

AUDITORS' REPORT ON THE CORRESPONDENCE WITH MARKET VALUE OF THE ISSUE PRICE FOR THE SHARES IN RELATION TO THE CAPITAL INCREASE WITHOUT PRE-EMPTION RIGHTS PURSUANT TO ARTICLE 2441, PARAGRAPH 4, PART 2, OF THE ITALIAN CIVIL CODE

To the shareholders of
Safilo Group SpA

1 SCOPE OF THE ENGAGEMENT

In relation to the proposal for a paid capital increase without pre-emption rights pursuant to article 2441, paragraph 4, part 2, of the Italian Civil Code, illustrated below, we have received from the board of directors of Safilo Group SpA (hereinafter also "Safilo Group" or "the Company") a report dated 4 October 2010 (hereinafter "the Board's Report"), that illustrates the operation and the reasons thereof.

The proposal is for a capital increase for a maximum nominal amount of Euro 8,500,000 (hereinafter the "Capital Increase") through the issue of a maximum of 1,700,000 ordinary shares of nominal Euro 5 per share, with dividend rights excluding pre-emption rights, with the subscription period expiring on 31 May 2019.

The proposal will be submitted to the shareholders for approval at an extraordinary general meeting called for 4 November 2010 in first call, 5 November 2010 in second call and, where necessary for the extraordinary part, in third call for 8 November 2010.

Pursuant to article 2441, paragraph 4, part 2, of the Civil Code and article 158 of Legislative Decree n. 58 of 24 February 1998 ("TUF"), we express below our opinion about the correspondence of the issue price for the new shares in Safilo Group to the market value of the shares, i.e., in the circumstances, about the appropriateness of the criteria proposed by the directors to determine an issue price for the shares corresponding to their market value at the time of the Capital Increase.

According to the information reported by the directors in the Board's Report, the purpose of the Capital Increase is to implement a share incentive scheme called "Safilo Group 2010-2013 Stock Option Plan" (hereinafter "the Plan") for the benefit of directors and managers of the Company and its subsidiaries.

In the aforementioned circumstances, the directors decided to use the option allowed by article 2441, paragraph 4, part 2, of the Civil Code only to entities with shares listed on regulated markets, and reflected in section 5 of the Company's articles of association. The directors therefore decided to submit to the approval of the shareholders of Safilo Group a proposal for a Capital Increase through share issue, excluding pre-emption rights, for a maximum amount equal to 10% of the Company's issued share capital, pursuant to article 2441, paragraph 4, part 2, of the Civil Code.

2 DESCRIPTION OF THE OPERATION

According to the information reported by the directors in the Board's Report, the purpose of the Capital Increase is to implement a share incentive scheme called "Safilo Group 2010-2013 Stock Option Plan" for the benefit of directors and managers of the Company and its subsidiaries ("the Beneficiaries").

As illustrated in the Plan's Regulations (the "Regulations") and in the Board's Report, the proposed Capital Increase is for a maximum nominal amount of Euro 8,500,000 excluding pre-emption rights pursuant to article 2441, paragraph 4, part 2, of the Civil Code, to be carried out through the issue of a maximum of 1,700,000 ordinary shares reserved exclusively to implement the Plan.

The Plan provides for the issue of a maximum of 1,700,000 options ("Options") to be granted free of charge to certain Beneficiaries among the directors and managers of the Company and its subsidiaries, entitling each of them to subscribe new shares in the amount of 1 Share per Option, by paying an exercise price, as illustrated in detail in paragraph 5 below.

The Options under the Plan may be granted in four tranches, in quantities that shall be decided by the board of directors, also having regard to the performance and professional skills of the Beneficiaries and upon the occurrence of certain events illustrated in the Regulations, including, for instance, the continuing service of the Beneficiary with the Company on the date the Options vest and the achievement by the Company of predefined results in terms of consolidated EBIT.

