



**DIRECTORS' EXPLANATORY REPORT FOR THE SHAREHOLDERS'  
MEETING OF SAFILO GROUP S.P.A. CALLED FOR 27<sup>TH</sup> MARCH 2010 IN  
THE FIRST CALL AND 29<sup>TH</sup> MARCH 2010 IN THE SECOND CALL**

**(Report prepared in accordance with article 3 of the Ministerial  
Decree of November 5th 1998 n. 437)**

**SHAREHOLDERS' Meeting 27/29 March 2010**

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## **Notice of call of Shareholders' annual meeting**

(notice published in the newspaper "Corriere della sera" on 25<sup>th</sup> February 2010)

### **NOTICE OF CALL OF ORDINARY SHAREHOLDERS' MEETING**

The Shareholders are hereby invited to attend the Shareholders' Meeting in Padova, Settima Strada 15, to be held on 27<sup>th</sup> March 2010 at 12.00 am in first call, on 29<sup>th</sup> March at 12.00 am in second call, to discuss and deliberate the following:

#### **AGENDA**

***1. Appointment of the Board of Directors and its Chairman, following determination of the number of members and of remuneration for the entire duration of the period of office; Related and consequent matters***

In accordance with article 126-bis of the Legislative Decree n. 58/1998, shareholders who, alone or jointly, represent at least 2.5% of share capital may request, within 5 working days of the publication of this notice, that additional items be placed on the agenda, specifying in such request the additional proposed subjects for discussion.

In accordance with the law and article 10 of the Articles of Association, shareholders are entitled to take part in the Shareholders' Meeting if they have deposited the appropriate communication issued by authorised intermediaries at the Company's registered office at least two working days before the date of the Shareholders' Meeting and have not withdrawn it before the Meeting takes place, pursuant to article 85, 4 co. of Legislative Decree 24/02/1998 n. 58, and nevertheless in accordance with applicable regulations. Every shareholder may be represented in the Meeting by written proxy, in the cases and to the extent allowed by law. More specifically, legal entities and companies may be represented, other than by their legal representative, by a special proxy holding a written mandate, which may be a simple letter signed by the legal representative. The form at the bottom of the communication authorised by the intermediary may be used as a mandate.

The share capital is divided into 313,933,540 ordinary shares, each one equivalent to 0.25 Euro; each share gives the right to one vote.

### **List vote for the appointment of the Board of Directors**

With reference to the subject on the agenda, it is hereby underlined that, as prescribed by article 14 of the Articles of Association:

- the Board of Directors is appointed on the basis of lists of candidate presented by shareholders who own, alone or together with others, at the time of presenting the list and through until the date of the meeting, at least 2% of the share capital consisting of shares with voting rights at Ordinary Shareholders' Meetings, and who must give proof of their ownership of the number of shares required for list presentation by the same date;
- the lists of the candidates, listed with a sequential number up to 15, must be signed by those presenting them and filed at the Company's registered office at least 15 days in advance of the date set for the first calling of the Shareholders' Meeting;
- the documentation and the statements indicated in article n. 14, letter A) of the Articles of Association must be filed by the same deadline together with each list;
- each shareholder entitled to do so may present or participate in the presentation of only one list each candidate may appear in only one list, otherwise they will be not eligible. Lists presented which are not in accordance with the prescriptions contained in article 14 letter A), of the Articles of Association shall be treated as if they had not been presented.

For any other information concerning the means of preparing, presenting and voting lists, please refer to article 14 of the Articles of Association, available at the Company's registered office, the secondary headquarters and published on the Company website [www.safilo.com/it/investors.html](http://www.safilo.com/it/investors.html).

To assist the checking of the documentation relative to lists for the appointment of the Board of Directors, shareholders filing lists are hereby invited to send the aforementioned documentation to SAFILO GROUP S.p.A. - Direzione Affari Legali e Societari - Settima Strada n. 15, 35129 Padova, anticipating it by fax to fax no. 0039 049 698 7173.

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The Articles of Association and the Shareholders' Meeting Regulations, whose current contents can be consulted by shareholders at the Company's registered offices, are published online at: [www.safilo.com/it/investors.html](http://www.safilo.com/it/investors.html).

Documentation regarding the subject on the agenda will be made available to the public, within the terms prescribed by the current regulations in force, at the Company's registered office and at the Italian stock exchange, Borsa Italiana S.p.A., and will also be available on the company's website at [www.safilo.com/it/investors.html](http://www.safilo.com/it/investors.html). Shareholders may obtain a copy.

