,136,439,310 ordinary shares with a nominal value of Euro 0.25 each) in the ratio of 1 new Safilo ordinary share, with a nominal value of 5.00 Euro, every 20 old ordinary shares held. Following the Reverse Stock Split, the share capital of the Company will be composed by n. 56,821,965 ordinary shares of a nominal value of 5.00 Euro each, equal to 284,109,825.00 Euro.

The starting day and the conditions for the reverse stock split will be established in consultation with the competent authorities and, in particular, with Borsa Italiana S.p.A. and will be communicated to the market in due course.

The Extraordinary Shareholders' meeting has also modified articles 5, 14, 15, 17, 21, 22, 24 and 29 of the Articles of Association.

All the documentation relating to the Shareholders' meeting, including the new Articles of Association, will be made available also on the Company's internet website at www.safilo.com/en/investors.html.

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**Additional information as requested by Consob in accordance with art. 114, paragraph 5, of the Legislative Decree n. 58/98**

**a) Sale of retail activities**

Economic impact deriving from the sale and amount of cancelled credits:

In the context of the investment agreement stipulated with the Partner HAL Holding N.V., in December 2009 the Group sold the retail chains Just Spectacles (in Australia) and Loop Vision (in Spain), for a total consideration of 13.7 million Euro, a value which was supported by an expert assessment drawn up by a leading consultation firm.
In particular:

- on 22nd December 2009, Safint B.V. sold to HAL Optical Investments B.V. the shares of Optifashion Australia PTY Ltd., representative of 100% of the relative share capital;
- on 28th December 2009, Safilo Espana S.L. sold to GrandVision S.A. the shares of Navoptik S.L., representative of 100% of the relative share capital.

Below there is a summary of the principal economic indicators which are representative of the contribution that the sold retail chains have made to the consolidated income statement in 2009:

- Net sales of 36.3 million Euro, equal to 3.6% of consolidated net sales;
- Negative operating result of 7.6 million Euro;
- Negative EBITDA of 4.9 million Euro;
- Net loss of 9.9 million Euro.

The sale of the chains furthermore has generated for the Group a capital loss of 19.4 million Euro, which includes the waiver of financial and commercial receivables towards the sold retail companies for an overall amount of 11.7 million Euro. Therefore the sold chains have impacted the income statement of the Group for a total value of 29.3 million Euro in losses.

Progress in negotiations for sale of the Mexican chain:

With reference to the company Tide Ti S.A. de C.V., owner of the Mexican chains Sunglass Island and Island Optical, whose sale was also provided for by the Investment Agreement, it is hereby specified that:

(i) Negotiations are still pending between the company HAL Optical Investment B.V. and the Mexican minority shareholders for the realization of the aforementioned Agreement between Safilo Group and HAL. To date, no contract has been signed for the sale of these chains;

(ii) On 28th December 2009, the Group signed an agreement by which the subsidiary Safint B.V. granted to HAL Optical Investments B.V. an option for the purchase of 100% of the share capital of Tide Ti S.A. de C.V.. The option for the purchase of 100% of the capital provides for the payment of 6.1 million Euro, increased by the price that the Group will pay for the purchase of 40% of the share capital currently held by the minority shareholders, in accordance with the conditions and terms stated in the shareholders' agreements signed by the Group with the minority shareholders. This amount will be further adjusted based on (i) the amount accumulated annually equal to the highest value between the interest on the agreed price (calculated at a predetermined rate) and company profit due to the Group, (ii) any capital increases or cash contribution, deducted (iii) any dividends paid to shareholders. This option constitutes an alternative solution should negotiations with minority shareholders not be successful, and, in any case, it depends on the condition precedent of the purchase by Safint B.V. of the residual stake equal to 40% of the share capital of Tide Ti S.A. de C.V., which, based on existing shareholders' agreements, could take place from 2014.

The option may be exercised by HAL Optical Investments B.V. at any time in the 12 months following the third working day after Safint B.V. has carried out the purchase of the shares owned by the minority shareholders.

**b) Role carried out by Partner HAL in Group strategies**

Regarding the role of HAL as industrial partner, to date no modifications are foreseen to the commercial and industrial strategies of the two Groups and no plan has been drawn up for a possible integration between the wholesale channel managed by Safilo Group and the retail channel managed by HAL. The intention of both, in fact, is to maintain total commercial and organizational independence and separation between the two groups.

**c) Licensing agreements due to expire by 2011**

Within the Group's portfolio of licensed brands, the revenues related to the brands set to expire by 2011, represent approximately 23% of consolidated turnover. With relation to these agreements the Group has commenced negotiations for the renewal for future years. To date, with the exception of the recent extension of the license for the Marc Jacobs and Marc by Marc Jacobs brands, no definitive agreements have been signed. The Group, which believes that in the renewal decision it gives priority to the potential profitability of each brand being negotiated, considers it probable however that, by the end of the year, it will be able to achieve renewal of the main brands which represent the majority of the turnover set to expire. With reference to the top four licensed brands in terms of revenues (Giorgio Armani, Emporio Armani, Gucci and Dior), the relative percentage incidence on the consolidated turnover of the Group at 31st December 2009 is approximately 45%.

**d) Bonuses and other incentives paid to directors, statutory auditors and directors with strategic responsibilities**

During 2009 directors and auditors did not benefit from bonuses and other incentives. Directors with strategic responsibilities received a total amount of 60.000 Euro, as bonus.

The Safilo Group is worldwide leader in the premium eyewear sector and maintains a leadership position in the prescription, sunglasses, fashion and sports eyewear sectors. Present in the international market through exclusive distributors and 32 subsidiaries in primary markets (U.S.A., Europe and Far East). The main proprietary branded collections distributed are: Safilo, Carrera, Smith Optics, Oxydo, Blue Bay, and the licensed branded collections are: Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS by Hugo Boss, Diesel, 55DSL, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO by Hugo Boss, J.Lo by Jennifer Lopez, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Nine West, Pierre Cardin, Saks Fifth Avenue, Valentino, Yves Saint Laurent and, starting from Fall 2010, Tommy Hilfiger.

This press release is also available on the website www.safilo.com.

*For further information:*

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