

TOD'S

TOD'S Group

D'S

INTERIM REPORT ON OPERATIONS
AT SEPTEMBER 30th, 2010

Group

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Company's data

Registered office

TOD'S S.p.A.
Via Filippo Della Valle, 1
63019 Sant'Elpidio a Mare (Fermo) - Italy
Tel. +39 0734 8661

Legal data Parent company

Share capital resolved euro 61,218,802
Share capital subscribed and paid euro 61,218,802
Fiscal Code and registration number on Company Register of Court of Fermo: 01113570442
Registered with the Chamber of Commerce of Fermo under n. 114030 R.E.A.

Offices and Show rooms

Dusseldorf – Kaistrasse, 2
Hong Kong - Three Pacific Place, 1 Queen's Road East
London - Old Bond Street, 16
Milan - Corso Venezia, 30
Milan - Via Savona, 56
Milan - Via Serbelloni 1-4
Milan - Via della Spiga, 22
Milan - Via Montenero, 63
New York - 450, West 15th Street
Paris - Rue Royale, 20
Seoul - 89-10, Cheongdam-dong, Kangnam-ku
Shanghai - 1366 Nanjing West Road, Plaza 66 Tower 2
Tokyo - Omotesando Building, 5-1-5 Jingumae

Production facilities

Comunanza (AP) - Via Merloni, 7
Comunanza (AP) - Via S.Maria, 2-4-6
Sant'Elpidio a Mare (FM) - Via Filippo Della Valle, 1
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 60
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 50
Tolentino (MC) - Via Sacharov 41/43

Corporate Governance bodies

Board of directors ⁽¹⁾	Diego Della Valle Andrea Della Valle Luigi Abete Maurizio Boscarato Luigi Cambri Luca Cordero di Montezemolo Emanuele Della Valle Fabrizio Della Valle Emilio Macellari Pierfrancesco Saviotti Stefano Sincini Vito Varvaro	Chairman Vice - Chairman
Executive Committee	Diego Della Valle Andrea Della Valle Fabrizio Della Valle Emilio Macellari Stefano Sincini Vito Varvaro	Chairman
Compensation Committee	Luigi Abete Luigi Cambri Pierfrancesco Saviotti	Chairman
Internal Control and Corporate Governance Committee	Maurizio Boscarato Luigi Cambri Pierfrancesco Saviotti	Chairman
Board of statutory Auditors ⁽²⁾	Enrico Colombo Gian Mario Perugini Fabrizio Redaelli Massimo Foschi Gilfredo Gaetani	Chairman Acting stat. auditor Acting stat. auditor Substitute auditor Substitute auditor
Independent Auditors ⁽³⁾	Deloitte & Touche S.p.A.	
Manager charged with preparing a company's financial report	Rodolfo Ubaldi	

⁽¹⁾ Term of the office: 2009-2011 (resolution of the Shareholders' meeting as of April 20th, 2009)

⁽²⁾ Term of the office: 2010-2012 (resolution of the Shareholders' meeting as of April 22nd, 2010)

⁽³⁾ Term of the office: 2006-2011 (resolution of the Shareholders' meeting as of April 28th, 2006)

TOD'S Group

TOD'S S.p.A.

Parent Company, owner of the TOD'S, HOGAN and FAY brands and licensee of the ROGER VIVIER brand.

Del.Com. S.r.l.

Subholding for operation of international subsidiaries and DOS in Italy.

TOD'S International B.V.

Subholding for operation of international subsidiaries and DOS in The Netherlands.

An.Del. Usa Inc.

Subholding for operation of subsidiaries in the United States.

Del.Pav S.r.l.

Company that operates DOS in Italy.

Filangieri 29 S.r.l.

Company that operates DOS in Italy.

Re.Se.Del. S.r.l.

Company for services.

Gen.del. SA

Company that operates DOS in Switzerland.

TOD'S Belgique S.p.r.l.

Company that operates DOS in Belgium.

TOD'S Deutschland Gmbh

Company that distributes and promotes products in Germany and manages DOS in Germany.

TOD'S Espana SL

Company that operates DOS in Spain.

TOD'S France Sas

Company that distributes and promotes products in France and manages DOS in France.

TOD'S Luxembourg S.A.

Company that operates DOS in Luxembourg.

TOD'S Hong Kong Ltd

Company that distributes and promotes products in Far East and South Pacific and manages DOS in Hong Kong.

TOD'S Japan KK

Company that operates DOS in Japan.

TOD'S Korea Inc.

Company that promotes products in Korea.

TOD'S Macao Ltd Company that operates DOS in Macao.

TOD'S Retail India Private Ltd

Company that operates DOS in India.

TOD'S Saint Barth Sas

Not operating company.

TOD'S (Shanghai) Trading Co. Ltd

Company that operates DOS in China.

TOD'S Singapore Pte Ltd

Company that operates DOS in Singapore.

TOD'S UK Ltd

Company that operates DOS in Great Britain.

Webcover Ltd

Company that distributes and promotes products in Great Britain and manages DOS in Great Britain.

Cal.Del. Usa Inc.

Company that operates DOS in California (USA).

Colo. Del. Usa Inc.

Not operating company.

Deva Inc.

Company that distributes and promotes products in North America, and manages of DOS in New Jersey (USA).

Flor. Del. Usa Inc.

Company that operates DOS in Florida (USA).

Hono. Del. Inc.

Company that operates DOS in Hawaii (USA).

Il. Del. Usa Inc.

Company that operates DOS in Illinois (USA).

Neva. Del. Inc.

Company that operates DOS in Nevada (USA).

Or. Del. Usa Inc.

Company that operates DOS in California (USA).

TOD'S Tex. Del. Usa Inc.

Company that operates DOS in Texas (USA).

Sandel SA

Not operating company.

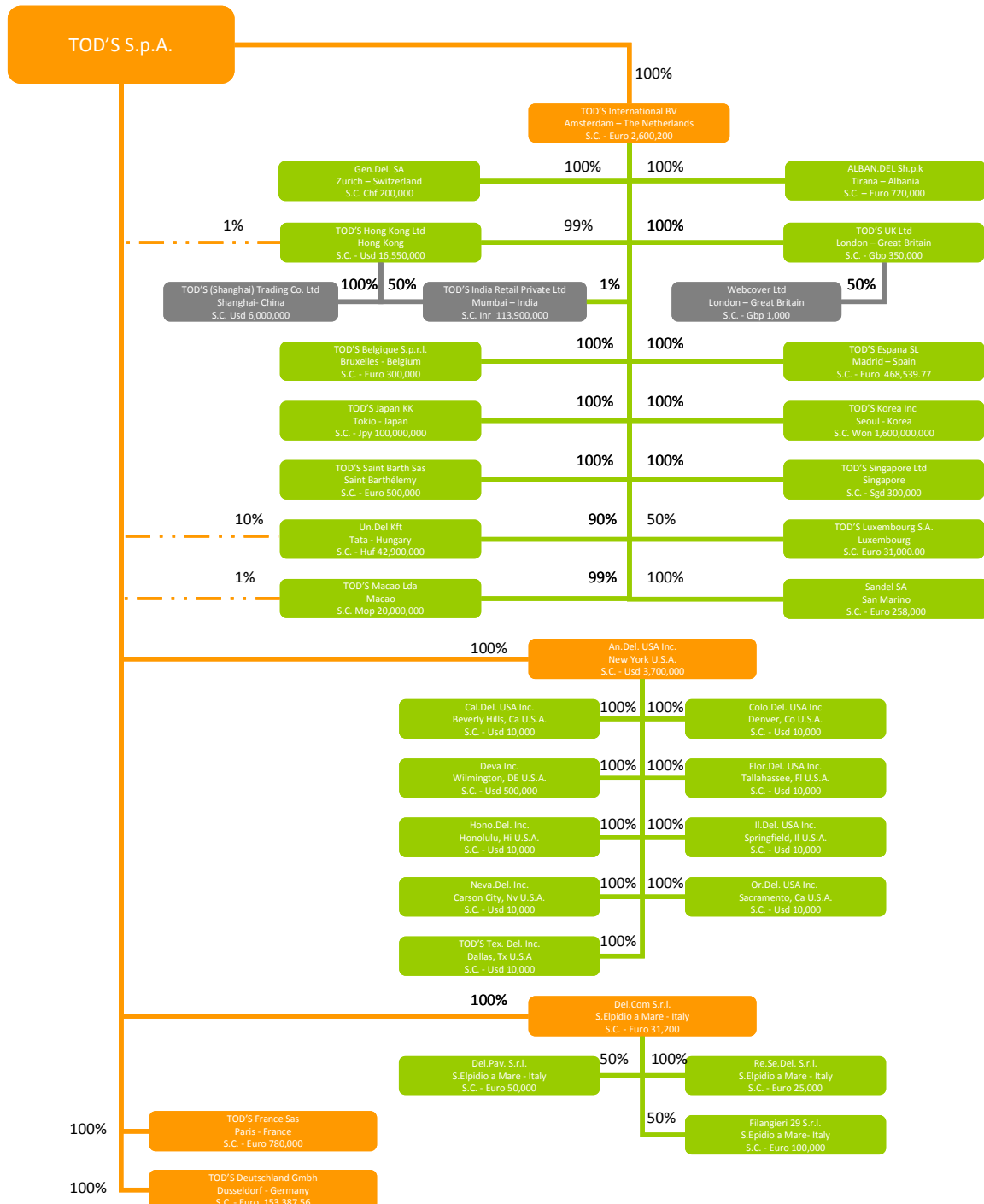
Un.Del. Kft

Production company.

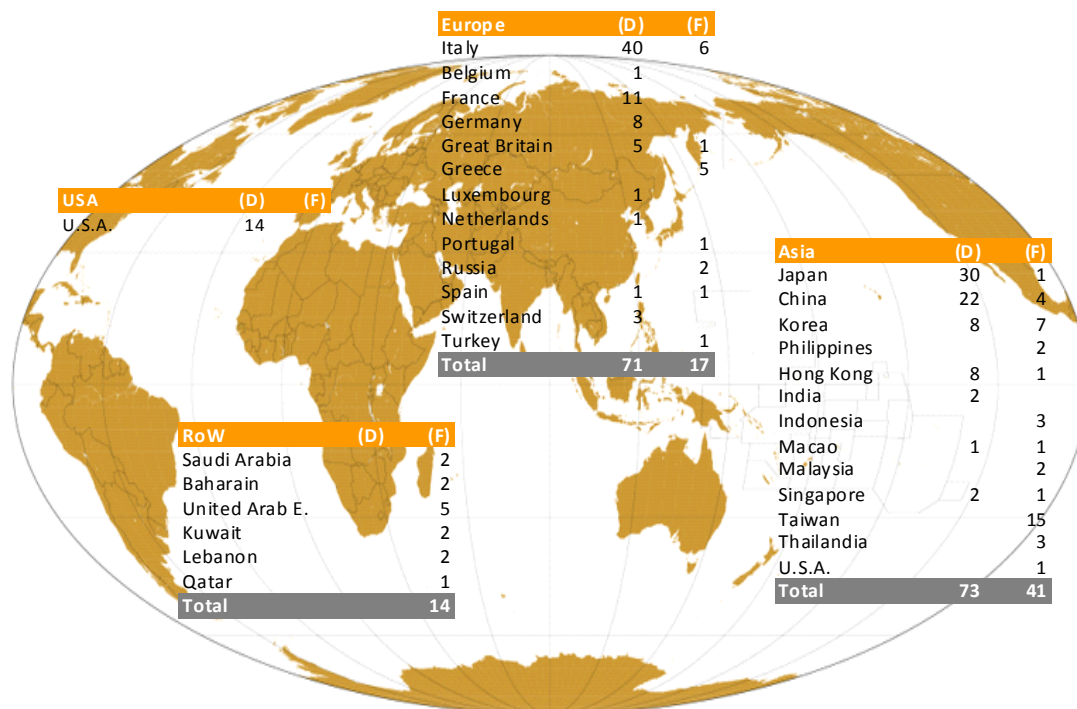
Alban.Del Sh.p.k.

Production company.