Padova, 25<sup>th</sup> February 2010

On behalf of the Board of Directors  
Chairman: Vittorio Tabacchi

## Explanatory Report

Dear Shareholders,

We have made available, at the company's registered offices, its secondary offices, and at the offices of Borsa Italiana S.p.A., in accordance with article 3 of the Ministerial Decree of November 5th 1998 n. 437, a report on the proposals regarding the subjects on the agenda for the Shareholders' Meeting, in which you have been called to participate and which will be held at the company's secondary offices in Padova – Settima Strada n. 15, in first call on March 27<sup>th</sup> 2010 at 12.00 am and, if necessary, in the second call on March 29<sup>th</sup> 2010, in the same place and at the same time, and more precisely:

- 1. Appointment of the Board of Directors and its Chairman, following determination of the number of members and of remuneration for the entire duration of the period of office; Related and consequent matters***

### Only point on the agenda:

***Appointment of the Board of Directors and its Chairman, following determination of the number of members and of remuneration for the entire duration of the period of office; Related and consequent matters***

Dear Shareholders,

following the resignations of the Chairman of the Board of Directors, Vittorio Tabacchi, the Executive Vice Chairman Massimiliano Tabacchi and the independent Director Ennio Doris – an independent Board member as provided for by article 3 of the Corporate Governance Code - tendered on February 19th 2010, in the context of the recapitalization transaction aimed at strengthening Safilo Group S.p.A. and Safilo Group capital and financial structure in accordance with the Investment Agreement signed on October 19<sup>th</sup> 2009 by Safilo Group S.p.A., HAL Holding N.V. and Only 3T S.p.A., on the basis of article 15 of Safilo's Articles of Association, the entire Board of Directors therefore terminates with effect from the Ordinary Shareholders' meeting which will appoint the new Board of Directors.

It has been necessary, therefore, to call the Ordinary Shareholders' meeting for the appointment of the new Directors; until that date the current Board will carry out, *in prorogatio*, the ordinary administration.

We now invite you to appoint a new Board of Directors, for the three year period 2010-2011-2012, and in any case until approval of the balance sheet at 31.12.2012, subject to determination of the number of members which, in accordance with article n. 14 of the Company' s Article of Associations, cannot be fewer than 6 nor more than 15.

We would like to remind you that the internal committees of the Board of Directors are the Internal Control Committee and the Remuneration Committee.

Appointment of the Board of Directors and its Chairman takes place according to the procedures indicated in article 14 of the Articles of Association, which are attached to this report.

We inform you that two lists of candidates for appointment as members of the Board of Directors have been deposited to date, presented respectively:

- (i) jointly by the shareholder Multibrands Italy B.V., with registered offices in Weena 696, Rotterdam (Nederland), holder of a total of 423,114,893 ordinary shares of the Company, equal to 42,86% of the share capital with the right to vote in the Shareholders' Meeting and by the shareholder Roberto Vedovotto, born in Bassano del Grappa (VI) on September 30<sup>th</sup> 1965, Fiscal Code VDVRRT65P30A7030, holder of a total of 4,800,000 ordinary shares of the Company, equal to 0,49% of the share capital with the right to vote in the Shareholders' Meeting;
- (ii) by the shareholder Only 3T. S.p.A., with registered offices in Vicenza, Stradella dell'Isola n. 1, tax code and Vicenza company register n. 03626440287, holder of a total of 113,853,160 ordinary shares of the Company, equal to 11,531% of the share capital with the right to vote in the Shareholders' Meeting.

**List n.1:** list presented jointly by Multibrands Italy B.V. and Roberto Vedovotto, which also proposed to set at 7 the number of members of the Board of Directors, composed of the following persons, listed according to the progressive order indicated:

1. Melchert Frans Groot, born in Aia, Netherlands, on October 22<sup>nd</sup>, 1959, Dutch citizen;
2. Jeff Cole, born in Cleveland, Ohio (USA), on May 20<sup>th</sup>, 1941, American citizen;
3. Marco Jesi, born in Milano, on October 12<sup>th</sup>, 1949, Italian citizen, Fiscal Code n. JSEMRC49R12F205V;
4. Eugenio Razelli, born in Genova, on June 18<sup>th</sup>, 1950, Italian citizen, Fiscal Code n. RZLGNE50H18D969M;

5. Giovanni Ciserani, born in Verona, on July 8<sup>th</sup>, 1962, Italian citizen, Fiscal Code n. CSGNN62LO8L781Q;
6. Roberto Vedovotto, born in Bassano del Grappa (VI), on September 30<sup>th</sup>, 1965, Italian citizen, Fiscal Code n. VDVRRT65P30A703O;
7. Robert P. van Heeren, born in Jakarta, Indonesia, on June 25<sup>th</sup>, 1974, Dutch citizen.