The first tranche ("First Tranche") shall be granted at the meeting of the board of directors where the related Regulations are approved, which will be held after approval of the Plan by the shareholders meeting; the second tranche ("Second Tranche") shall be granted at the meeting of the board of directors where the results of the Company for the financial year ending 31 December 2010 are approved; the third tranche ("Third Tranche") shall be granted at the meeting of the board of directors where the results of the

Company for the financial year ending 31 December 2011 are approved; and the last tranche ("Fourth Tranche") shall be granted at the meeting of the board of directors where the results of the Company for the financial year ending 31 December 2012 are approved.

The exercise period, subject to compliance with existing legislation and achievement of the exercise requirements, is determined as follows:

- With reference to the Options to be granted in the First Tranche, the period from the day following the date of approval of the Company's financial statements for the year ending 31 December 2012 by the shareholders meeting to the respective Expiry Date (31 May 2016);
- With reference to the Options to be granted in the Second Tranche, the period from the day following the date of approval of the Company's financial statements for the year ending 31 December 2013 by the shareholders meeting to the respective Expiry Date (31 May 2017);
- With reference to the Options to be granted in the Third Tranche, the period from the day following the date of approval of the Company's financial statements for the year ending 31 December 2014 by the shareholders meeting to the respective Expiry Date (31 May 2018);
- With reference to the Options to be granted in the Fourth Tranche, the period from the day following the date of approval of the Company's financial statements for the year ending 31 December 2015 by the shareholders meeting to the respective Expiry Date (31 May 2019).

As reported in the Board's Report, the execution of the Plan pursuant to the provisions thereof is the responsibility of the board of directors, which has received from the shareholders all necessary authorities to execute the Plan, including the authority to grant the Options, adopt the related Regulations, and to perform any other act, deed, formality, communication as may be necessary and useful for the purposes of managing and/or implementing the Plan.

3 NATURE AND SCOPE OF THIS REPORT

As mentioned above, pursuant to article 2441, paragraph 4, part 2, of the Civil Code, the issue price for the shares under the Capital Increase excluding pre-emption rights for a maximum amount equal to 10% of the

Company's issued share capital must correspond to the market value of the shares, and this must be confirmed in a specific report by the auditors who audit the Company's financial statements.

With regard to the requirement that the issue price correspond to the market value of the shares, set forth in the aforementioned regulations, the board of directors decided, in the circumstances, to propose to the shareholders meeting not to define a specific and "final" issue price for the shares corresponding to their market value, but to define a criteria that the board shall follow, upon the execution of the Capital Increase, taking into account the interval of time between the shareholders' resolution approving the Capital Increase and its actual implementation.

It should be noted, however, that with reference to the First Tranche, and as illustrated in detail below, the board of directors decided, in the circumstances, to propose to the shareholders meeting to define a specific and "final" issue price for the shares corresponding to their market value.

In consideration of the specific nature and characteristics of the operation as illustrated above, as reported by the directors and set out below, our opinion is expressed, in order to strengthen disclosure in favour of the shareholders excluded from pre-emption rights with regard to the proposed Capital Increase, solely in relation to the appropriateness of the criteria adopted by the directors to determine an issue price for the shares corresponding to their market value at the time of execution of the Capital Increase and, with specific reference to the First Tranche, to its correct application.

This report therefore illustrates the criteria proposed by the directors to determine the issue price for the new shares, any difficulties encountered by them and includes our considerations on the appropriateness of such criteria, in terms of it being reasonable and not arbitrary, in the circumstances, and, with reference to the First Tranche, on its correct application.

In the performance of our work we did not carry out a business valuation of the Company, which is outside the scope of this engagement.

4 DOCUMENTS USED

During the performance of our engagement we obtained, directly from the Company or through it, such documents and information as we considered necessary in the circumstances.