Group's organizational chart



Distribution network as of September 30th, 2010



(D)=DOS (F)=FRANCHISED STORES

DOS, 2010 new openings

Europe	
Capri	(Italy)
Milan	(Italy)
Milan	(Italy)
Rome	(Italy)

Far East	
Seoul	(Korea)
Osaka	(Japan)
Tokyo	(Japan)
Tokyo	(Japan)
Tokyo	(Japan)
Chengdu	(China)
Fuzhou	(China)
Hangzhou	(China)
Shangai	(China)
Shenzhen	(China)

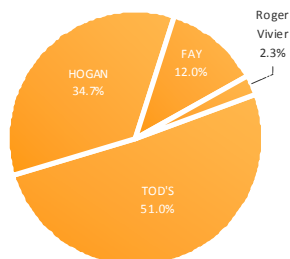
Franchised stores, 2010 new openings

Far East	
Kaohsiung	(Taiwan)

For a complete list of retail outlets operated by the DOS and franchising network, reference should be made to the corporate web site: www.todsgroup.com

Key consolidated financial figures

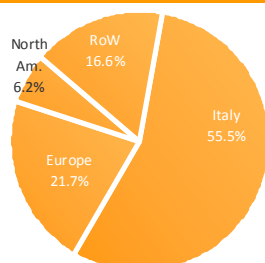
9M 10 Revenues - % by brand



P&L key figures (in euro mn)

	9M 10	9M 09 ⁽¹⁾	9M 08 ⁽¹⁾	9M 07 ⁽¹⁾
Revenues	609.1	559.4	549.7	499.9
EBITDA	157.4 25.8%	130.7 23.4%	127.9 23.3%	111.7 22.3%
EBIT	133.1 21.8%	107.6 19.2%	107.4 19.5%	93.9 18.8%

9M 10 Revenues - % by region

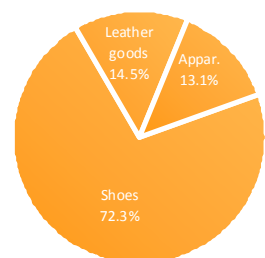


Key Balance Sheet figures (in euro mn)

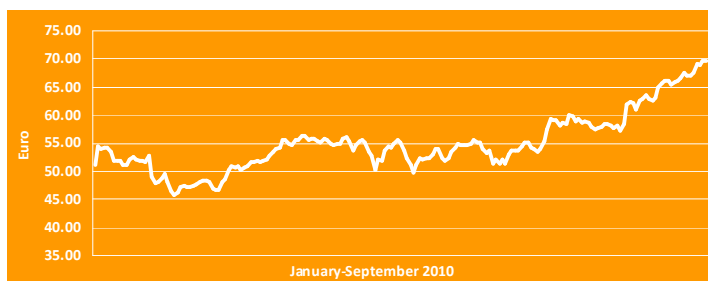
	09.30.10	12.31.09	09.30.09 ⁽¹⁾
Net working capital ^(*)	269.4	200.1	276.8
Net financial position	187.8	177.2	106.3
Capital expenditures	21.7	21.3	16.0

(*) Trade receivables + inventories – trade payables

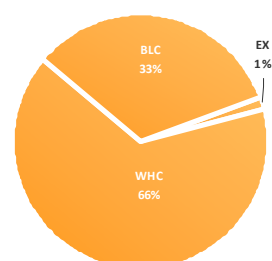
9M 10 Revenues - % by product



Stock performance



2010 Group employees



The Group employees

	09.30.10	12.31.09	09.30.09	09.30.08
Year to date	3,138	2,840	2,834	2,798

EX = executives
WHC = white collar employees
BLC = blue collar employees

(1) Note: Previous years results have been restated following retrospective application of the amendment to IAS 38. For details refer to Supplementary Notes to the Financial Statements as of December 31st 2009.

Highlights of results

Revenues: sales totalled 609.1 million euros, up 8.9% from the first nine months of 2009. Growth accelerated strongly in Q3 2010 (+15.5%).

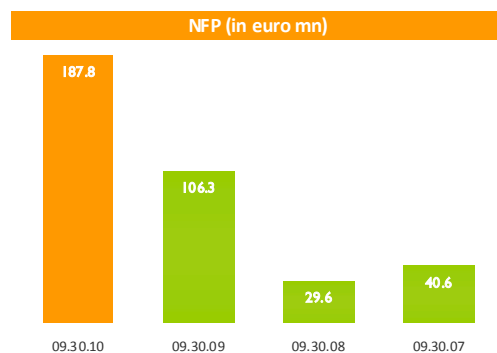
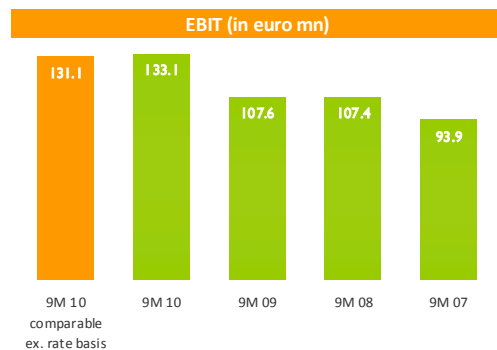
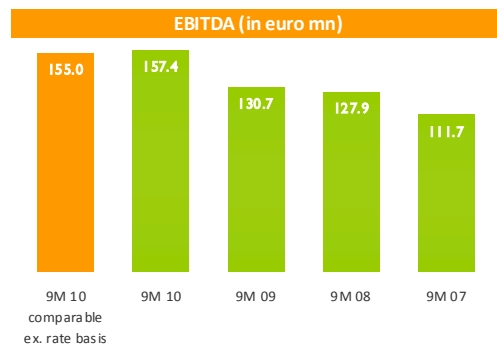
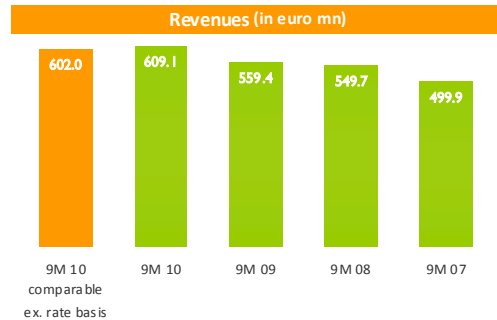
EBITDA: gross operating profit jumped sharply to 157.4 million euros, representing 25.8% of sales (first nine months of 2009: 23.4%). On a comparable exchange rate basis, EBITDA would have totalled 155.0 million euros (25.7% of sales).

EBIT: net operating profit totalled 133.1 million euros, equal to 21.8% of revenues, or 131.1 million euros on a comparable exchange rate basis (21.8%).

Net financial position (NFP): the Group had 219.1 million euros in liquid assets at September 30th 2010. Its net financial position was 187.8 million euros at the same date.

Capital expenditure: 21.7 million euros in capital expenditures were made in the first nine months of 2010, with 58% allocated to the distribution network.

Distribution network: at September 30th, 2010, the single brand distribution network comprised 158 DOS and 72 franchised stores.



TOD'S

TOD'S Group

D'S

REPORT ON OPERATIONS

Group

Group's activity

TOD'S Group operates in the luxury sector under its proprietary brands (TOD'S, HOGAN, and FAY) and licensed brands (ROGER VIVIER). It actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The firm's mission is to offer global customers top-quality products that satisfy their functional requirements and aspirations.

Group's brands



The TOD'S brand is positioned on the luxury market and combines tradition, top quality and modernity. It offers consumers shoes, leather goods, accessories and apparel whose design is exclusive, functional and never ostentatious, interpreting timeless elegance.

TOD'S products embody the high quality of goods "Made in Italy" that are handcrafted for daily use while offering a sophisticated and elegant look. Certain products, such as the *Gommino*, the *Ballerina*, or the *D-Bag*, beloved by celebrities and leaders around the world, have become icons representing a unique and recognisably elegant style for men and women.



The HOGAN brand is positioned in the elegant luxury sportswear market, offering consumers contemporary style shoes, leather goods, accessories and apparel with an international vision.

HOGAN products, which are distinguished by their innovative character and high quality, have created a unique style, contributing to changes in the fashion habits of consumers who want a functional, comfortable, but also sporty and elegant product for everyday life.

HOGAN products are trend-setters in defining an elegant and sporty look. Some of its models are best sellers, such as its *Interactive* shoes.



This brand offers consumers a line of high-quality apparel that is distinguished by the technical treatment of fabrics, obsession for detail and extreme functionality, combining style and quality with excellence. FAY products can be worn everywhere: from the sports stadium to the office, and from the city to the countryside. In every season, the FAY collection offers innovative, recognisable products for men, women and children.

Foreign currency markets

The value of the euro versus other major currencies largely stabilised in Q3 2010, after depreciating steadily in H1 2010. Analysis of the average exchange rates for the euro against non-EU currencies during the January-September 2010 period shows a general softening of the euro as compared with the average exchange rates for the same period of 2009.

Principal events and operations during the period

The Group's growth accelerated further during Q3 2010: its sales performance, margins and profitability were all outstanding.

Its Fall-Winter collection sales figures were outstanding, with general improvement in terms of trademarks, product categories and geographical areas.

Revenue performance for the entire collection of TOD'S brand handbags and accessories was especially strong, with growth of 16% from the same period of 2009. It enjoyed the same robust trend on the Asian markets, driven especially by Hong Kong, Taiwan and China. The Chinese market confirmed its present strategic importance for the Group and the entire luxury segment: five new DOS were opened, including the ROGER VIVIER *boutique* in Shanghai, the first single-brand store to be opened for this brand on mainland China.

The results for the first nine months of 2010 also confirmed the positive impact on operating margins generated by improvements in operating efficiency and brand marketing and promotion strategies designed to increase the sell out of products on the entire sales network (direct, franchising and multi-brand) and improve the ratio between full-price sales and promotional price sales in the direct sales channel.

The Group's financial position remained as strong as ever, with a balance of 187.8 million euros at September 30th, 2010. This made it possible to declare a non-recurring dividend of 3.50 euros per share, for a total pay-out of 107.1 million euros. The amount of resources earmarked for capital expenditure rose, rising from 16.0 million euros in the first nine months of 2009 to 21.7 million euros in the same period of this year.

Group's results in the first nine months of 2010

The Group's outstanding business performance in Q3 2010 triggered marked improvement in its key financial figures from their levels in the previous quarters of 2010.

Revenues, sustained by growth on all markets and the excellent performance of the TOD'S brand, totalled 609.1 million euros, which rose by 8.9% from the previous period of comparison.

Sales grew at a rate of 15.5 percentage points in Q3 2010, accelerating sharply from the 5.2% rate reported during the first six months of the year.

Operating margins continued growing at faster rates than sales. During the period EBITDA and EBIT totalled 157.4 million and 133.1 million euros, respectively, substantially in line with the values for FY 2009. The steady improvement in the quarterly figure for 2009 was 20.4 percentage points for EBITDA, and 23.6 points for EBIT, which positively impacted operating profitability: at September 30th 2010, the two indices of profitability represented 25.8% and 21.8% of consolidated sales, respectively.

(In euro 000's)					
FY 2009	Principal economics indicators	9M 10	9M 09 ⁽¹⁾	Change	%
713,135	Sales revenues	609,053	559,400	49,653	8.9
158,653	EBITDA	157,386	130,726	26,661	20.4
(32,205)	Deprec., amort. and write-downs, accru.	(24,320)	(23,099)	(1,221)	5.3
126,448	EBIT	133,066	107,627	25,440	23.6
	Foreign exchange impact on revenues	(7,100)			
	Adjusted sales revenues	601,953	559,400	42,553	7.6
	Foreign exch. impact on operating costs	4,700			
	Adjusted EBITDA	154,986	130,726	24,261	18.6
	Foreign exch. impact on deprec./amort	400			
	Adjusted EBIT	131,066	107,627	23,440	21.8
	EBITDA %	25.8	23.4		
	EBIT %	21.8	19.2		
	Adjusted EBITDA %	25.7	23.4		
	Adjusted EBIT %	21.8	19.2		

(In euro 000's)				
09.30.09	Principal Balance Sheet indicators	09.30.10	12.31.09	Change
276,769	Net working capital (*)	269,387	200,129	69,258
106,261	Net financial position	187,812	177,189	10,623
15,950	Capital expenditures	21,670	21,310	n.s.

^(*) Trade receivables + inventories – trade payables

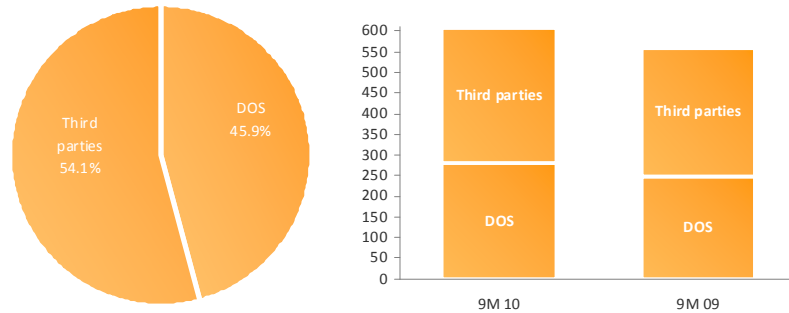
(1) Note: Previous years results have been restated following retrospective application of the amendment to IAS 38. For details refer to Supplementary Notes to the Financial Statements as of December 31st 2009.

Revenues. In the first nine months of 2010, Group revenues totalled 609.1 million euros, up 8.9% from the same period of 2009.

Revenues growth leapt by 15.5% in Q3 2010, due to the outstanding sales performance of winter collections. As has been repeatedly remarked in the past, the third quarter of the year is dominated by sales in the wholesale channel, insofar as the bulk of DOS revenues generated by

the winter collection is concentrated in the fourth quarter, when the products are sold by stores to end customers. In the first nine months of 2010, revenues to third parties totalled

(In euro mn)	9M 10	%	9M 09	%	Change	%
DOS	279.6	45.9	246.9	44.1	32.7	13.2
Third parties	329.5	54.1	312.5	55.9	17.0	5.4
Total	609.1	100.0	559.4	100.0	49.7	8.9



329.5 million euros, up 5.4% from the same period of 2009. Revenue grew by 10.8% in Q3 2010. The DOS network reported excellent results, which were driven principally by the extremely strong organic growth in all geographical areas, confirming the enthusiastic response of customers to the Fall/Winter collections. In the first nine months of 2010, DOS revenues totalled 279.6 million euros, up 13.2% from the same period of 2009. It jumped by 23.2% in Q3 2010. Performance as measured by the indicator of organic growth was particularly brilliant: Same Store Sales Growth (SSSG), which is calculated as the global average of revenues growth rates reported by existing DOS at January 1st 2009, was 11.7% during the first 45 weeks of the current year (January 1st – November 7th 2010), with a strong acceleration in its value from the level recorded during the first eight months of the year.

At September 30th 2010, the Group's distribution network was comprised by 158 DOS and 72 franchised stores, compared with 146 DOS and 78 franchised stores at September 30th 2009.

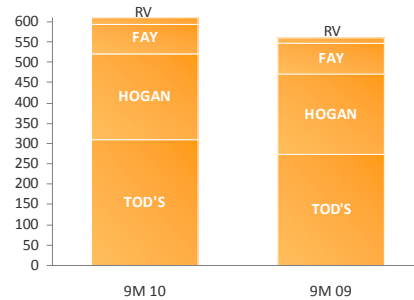
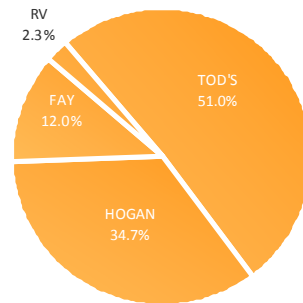
Tod's brand revenues grew at a double-digit rate, due to the excellent results realised in all geographical areas by shoes, handbags and accessories. Aggregate sales by this brand totalled 310.4 million in the first nine months of 2010, up 13.7% from the same period of 2009. Brand revenues soared by 24% in Q3 2010 alone.

The Hogan brand also reported strong results, especially in light of the selective nature of its distribution strategy. It had sales of 211.1 million euros in the first nine months of 2010, rising 6% from the same period of 2009 (they grew by 9.4% in Q3 2010 alone).

The Fay brand generated 72.8 million euros in sales during the period. That performance was in line with forecasts, with positive results being turned in by the winter collections. Brand revenues

grew by 4.4% in Q3 2010, resulting in a marked improvement in performance during the first nine months as compared with H1 2010. Finally, the Roger Vivier brand realised revenues of 14.2 million euros in the first nine

(In euro mn)	9M 10	%	9M 09	%	Change	%
TOD'S	310.4	51.0	273.0	48.8	37.4	13.7
HOGAN	211.1	34.7	199.2	35.6	11.9	6.0
FAY	72.8	11.9	75.3	13.5	(2.5)	(3.5)
RV	14.2	2.3	11.2	2.0	3.0	26.6
Other	0.6	0.1	0.7	0.1	(0.1)	n.s.
Total	609.1	100.0	559.4	100.0	49.7	8.9

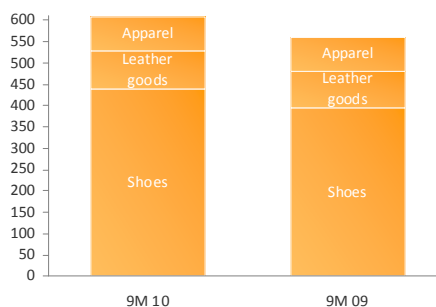
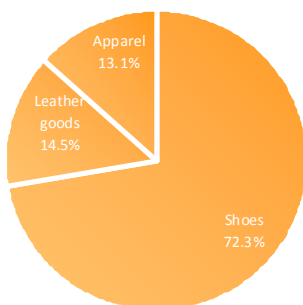


months of 2010, up 26.6% from the same period of 2009. To repeat what has been observed many times before, analysis of this brand's revenue performance is not entirely meaningful, being focused currently on consolidation of its exclusive image and prestige.

All merchandise categories in which the Group operates reported double-digit growth in revenues

during Q3 2010, due to the resounding success of the winter collections. The Group confirmed its leadership in its core business, shoes. During the first nine months of 2010, revenues in this category totalled 440.1

(In euro mn)	9M 10	%	9M 09	%	Change	%
Shoes	440.1	72.3	395.8	70.8	44.3	11.2
Leather goods	88.6	14.5	85.8	15.3	2.8	3.3
Apparel	79.9	13.1	77.3	13.8	2.6	3.4
Other	0.5	0.1	0.5	0.1	0.0	n.s.
Total	609.1	100.0	559.4	100.0	49.7	8.9



million euros, up 11.2% from the same period of 2009. It grew by 16.8% in Q3 2010 alone.

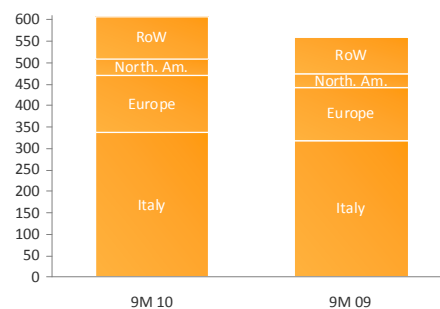
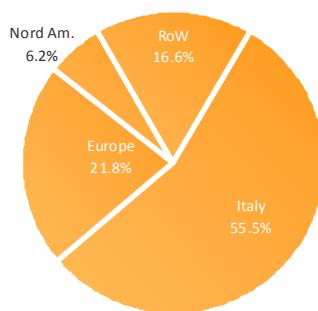
The entire collection of Tod's brand handbags and accessories generated outstanding results. Aggregate leather good and accessory revenues totalled 88.6 million euros during the first nine months of 2010, up 3.3% compared with the same period of 2009. It grew by 16% in Q3 2010 alone.

Apparel revenues totalled 79.9 million euros during the first nine months of 2010, up 3.4% compared with the same period of 2009. It grew by 10.5% in Q3 2010 alone.

As broken down on a geographical basis, the Group enjoyed double-digit growth on all of its markets in Q3 2010.

It confirmed its leadership on the domestic market, where revenues totalled 337.8 million euros during the first nine months of 2010, with growth of 5.4% from the same period of 2009. Revenues grew by 11.8% in

(in euro mn)	9M 10	%	9M 09	%	Change	%
Italy	337.8	55.5	320.4	57.3	17.4	5.4
Europe	132.5	21.7	120.9	21.6	11.6	9.5
North America	37.8	6.2	33.8	6.0	4.0	12.0
RoW	101.0	16.6	84.3	15.1	16.7	19.7
Total	609.1	100.0	559.4	100.0	49.7	8.9



Q3 2010 alone. Sales growth in the rest of Europe accelerated strongly, at a rate of +20.5% in Q3 2010. In the first nine months of 2010, aggregate Group revenues totalled 132.5 million euros in this area, up 9.5% as compared with the same period of the previous year.

Excellent results were also reported on the United States market. Group revenues totalled 37.8 million euros in the first nine months of 2010, up 12% from the same period of 2009.

Growth in "Asia and Rest of World" also accelerated from the rate reported in the previous months, with especially good performance being reported in China, Hong Kong and Taiwan. In the first nine months of 2010, aggregate revenues in this area totalled 101 million euros, with growth of 19.7% from the same period of 2009.

Operating results. EBITDA and EBIT grew strongly, with such growth accelerating in Q3 2010 from the H1 2010 rate. As previously mentioned, the rates of growth in operating margins continue to outpace the increases in sales, causing a net improvement in profitability.

(In euro 000's)	9M 2010	⁽¹⁾ ⁽²⁾ 9M 2009	FY 2009
Revenues			
Sales revenues	609,053	559,400	713,135
Other revenues and income	14,136	10,899	15,454
Total revenues	623,189	570,299	728,589
Operating costs			
Change in inventories of work in prog. and finis. goods	(14,477)	(42,932)	(48,111)
Costs for raw materials, supplies and material for cons.	(130,245)	(113,692)	(145,998)
Costs for services	(177,303)	(153,070)	(201,343)
Costs for use of third party assets	(42,849)	(38,566)	(51,377)
Costs of labour	(86,948)	(80,246)	(107,340)
Other operating charges	(13,981)	(11,068)	(15,767)
Total operating costs	(465,803)	(439,574)	(569,936)
EBITDA	157,386	130,726	158,653
Amortisation, depreciation and write-downs			
Amortisation of intangible assets	(5,608)	(5,329)	(7,242)
Depreciation of tangible assets	(18,075)	(17,309)	(23,237)
Other adjustments		(91)	(562)
Total amortisation, depreciation and write-downs	(23,683)	(22,729)	(31,041)
Provisions	(637)	(370)	(1,164)
EBIT	133,066	107,627	126,448

(1) Note: Previous years results have been restated following retrospective application of the amendment to IAS 38. For details refer to Supplementary Notes to the Financial Statements as of December 31st 2009.

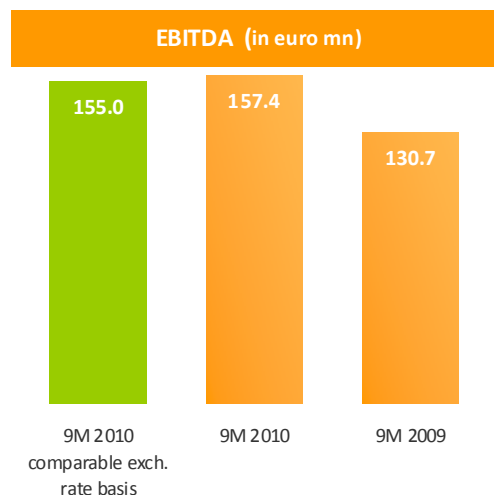
(2) Note should be made of the fact that costs during the first nine months of 2009 (Other operating expenses) were stated net of a non-recurring gain of 2.1 million euros, which was recognised in the form of a tax credit in favour of the parent company.

EBITDA in the first months of 2010 was 157.4 million euros, up 26.7 million euros from its level in the same period of 2009 (+20.4%), when the same indicator measured 130.7 million euros.

The measure of profitability was particularly significant: with the contribution made by performance in Q3 2010 to the cumulative results for the first nine months of the year, EBITDA represents 25.8% of consolidated revenues, reflecting a recovery of 240 basis points from 23.4% in the same period of 2009.

The change on a comparable exchange rate basis was negligible: EBITDA during the January-September 2010 period would have been 155.0 million euros, and its ratio as a percentage of revenues would have been 25.7%.

The structural elements that characterised the



described growth in profit margin stem first and foremost from the strong growth in revenues that marked Q2 and Q3 2010, with the like for like component dominating. The improvement in profitability also stemmed significantly from the qualitative composition of revenues, in which the weight of sales at full price as opposed to promotional prices increased, as well as the market shares gained on more profitable markets (especially Asia).

In the second place, the outstanding efficiency levels realised at the production level, including by the current collection, had a positive impact, with consequent effects on commercial margins.

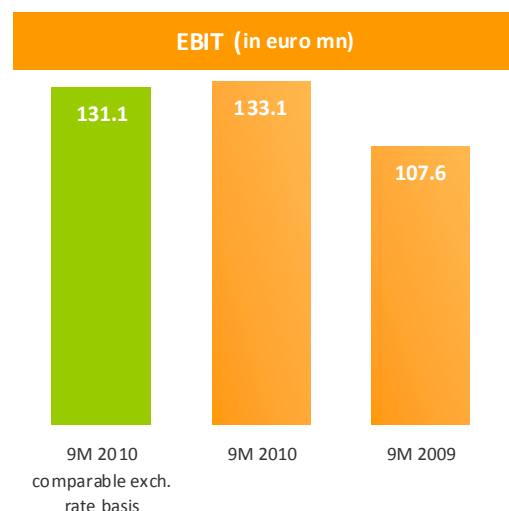
These income components fully absorbed the growth in overhead costs, especially rent, personnel and advertising, marketing and promotion expenses, of strategic importance to brand growth.

The aggregate cost recognised during the period for leases and rentals (which also include royalties for use of licenses) was 42.8 million euros, up 4.3 million euros from the figure for the first three quarters of 2009 (first nine months of 2009: 38.5 million euros). The percentage of these costs in terms of revenues thus rose from 6.9% at September 30th 2009 to 7.0% at September 30th 2010.

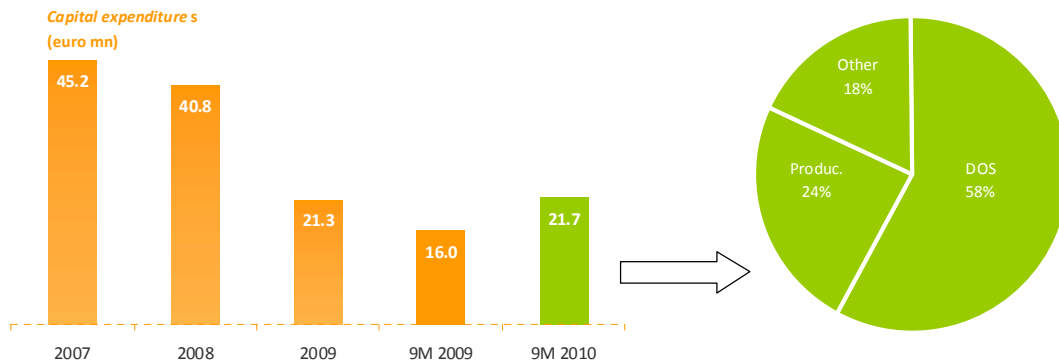
The cost for Group employee remuneration totalled 86.9 million euros, compared with 80.2 million euros in the first nine months of the previous year. During the first nine months of 2010, this cost amounted to 14.3% of Group revenues, the same percentage as in the first nine months of 2009.

This change is largely tied to the increase in Group headcount, which rose to 3,138 employees at September 30th 2010, or 298 and 304 additional employees as compared with the number of employees at December 31st and September 30th 2009, respectively. The hiring of new employees during the current period is connected both with reinforcement of the Group's production organisation and the opening of new stores.

Depreciation and amortisation expenses rose slightly, from 22.7 million euros in the first nine months of 2009 to 23.7 million euros in the current period, principally tied to higher capital expenditure than in 2009. EBIT during the period totalled 133.1 million euros (107.6 million euros during the first nine months of 2009), and represented 21.8% of Group sales, up sharply from 19.2% in the first nine months of 2009. On a comparable exchange rate basis, EBIT would have been 131.1 million euros, and would be equal to 21.8% of revenues.



Capital expenditures. Capex for the first nine months of 2010 totalled 21.7 million euros, reaching the amount of capital expenditure for all of 2009. At September 30th 2009, capital expenditure totalled 16.0 million euros.



Investments in the DOS network continued, and represented the majority of Group capital expenditure. Eight new *boutiques* were opened in Q3 2010, in addition to the six that were already opened in H1 2010. The sales space in the TOD'S store in Monaco and the ROGER VIVIER *boutique* in Hong Kong underwent major expansions, while the TOD'S single-brand store in Los Angeles was renovated.

Capital expenditures on production plant are part of the normal process of modernisation of industrial structures and plant (mainly lasts, hollow punches and moulds).

Net financial position (NFP). The Group's cash position continued to improve. At September 30th 2010, its net financial position was 187.8 million euros (106.3 million euros at September 30th 2009), consisting of liquid assets (cash and bank deposits) for 219.1 million euros, and liabilities for 31.3 million euros, including 25.2 million euros for short-term exposure.

Net Financial position (in euro 000's)				
09.30.09		09.30.10	12.31.09	Change
Current financial assets				
135,137	Cash and cash equivalents	219,076	204,009	15,067
135,137	Cash and cash equivalents	219,076	204,009	15,067
Current financial liabilities				
(19,802)	Current account overdraft	(23,676)	(18,480)	(5,196)
(1,487)	Current share of medium-long term financing	(1,556)	(1,521)	(35)
(21,289)	Current financial liabilities	(25,232)	(20,001)	(5,231)
113,848	Current net financial position	193,844	184,008	9,836
Non-current financial assets				
(7,587)	Financing	(6,032)	(6,819)	787
(7,587)	Non-current financial assets	(6,032)	(6,819)	787
106,261	Net financial position	187,812	177,189	10,623

Compared with the figure at the beginning of the year (NFP was 177.2 million euros at December 31st 2009), the additional cash resources generated by the Group during the first nine months of 2010 totalled 10.6 million euros. This figure rises to 56.5 million euros gross of the dividends declared upon approval of the 2009 Annual Report (45.9 million euros).

Net working capital (in euro 000's)				
09.30.09		09.30.10	12.31.09	Change
196,740	Inventories	187,467	196,051	(8,584)
174,743	Trade receivables	189,670	107,999	81,671
(94,714)	Trade payables	(107,750)	(103,921)	(3,829)
276.769	Net working capital	269.387	200.129	69.258

Net working capital at September 30th 2010 totalled 269.4 million euros, down from the same period a year before (276.8 million euros), mainly due to reduction in the value of inventories. At the financial level, October 11th 2010 was the detachment date for the coupon resulting from the non-recurring dividend resolved by the Shareholders' Meeting of the parent TOD'S S.p.A. on September 21st 2010. The dividend, totalling 107.1 million euros, at the rate of 3.50 (three and 50/100) euros for each of the 30,609,401 shares comprising the share capital at the distribution date, was paid on October 14th, 2010 to all shareholders entered in the register of shareholders at the ex-coupon date.

Significant events occurring after the end of the period

No significant events occurred after the end of the period, aside from what was previously been reported in regard to payment on October 14th 2010 of the non-recurring dividend resolved by the Shareholders' Meeting of the parent TOD'S S.p.A. on September 21st 2010.

Business Outlook

The Group's performance during the first nine months of the year, and especially the acceleration in growth that characterised the second and especially the third quarters, pushing operating results to the levels achieved in all of FY 2009, make it possible to forecast absolutely positive performance for all of 2010.

The signals received from DOS, and the entire distribution network in general, which were already positive in the first half of the year, improved even more in Q3 2010, which was dominated by distribution of the Fall-Winter collection. All of these factors confirm the excellent position of the brands and the high degree of domestic and international customer satisfaction with Group products.

Consequently, management is confident of realising overall growth in all principal operating indicators (revenues and results) from their 2009 levels.

Guidelines for preparation of the Quarterly Report

The TOD'S Group Quarterly Report on Operations at September 30th, 2010 was prepared pursuant to Article 154 ter (5) of the Consolidated Law on Financial Intermediation ("TUF") introduced by Legislative Decree 195/2007, in implementation of Directive 2004/109/EC (the "Transparency Directive").

The consolidated financial statements were approved by the Board of Directors of TOD'S S.p.A. on November 11th, 2010, and on the same date that body authorized its publication.

Accounting policies

The accounting policies applied to prepare the financial figures reported on the Quarterly Report at September 30th, 2010 was prepared by applying IAS/IFRS, issued by IASB and approved by the European Union at the reporting date. IAS/IFRS refers to the *International Accounting Standards* (IAS), *International Financial Reporting Standards* (IFRS), and all interpretative documents issued by the IFRIC (previously called the Standing Interpretations Committee).

The same accounting standards used to prepare the consolidated financial statements at December 31st, 2009 were used to prepare this Report.

Preparation of the financial figures reported on the Quarterly Report at September 30th, 2010 entails making estimates and assumptions based on the management's best valuation. If these

estimates and assumptions should change in future from the actual circumstances, they will obviously be modified for the period in which those circumstances changed.

Specifically in regard to determination of eventual impairment losses affecting fixed assets, complete tests are performed only when the annual report is prepared, when all information as might be necessary is available, unless there are indications that require immediate valuation of eventual impairment losses or the occurrence of events that required repetition of the procedure.

The rates applied for translation of the financial statements of subsidiaries using a functional currency other than the currency used for consolidation, are illustrated in the following table and compared with those used in the previous period:

	Base	Jan.-Sept. 2010		Jan.-Sept. 2009	
		Exch. rate at Sept. 30 th	Average exch. rate	Exch. rate at Sept. 30 th	Average exch. rate
US dollar	1	0.733	0.762	0.683	0.734
UK pound	1	1.163	1.167	1.099	1.129
Swiss franc	1	0.753	0.715	0.663	0.662
Hong Kong dollar	100	9.441	9.800	8.811	9.471
Japanese yen	100	0.880	0.852	0.763	0.775
Hungarian forint	1,000	3.626	3.636	3.707	3.531
Singapor dollar	1	0.557	0.551	0.484	0.497
Korean WON	1,000	0.645	0.654	0.580	0.559
Chinese Renminbi	100	10.950	11.190	10.004	10.744
Macao Pataca	100	9.172	9.521	8.559	9.197
indian Rupia	100	1.633	1.655	1.428	1.499
Albanian Lek	100	0.722	0.728	0.742	0.764

Alternative indicators of performances

In order to strip the effects of changes in exchange rates from the average values of the first nine months of 2009 from the results for the nine months of 2010, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the nine months of 2009, thereby rendering them fully comparable with those of the previous period. However, it should be pointed out that these principles for measuring corporate performance represent a method of interpreting results that is not envisaged in IAS/IFRS, while they must not be considered substitutes for the results calculated according to those principles.

Furthermore, although the aggregate annual sales of the TOD'S Group are not subject to severe seasonal or cyclical variations in aggregate annual sales, its revenues and costs do fluctuate from quarter to quarter, largely in tandem with changes in the volumes of its industrial activity.

For this reason, analysis of the interim operating results and financial indicators (revenues, EBITDA, EBIT, financial position and working capital) cannot be considered fully representative,

and it would be incorrect to consider the period indicators referred to in this report as proportionate to the whole year's results.

Scope of consolidation

The scope of consolidation of the Quarterly Report at September 30th, 2010 has not changed from the scope at September 30th and December 31st, 2009. Furthermore, with legal effect from December 31st, 2009, the holding company Del.Com. S.r.l. merged with the wholly-owned subsidiaries Deva Mode S.r.l., Via Roma 40 S.r.l., and Spiga 22 S.r.l., which are all operating companies in Italy that operate DOS.

Transactions with related parties

In the first nine months of 2010, the TOD'S Group participated in a number of transactions with parties that have an interest in the Group itself (mainly directors). These transactions, which were all exclusively in the Group's interest, were carried out by applying contractual conditions that would theoretically be applied in an arm's length transaction, in compliance with the governance rules aimed at assuring their regularity, transparency, and substantial fairness.

The principal object of transactions with related parties was the sale of products, lease of spaces for retail outlets, show rooms, and offices, the user license for the ROGER VIVIER brand, provision of advertising services.

The following table illustrates the details of these transactions: the transactions amongst Group's companies included in the scope of consolidation were eliminated from the consolidated financial statements, and thus they are not shown in these notes.

i Commercial transactions with other related entities – Revenues and costs

(In euro 000's)	9M 2010		9M 2009	
	Costs	Revenues	Costs	Revenues
Selling products				
Roger Vivier Paris S.a.s	222	1,453		787
Ordinary leases				
Immobiliare De.Im. S.r.l.	2,238	49	2,091	
Difran S.a.s.	154		154	
Holpaf BV	3,345		2,984	
User license contract ROGER VIVIER				
Gousson - Consultadoria & Mark.	1,351	6,465	878	6,284
User license contract TOD'S e HOGAN (glasses)				
Marcolin S.p.a.	986	3,381	586	141
Advertising services				
Forma Pura S.r.l.	2,489	56	2,555	32
Total	10,785	11,404	9,248	7,244

ii Commercial transactions with other related entities – receivables and payables

(In euro 000's)	09.30.10		09.30.09	
	Receivables	Payables	Receivables	Payables
Roger Vivier Paris S.a.s	898	79	666	
Immobiliare De.Im. S.r.l.		81		625
Difran S.a.s.				
Holpaf BV		8		7
Gousson - Consultadoria & Mark.	6,452	1,351	6,261	306
Marcolin S.p.a.	689	165	152	390
Forma Pura S.r.l.	3	1,141	4	832
Total	8,042	2,825	7,083	2,160

iii. Commercial transactions with unconsolidated subsidiaries

(In euro 000's)	09.30.10		09.30.09	
	Receivables	Payables	Receivables	Payables
<i>Special Purpose Entities (*)</i>	367		800	502
Total	367		800	502

(*) Financial balances referred to the period prior to acquisition of the activities

Milan, November 11th, 2010

The Chairman of the Board of Directors
Diego Della Valle

Declaration pursuant to Article 154bis (2) of the Consolidated Law on Financial Intermediation

The manager charged with preparing the company's financial reports certifies, pursuant to Article 154bis(2) of the Consolidated Law on Financial Intermediation, that the accounting information presented in this document corresponds to the accounting documents, books, and ledger entries.

The manager charged with preparing the company's financial reports
Rodolfo Ubaldi