**List n. 2:** list presented by Only 3T. S.p.A., composed of the following persons, listed according to the progressive order indicated:

1. Massimiliano Tabacchi born in Padova, on October 10<sup>th</sup>, 1970, Italian citizen, Fiscal Code TBCMSM70R10G224B;
2. Vittorio Tabacchi, born in Belluno, born on October 26<sup>th</sup>, 1939, Italian citizen, Fiscal code TBCVTR39R26A757W;
3. Carlalberto Corneliani, born in Mantova (MN) on October 31<sup>st</sup>, 1931, Italian citizen, Fiscal code CRNCLL31R31E897X.

At the current date no other lists have been deposited; since, however, the last date for depositing the list is today March 12<sup>th</sup>, 2010, the company undertakes to promptly inform the shareholders, the public and the market of any further lists filed between the filing of this Report and 12.00 p.m today.

As required by the regulatory prevision in force:

- together with list n. 1, the following documents have been deposited: **(i)** the *curriculum vitae* of each candidate, containing his personal and professional features **(ii)** the statements with which each candidate accepts his candidature and states, on his own responsibility, the inexistence of reasons for ineligibility, forfeiture or incompatibility, as well as the existence of the prescribed requirements for the related position; **(iii)** the statements, for the Directors considered as independent, in which Mr. Jeff Cole, Mr. Marco Jesi, Mr. Eugenio Razelli and Mr. Giovanni Ciserani state they hold the requirements of independence in accordance with the provisions of Articles 148, paragraph 3, and 147 ter, paragraph 4, of T.U.F. (Italy's Financial Markets Consolidation Act) and in accordance with the Article 3 of the Corporate Governance Code promoted by Borsa Italiana S.p.A. and adopted by the Company **(iv)** communication of the proposing shareholders including indication of information



relating to their identity and the equity stakes they hold, as confirmed by the correct certificate issued by the authorized intermediary;

- together with list n. 2, the following documents have been deposited **(i)** the *curriculum vitae* of each candidate, containing his personal and professional features, **(ii)** the statements with which each candidate accepts his candidature and states, on his own responsibility, the inexistence of reasons for ineligibility, forfeiture or incompatibility, as well as the existence of the prescribed requirements for the related positions; **(iii)** the statements, for the Directors considered as independent, in which Mr. Carlalberto Corneliani states he holds the requirements of independence in accordance with the provisions of Articles 148, paragraph 3, and 147 ter, paragraph 4, of T.U.F. (Italy's Financial Markets Consolidation Act) and in accordance with the Article 3 of the Corporate Governance Code promoted by Borsa Italiana S.p.A. and adopted by the Company and **(iv)** communication of the proposing shareholder including the indication of information relating to its identity and the equity stake it holds, as confirmed by the proper certificate issued by the authorized intermediary. **(v)** statement of shareholder Only 3T. S.p.A certifying the absence of relationship of affiliation, determined analogically in accordance with article 144-quinquies of the Issuers Regulation, between list n.2, and therefore the same shareholder Only 3T. S.p.A., and the reference shareholders that have presented list 1.

We would like, therefore, to invite you to take note of the lists of candidates deposited to date, together with the statements and *curricula vitae*, which will be available also on the Company's web site at the following address [www.safilo.com](http://www.safilo.com) (section *ir/Corporate Governance*) within the term provided for by the law, along with any possible additional lists presented subsequently and the related documentation.

That being said, the Shareholders' meeting is invited to:

- determine the number of components of the Board of Directors as 7, bearing in mind for this purpose the proposal of the shareholders Multibrands Italy B.V. and Roberto Vedovotto which jointly presented list n. 1;
- vote on the lists of candidates presented, in accordance with the terms and methods provided for by Article 14 of the Company Articles of Association and made public according to the regulatory provisions currently in force and it is understood that in accordance with article 14, paragraph B), of the Company Articles of Association, the first listed candidate of the Majority List shall be appointed as Chairman; and

- determine the fees, for the entire period of office, for the members of the Board of Directors.