In detail, we analysed the following documents:

- “Illustrative report of the board of directors relating to the Capital Increase to implement the Stock Option Plan 2010-2013” dated 4 October 2010 for the proposed Capital Increase of the Company;
- “Illustrative report of the board of directors relating to the establishment of a Stock Option Plan”;
- Minutes of the meeting of the board of directors held on 4 October 2010 where the aforementioned report was approved;
- Regulations of the Stock Option Plan Safilo Group SpA 2010-2013;
- Prospectus for the share based payments plan (Stock Option Plan) prepared in compliance with article 84-bis of the Issuers’ Regulations of the Italian stock exchange;
- Memorandum of the remuneration committee to the board of directors of Safilo Group dated 1 August 2010;
- The Company’s articles of association in force for the purposes of this engagement;
- Excel files prepared by the Company showing the fluctuations in stockmarket prices of shares in Safilo and the average volumes traded daily in the period 1 July 2010 to 31 July 2010, as well as the calculation of the average of the stockmarket prices weighted by volume for the purposes of the calculation of the subscription price for the shares in the First Tranche;
- A few recent brokers’ reports from financial analysts;
- The separate and consolidated financial statements of Safilo Group as of 31 December 2009 and 31 December 2008, which we audited, and on which we reported, respectively, on 13 April 2010 and 7 April 2009;
- The half-year interim financial statements of Safilo Group as of 30 June 2010 and 30 June 2009, which we reviewed, and on which we reported, respectively, on 3 August 2010 and 28 August 2009.

Furthermore, we obtained a specific and explicit representation, in a letter issued by the Company on 18 October 2010, stating that, as far as the

management of Safilo Group is aware, no significant changes have occurred to the figures and information we considered in performing our analyses.

5 METHODS ADOPTED BY THE DIRECTORS TO DETERMINE THE ISSUE PRICE FOR THE SHARES

5.1. FOREWORD

As stated above, in the proposed Capital Increase under examination the board of directors proposes to the shareholders meeting to approve a criteria to be used for determining the issue price for the new shares which the board shall follow upon the execution of the Capital Increase, rather than setting a specific and final issue price at the time of taking a resolution.

Solely with reference to the First Tranche, and as illustrated in the Board's Report and specified below, the board of directors decided, in the circumstances, to propose to the shareholders meeting to define a specific and "final" issue price for the shares corresponding to their market value.

5.2. THE CRITERIA ADOPTED BY THE DIRECTORS TO DETERMINE THE SHARE ISSUE PRICE

The wording of article 2441, paragraph 4, part 2, of the Civil Code makes reference to 'market value' without providing additional specifications, also in terms of timing, and therefore allows the use of several, differing criteria to be chosen also with regard to the specific features of individual capital increases. In the case at hand, the board of directors decided to make reference to criteria that is shared by existing literature, i.e. the price of the issuer's shares in the various regulated markets in which it is listed.

In the circumstances, the board of directors decided to determine the issue price for the new shares as the weighted average of the prices recorded by ordinary shares in Safilo Group during the month preceding the date of the board of directors' meeting where the option rights issued under the Plan shall be granted. The directors specified that the preceding month is the period from the date preceding the date of the board of directors' meeting where the option rights are to be granted to the same date of the previous calendar month, it being agreed that for the purpose of determining the weighted average, during that period only stockmarket trading days shall be considered.

The board of directors therefore considered it reasonable and in line with existing literature on the matter and prevailing market practice for share

incentive schemes, to consider, in the circumstances, the weighted average of the official stockmarket prices recorded over a timeframe close to the issue of the new shares. Moreover, the directors specified that these criteria makes it possible to take as reference a sufficiently lengthy period of time to exclude from the result obtained instances of volatility that may affect financial markets, thus reflecting the value that the market attributes to the Company's shares.

With reference to the First Tranche that will be granted at the first meeting of the board of directors that takes place after approval of the Plan by the shareholders meeting, the board of directors specifies that the issue price is set as Euro 8.0470 per share, corresponding to the weighted average of the prices of the Safilo Group ordinary shares recorded on the *Mercato Telematico Azionario*, the electronic stock market of *Borsa Italiana SpA*, in the month of July 2010, which is the month preceding the date on which the Company's remuneration committee first submitted to the board of directors the opportunity of adopting a share incentive scheme.

6 DIFFICULTIES ENCOUNTERED BY THE BOARD OF DIRECTORS

The Board's Report does not mention any difficulties encountered by the directors with regard to the choice of the criteria proposed, illustrated in paragraph 5.