Dear Shareholders,

Padova, 12<sup>th</sup> March 2010

*p. The Board of Directors*  
*Vittorio Tabacchi*  
Chairman

## Attachment No. 1 – Abstract of the Articles of Association

### BOARD OF DIRECTORS

#### Article 14)

The Company shall be managed by a Board of Directors consisting of between six and fifteen members, who need not be shareholders.

The size of the Board of Directors shall be determined by the Shareholders' Meeting.

The directors must satisfy the requirements of eligibility, experience and integrity established by law and other applicable regulations. At least one of the members of the Board of Directors, or two if the Board has more than seven members, must satisfy the independence requirements applying to statutory auditors under current legislation.

Members of the Board of Directors shall remain in office for three financial years and are eligible for re-election.

In accordance with the provisions of article 147-ter of Decree 58 dated 24 February 1998 (Decree 58/1998) and for the purposes of ensuring that minority shareholders are represented by one member on the Board of Directors, the Board of Directors is appointed on the basis of lists presented by shareholders containing a maximum of 15 candidates, all listed with a sequential number.

#### **A) Presentation of lists**

Lists may be presented only by those shareholders who own, alone or together with others, at the time of presenting the list and through until the date of the meeting, at least 2% (two percent) of share capital consisting of shares with voting rights at Ordinary Shareholders' Meetings, or such other percentage envisaged by laws or regulations governing directors' appointments and in force at the time of the appointment. This percentage shall be specified in the notice convening the Shareholders' Meeting called to resolve on the appointment of the Board of Directors. The outgoing Board of Directors can also present a list of its own.

No individual shareholder, no shareholders belonging to a shareholder syndicate relating to the Company's shares as defined by article 122 of Decree 58/1998, nor the parent company, subsidiaries or companies under common control pursuant to article 93 of Decree 58/1998, may present or vote for more than one list, including through a third party or trust companies. No candidate may appear in more than one list, otherwise they will be disqualified.

If these rules are not observed, the shareholder's vote for any of the lists presented is discounted.

The lists presented must be filed at the Company's registered office at least 15 (fifteen) days in advance of the date set for the first calling of the Shareholders' Meeting. This requirement must be mentioned in the notice

convening the meeting, or in any other form of publicity established by current legislation.

Each list must be signed by those presenting it and filed within the term specified above at the Company's registered office, accompanied by (i) the professional curricula of the candidates, and (ii) statements by each individual candidate accepting their candidacy and confirming, under their own responsibility, that they are in possession of the requirements envisaged by prevailing statutory and regulatory provisions for members of the Board of Directors and the absence of any reasons for incompatibility and/or ineligibility contained in law.

Candidates for whom the above rules are not observed are disqualified.

Shareholders presenting a candidate list must also provide the Company within the same list presentation deadline information as to their own identity and percentage of shares held, accompanied by a certificate, issued by a legally registered intermediary, attesting their ownership of the number of shares required for list presentation.

Each list shall contain one or more candidates - in compliance with the provisions of current legislation - who satisfy the independence requirements for statutory auditors established in para. 3, article 148 of Decree 58/1998, and nonetheless in prevailing statutory and regulatory provisions, as well as in the latest version of the Corporate Governance Code issued by the Corporate Governance Committee, specifying such candidates clearly.

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

#### **B) Voting**

Each shareholder's vote shall refer to the list and hence all the candidates appearing therein, without the possibility of making any changes, additions or exclusions.

Once the Shareholders' Meeting has decided the number of directors to be elected, the procedures are as follows:

- 1) all the directors requiring election, bar one, shall be elected from the list obtaining the highest number of shareholder votes ("Majority List"), in the sequential order in which they appear on that list;
- 2) one director shall be elected, in compliance with statutory provisions, from the list obtaining the second highest number of votes ("Minority List"), which shall not be associated in any way, even indirectly, with the shareholders who presented or voted for the Majority List; the director elected in this case shall be the candidate at the head of this list. If not even one independent director is elected from the Majority List, then the first independent director appearing on the Minority List shall be elected in place of the candidate at the head of this list.

In the event of a tie, the entire Shareholders' Meeting will vote again until an unequivocal result is achieved.

The Chairman of the Board of Directors shall be the first candidate appearing on the Majority List.

No account is taken of lists that obtain a percentage of votes corresponding to less than half of that required by this article for their presentation.

If only one list is presented, or admitted to voting, the Shareholders' Meeting shall vote on this. If this list obtains the required majority vote, the number of directors established by the Shareholders' Meeting shall be elected from it in the sequential order in which the candidates appear therein.

If no list is presented at all, the Shareholders' Meeting shall appoint the Board of Directors, voting with the majorities required by law.