7 WORK PERFORMED

For the purpose of performing our engagement we carried out the following activities:

- We examined the minutes of the meeting of the Company's board of directors of 4 October 2010;
- We performed an analytical examination of the Board's Report;
- We examined, for the purposes of this engagement, the Company's current Articles of association;
- We performed a critical examination of the criteria adopted by the directors to determine the issue price for the shares, so as to verify that, in the circumstances, they were reasonable, justified, and not arbitrary;
- We considered the elements necessary to ascertain whether such criteria were technically suitable, in the specific circumstances, in

terms of being reasonable and not arbitrary, to determine an issue price for the shares corresponding to their market value at the time of the execution of the Capital Increase;

- We verified that the reasons indicated by the board of directors for choosing the aforementioned criteria were complete and not contradictory;
- We checked the trend of the stockmarket prices for the Company's shares in the last six months, specifically in the period 1 July 2010 to 31 July 2010, and identified additional information such as, for instance, the time horizon, the significance of the prices considered, the type of average used, the characteristics of freely negotiable shares, the volatility of the share price and the average daily trading volumes;
- We performed sensitivity analyses on the trend of the stockmarket prices for the shares in Safilo Group in the six months preceding the date of the Board's Report; for this purpose, we calculated the weighted average of the share prices over the periods of six months, three months and one month before the date of the Board's Report;
- We verified the correct application of the criteria adopted by the directors to determine the issue price for the shares with reference to the First Tranche of the Plan;
- We obtained a formal representation from the Company's legal representatives confirming the basis for assessment made available to us and that, as far as they are aware, at the date of our report, there are no significant modifications to be made to the underlying amounts of the operation and to the other elements considered.

8 COMMENT ON THE APPROPRIATENESS OF THE METHODOLOGY ADOPTED BY THE DIRECTORS TO DETERMINE THE ISSUE PRICE FOR THE SHARES

With reference to the Capital Increase under examination, in the Board's Report the directors describe the reasons underlying their choice of methodology and the logic process they followed in choosing the criteria adopted to determine the issue price for the shares. In this respect we wish to emphasise the following:

- Firstly, the directors' decision not to submit a specific price to the shareholders for approval but to submit a criteria for determining the issue price, as also noted in the Board's Report, is in line with market practice and with the existing literature on the matter;
- Secondly, in the circumstances, the reference to the stockmarket prices of shares in Safilo Group adopted by the directors appears to be consistent with the need to identify an issue price for the shares corresponding to their market value, this being a company with shares listed on regulated markets;
- The directors' decision to use average stockmarket prices, which minimises the risks from significant short-term fluctuations in share prices, appears to be in line with the positions taken by the literature that has discussed the matter so far. Specifically, it should be noted that the directors' decision to propose an average of the official prices weighted for the volumes traded daily is in line with prevailing market practice. In effect, as expressly stated in the literature, this method of calculation makes it possible to determine an average value that takes into account the 'significance' of the prices on the various dates, attributing greater weight to prices obtained as a result of a larger number of trades, thus being reasonable in the circumstances;
- With reference to the timeframe of the stockmarket prices to be used as a basis for calculating the average, the directors' choice of one month's trading close to the date of execution of the Capital Increase appears, again, consistent with the literature and prevailing market practice for this type of operation.
In detail, the existing literature has argued that the time horizon for analysing stockmarket prices in the case of issuers with large numbers of freely tradable shares and large volumes traded, for the purpose of determining the market value, is certainly shorter than the interval of six months mentioned in the case of capital increases pursuant to article 2441, paragraph 4, part 2, of the Civil Code. In consideration of the above, and of the characteristics of the shares in Safilo Group, in terms of number of freely tradable shares and volumes traded, the choice of timeframe made by the directors may be considered reasonable and not arbitrary for the purpose of reflecting the market value of the shares;
- It should also be noted that certain sensitivity analyses that we performed on the weighted average share prices making reference to longer or shorter intervals of time (compared with the one month

used by the directors) in the last six months confirm that the results obtained by the directors are reasonable and not arbitrary.

With reference to the First Tranche, as described above, the board of directors specifies that the issue price for the shares is set as Euro 8.0470, which is the weighted average of the prices recorded for ordinary shares in Safilo Group on the *Mercato Telematico Azionario* of *Borsa Italiana SpA* in the month of July 2010. In this respect the following should be noted:

- For the purpose of determining the issue price for the shares with reference to the First Tranche, the directors adopted the same criteria as those adopted for the following tranches, i.e. a weighted average of the share prices recorded over a period of one month's trading on the stockmarket. In this respect we make reference to the comments set out above concerning the reasonableness and not arbitrary nature of the criteria adopted by the directors;
- In the case of the First Tranche, unlike the subsequent tranches, the date for calculating the weighted average of the stockmarket prices does not coincide with the date of the meeting of the board of directors where the options are to be granted, but, as expressly stated in the Board's Report, is an earlier date. Specifically, we have been informed that on 1 August 2010 the remuneration committee of Safilo Group first submitted to the board of directors the opportunity of adopting a share incentive scheme. Consequently, it was decided to apply the criteria adopted for determining the issue price for the shares with reference to that date, and to determine a specific price for the First Tranche, i.e. the average stockmarket price for the month of July 2010;

9 SPECIFIC LIMITATIONS ENCOUNTERED BY THE AUDITORS AND POSSIBLE SIGNIFICANT ISSUES EMERGING DURING THE PERFORMANCE OF THIS ENGAGEMENT

With regard to the main difficulties and limitations we encountered in the performance of our engagement, we wish to note the following:

- The rules set forth in article 2441, paragraph 4, part 2 of the Italian Civil Code were introduced into the Italian legal system only recently. Therefore, the available literature on the matter is currently limited, which gives rise to difficulties, among other things, in interpreting concepts such as 'market value' and the 'correspondence' of the issue price for the shares to the market value;

- The proposal for a Capital Increase prepared by the board of directors defines the maximum number of shares that may be issued but does not set the issue price for the shares, indicating instead the criteria adopted for determining the issue price. Therefore, this report does not relate to whether the issue price for the shares, not defined to date, corresponds to their market value, but whether the criteria proposed by the directors to determine an issue price for the shares corresponding to their market value at the time of the execution of the Capital Increase is appropriate, in terms of being reasonable and not arbitrary;
- Assessments based on stockmarket prices are subject to the volatility typical of financial markets and, therefore, may show, particularly over a short timeframe, marked fluctuations in relation to uncertainties in the domestic and international economic situation. Furthermore, share prices may also be affected by speculative pressure or pressure caused by outside factors of an extraordinary and unforeseeable nature that are independent of the financial prospects for individual companies. Considering that the issue price for the shares shall be determined after the date of this report, it cannot be ruled out that unforeseeable circumstances may occur that may have an impact on the future issue price.

We also wish to draw attention to the following significant aspects:

- The criteria adopted by the directors makes reference to a future, limited interval of time, expressly indicated in the Board's Report, with possible resulting effects on the stockmarket prices and, consequently, on the issue price for the shares, connected with the use by the market of this information;
- With reference to the First Tranche, the board of directors decided to set a specific and "final" issue price for the shares corresponding to their market value. In detail, and as repeatedly stated in this report, the board of directors adopted the same criteria for determining the issue price as for the following tranches, i.e. a weighted average of the stockmarket prices over a period of one month. We wish to emphasise, however, that since the remuneration committee of Safilo Group first submitted to the board of directors the opportunity of adopting a share incentive scheme on 1 August 2010, the period of time taken as reference was the month preceding that date, i.e. the average refers to the month of July 2010.

10 CONCLUSION

Based on the foregoing, on the basis of the documents examined and the procedures performed as described above, considering the nature and scope of our engagement indicated in this report, and subject to the considerations set out in paragraph 9, we believe that the method adopted to apply the criteria referred to in article 2441, paragraph 4, part 2, of the Civil Code, is appropriate, in that it is reasonable and not arbitrary in the circumstances, for the purpose of determining an issue price for the shares corresponding to their market value at the time of the execution of the Capital Increase.

Treviso, 18 October 2010

PricewaterhouseCoopers SpA

Signed by

Roberto Adami
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers