

Sanofi  
Form 11-K  
June 29, 2018  
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**United States  
Securities and Exchange Commission**

Washington, D.C. 20549

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**Form 11-K**

(Mark One)

**Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934.**

For the fiscal year ended December 31, 2017

OR

**Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934. (No fee required)**

For the transition period from                      to

Commission File Number 1-18378

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A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Sanofi U.S. Group Savings Plan  
55 Corporate Drive  
Bridgewater, NJ 08807-5925**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**SANOFI**

**54, rue La Boétie  
75008 Paris, France**

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**Sanofi U.S. Group  
Savings Plan**

Financial Statements and

Supplemental Schedule

December 31, 2017 and 2016

With Report of Independent Registered Public

Accounting Firm

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**Sanofi U.S. Group Savings Plan**

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23.1 Consent of Independent Registered Public Accounting Firm

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\* Other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, are omitted because they are not applicable.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Participants and the Administrator

Sanofi U.S. Group Savings Plan

Bridgewater, New Jersey

**Opinion on the Financial Statements**

We have audited the accompanying statements of net assets available for benefits of the Sanofi U.S. Group Savings Plan (the Plan ) as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ( PCAOB ) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Supplemental Information**

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The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the

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supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Fischer Cunnane & Associates Ltd

We have served as the Plan's auditor since 2013.

West Chester, Pennsylvania

June 28, 2018

Table of Contents**Sanofi U.S. Group Savings Plan****Statements of Net Assets Available for Benefits****As of December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Investments		
Plan interest in the Sanofi U.S. Group Savings Master Trust (Note 3)	\$ 6,048,701,531	\$ 5,337,778,669
Sanofi contingent value rights at fair value	80,762	89,927
Total investments	6,048,782,293	5,337,868,596
Receivables		
Contributions receivable from participating employees	5,153,656	5,986,700
Contributions receivable from employer	15,166,288	15,798,250
Other receivable	143,625	129,084
Notes receivable from participants	58,288,247	62,467,672
Total receivables	78,751,816	84,381,706
Total Assets	6,127,534,109	5,422,250,302
<b>LIABILITIES</b>		
Accrued administrative expenses	155,860	157,901
Net assets available for benefits	\$ 6,127,378,249	\$ 5,422,092,401

The accompanying notes are an integral part of these financial statements.



Table of Contents**Sanofi U.S. Group Savings Plan****Statements of Changes in Net Assets Available for Benefits****For the Years Ended December 31, 2017 and 2016**

	2017		2016
<b>ADDITIONS TO NET ASSETS ATTRIBUTED TO</b>			
Contributions:			
Employee	\$ 174,725,239	\$	195,593,226
Employer	158,605,024		177,402,893
Rollover	23,861,994		27,300,541
Investment income:			
Net investment income allocated from Master Trust	904,245,283		394,714,288
Net appreciation in fair value of investments	241		65,410
Miscellaneous income			52,613
Interest on notes receivable from participants	2,571,935		2,529,136
<b>Total additions</b>	<b>1,264,009,716</b>		<b>797,658,107</b>
<b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO</b>			
Distributions	489,659,673		359,277,369
Fees and administrative expenses	1,416,027		1,521,210
Miscellaneous expense	9,155		
<b>Total deductions</b>	<b>491,084,855</b>		<b>360,798,579</b>
<b>NET INCREASE BEFORE TRANSFER</b>	<b>772,924,861</b>		<b>436,859,528</b>
Transfer out to another plan (Note 1)	67,639,013		
<b>Increase in net assets available for benefits</b>	<b>705,285,848</b>		<b>436,859,528</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>			
Beginning of year	5,422,092,401		4,985,232,873
End of year	\$ 6,127,378,249	\$	5,422,092,401

The accompanying notes are an integral part of these financial statements.

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**Sanofi U.S. Group Savings Plan**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

**1. Description of the Plan**

The following description of the Sanofi U.S. Group Savings Plan (the **Plan**) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

**Plan Description** The Plan is a defined contribution plan that covers substantially all employees of Sanofi U.S. Inc. and Sanofi U.S. LLC, Sanofi Pasteur Inc. and Sanofi Genzyme (the **Company**), as they meet the prescribed eligibility requirements. All employees are eligible to participate in the Plan beginning on the first day of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (**ERISA**).

**Master Trust** Effective April 1, 2012, Sanofi U.S. LLC, Sanofi Pasteur Inc., Sanofi-Aventis Puerto Rico Inc. and T. Rowe Price Trust Company entered into an amended and restated Master Trust Agreement, and the Sanofi-Aventis U.S. Savings Master Trust was renamed the Sanofi U.S. Group Savings Master Trust (the **Master Trust**) to serve as the funding vehicle for the Plan. Accordingly, the assets of the Plan are maintained, for investment and administrative purposes only, on a commingled basis with the assets of the other plan within the employer's parent company. The investments included within the Master Trust consist of equities, fixed income, mutual funds, common collective trusts, synthetic guaranteed investment contracts, and separate account contracts. No plan has any interest in the specific assets of the Master Trust, but maintains a beneficial interest in such assets. The portion of assets, net earnings, gains and/or losses, and administrative expenses allocable to each plan is based upon the relationship of the plan's beneficial interest in the Master Trust to the total beneficial interest of all plans in the Master Trust (Note 3).

**Trustee and Recordkeeper** T. Rowe Price Trust Company is the Plan's trustee (the **Trustee**). The Trustee is party to the Master Trust Agreement discussed above which governs and maintains the Plan's commingled assets, as well as a general trust agreement for all other Plan operations. T. Rowe Price Retirement Plan Services Inc. is the Plan's recordkeeper (Note 6).

**Plan Administration** The Sanofi-Aventis U.S. Administrative Committee (the **Committee** or **Plan Administrator**), as appointed by the Sanofi-Aventis U.S. Pension Committee, is responsible for the general administration of the Plan.

The Board of Directors has appointed the Trustee with the responsibility for the administration of the Master Trust Agreement and the management of the assets.

**Employee Contributions** The Plan has an auto-enrollment feature whereby a participant is automatically enrolled in the Plan to make pre-tax contributions at 6% of eligible compensation unless the participant affirmatively opts out within a 30-day period from their date of hire. In addition, the Plan adopted an automatic election escalator feature whereby participants who were automatically enrolled will have their deferral rate increased each year by 1% until their deferral rate reaches 10%, unless the participant elects out of this treatment as prescribed by the Plan document. Eligible participants are allowed to contribute up to 75% of their eligible compensation as either pre-tax contributions, Roth contributions, or any combination of pre-tax and Roth contributions, and up to 10% in non-Roth after-tax contributions. Contributions are subject to certain Internal Revenue Code ( IRC ) limitations. IRC limitations for pre-tax and Roth contributions were \$18,000 for 2017 and 2016. Employees 50 years old or older may make an additional catch-up contribution of up to \$6,000 for 2017 and 2016.

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**Sanofi U.S. Group Savings Plan**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

Plan participants may make a direct or indirect rollover contribution to the Plan from a former employer's tax qualified plan. Participants can also rollover IRA distributions (excluding minimum required distributions and nondeductible contributions).

**Employer Matching Contributions** The Company matching contribution is 150% of the pre-tax and/or Roth contributions for all participants, up to 6% of eligible compensation.

**Participant Accounts** Each participant's account is credited with the participant's contributions, Company matching contributions, and Plan earnings. Participant accounts are charged with an allocation of administrative expenses and Plan losses. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Upon enrollment into the Plan a participant may direct employee contributions into any of the Plan's investment options. Participants may change their investment options at any time. If a participant does not make investment elections then their contributions are defaulted to the age-appropriate target date fund within the year the participant would reach age 65. Company contributions are allocated in the same manner as that of the participant's elective contributions.

**Vesting** Effective April 1, 2012, all eligible employees hired on or before March 31, 2012 became 100% vested in their Company matching contribution account. Employees hired on or after April 1, 2012 will be 100% vested in their Company matching contribution account after two years of service. Participants are always 100% vested in their pre-tax, catch up, and after-tax contribution accounts (contributions and related earnings). Prior to April 1, 2012, employees who were participants on or before December 31, 2005 were 100% vested in their Company matching contribution account (contribution and related earnings), and employees hired on or after January 1, 2006 were 100% vested in their Company matching contribution account after three years of service.

**Notes Receivable from Participants** Plan participants may borrow from \$1,000 up to a maximum equal to the lesser of 50% of the value of their vested account balance or \$50,000 less their highest outstanding loan balance in the preceding 12 months, subject to certain limitations described in the Plan document. Loans bear interest at a rate commensurate with the prevailing market rate, as determined by the Company. Currently, interest rates associated

with participant loans range from 3.25% to 10.25%. Principal and interest are paid ratably through payroll deductions generally over a term of up to five years. A participant may not have more than two loans outstanding at any point in time. Extended terms of up to 15 years are available should the loan relate to the purchase of a primary residence.

**Payment of Benefits** Plan participants who leave the Company as a result of death, disability, retirement, or termination may choose one or a combination of the following distribution methods: receive the entire amount of their vested account balance in one lump-sum payment, receive a partial distribution of the vested account balance, receive the distribution in the form of recurring annual installments over a period of between three and fifteen years, or a combination of these methods. If a participant dies, the participant's designated beneficiary will receive the payments.

In-service withdrawals are available in certain limited circumstances, as defined by the Plan.

During February 2017, in connection with an exchange of a business operating division between the Company and Boehringer Ingelheim, the account balances, including participant loans, of approximately 500 participants, totaling \$67,639,013, were transferred out of the Plan to Conduent

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**Sanofi U.S. Group Savings Plan**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

Inc., the recordkeeper for the Boehringer Ingelheim USA Corporation & Its Affiliates Retirement Savings Plan.

**Forfeitures** Forfeited non-vested accounts may be used to pay administrative expenses and/or off-set the amount of employer contributions which are to be paid to the Plan. At December 31, 2017 and 2016, non-vested forfeited account balances totaled approximately \$1,641,125 and \$1,945,518, respectively. During the years ended December 31, 2017 and 2016, forfeited amounts of \$20,395 and \$84,149, respectively, were used to off-set employer matching contributions. During 2018, forfeitures of \$3,090,946 were used to off-set the 2017 employer true up matching contribution to the Plan and during 2017, forfeitures of \$3,371,736 were used to off-set the 2016 employer true up matching contribution to the Plan.

**Administrative Budget** T. Rowe Price ( TRP ) will provide the Plan with funding for an administrative budget of \$5.00 per participant quarterly (\$20.00 annually), based on the total number of participants with a balance in the Plan as of the last business day of each calendar quarter. The administrative budget shall be calculated on a quarterly basis after the end of each quarter and established as an account in the trust in accordance with directions provided by the Company. The administrative budget may be used to pay certain administrative expenses of the Plan, as directed by the Plan's named fiduciary, as defined in Section 402(a)(2) of ERISA. Any amounts credited to the administrative budget and not used in the year so credited shall be allocated as determined by the named fiduciary. For the plan years 2017 and 2016, TRP contributed \$531,412 and \$530,268, respectively, to the Plan's administrative budget account. For 2017 and 2016, the Plan used \$146,027 and \$197,785, respectively, of the administrative budget to off-set Plan expenses. In addition, during 2017 and 2016, amounts totaling \$320,477 and \$147,984, respectively, were allocated to participant accounts. As of December 31, 2017 and 2016, the balances of the administrative budget accounts were \$519,491 and \$369,532, respectively. Included within the year end balances are revenue sharing contribution receivables of \$129,020 and \$129,084, respectively, and amounts payable from the administrative budget account of \$108,945 and \$109,972, respectively.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting** The financial statements of the Plan have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Use of Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Investment Valuation** For investment and administrative purposes, except for the investment in Sanofi contingent value rights, the Plan's assets are held within the custody of the Master Trust. The Plan's investment in the Master Trust represents the Plan's interest in the net assets of the Master Trust. The Plan's interest in the Master Trust is stated at fair value, except for fully benefit-responsive investment contracts ( FBRICs ) which are reported at contract value, and is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income or loss less actual distributions and allocated administrative expenses.

The Stable Value Fund (see Note 3) is a FBRIC and is therefore measured at contract value. Contract value is the relevant measurement attribute for that portion of the net assets available for

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**Sanofi U.S. Group Savings Plan**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan.

**Notes Receivable from Participants** Notes receivable from participants represent loans recorded at their unpaid principal balance plus accrued interest. Interest income generated on the notes receivable is recorded when earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2017 or 2016. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default based on Plan provisions, the participant loan balance is reduced and a benefit payment is recorded.

**Benefit Payments** Benefits are recorded when paid.

**Fees and Administrative Expenses** All external third party expenses and internal expenses relating to the administration of the Master Trust and managing the funds established thereunder are borne by the participating plans, unless they are paid by the Company. Brokerage commissions, transfer taxes and other charges incurred in connection with the purchase and sale of securities are paid out of the funds to which such charges are attributable.

**Risks and Uncertainties** The Plan provides for various investment options representing varied combinations of stocks, bonds, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets available for Benefits.

**New Accounting Pronouncements** In February 2017, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update No. 2017-06, *Defined Contribution Pension Plans (Topic 962): Employee Benefit Plan Master Trust Reporting*, which will require an employee benefit plan to report an interest in a master trust and the change in the value of that interest as separate line items on the statement of net assets available for benefits and the



statement of changes in net assets available for benefits, respectively. In addition, a plan will have to disclose the master trust's investments and other assets and liabilities, as well as the dollar amount of its interest in these balances. Entities should apply these amendments retrospectively to each period for which financial statements are presented. This guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Management is evaluating the impact that this guidance will have on the Plan's financial statements.

### **3. Investment in Plan Master Trust**

The Master Trust comprises the investment assets of the Plan and the Sanofi Puerto Rico Group Savings Plan. Certain investment assets of the Master Trust, related earnings (losses), and expenses are allocated to all the plans that participate in the Master Trust based upon the total of each individual participant's share of the Master Trust.

At December 31, 2017 and 2016, the Plan's interest in the Master Trust was approximately 99% of the total trust.

Table of Contents**Sanofi U.S. Group Savings Plan****Notes to the Financial Statements****December 31, 2017 and 2016**

The following table presents the net assets available for benefits of the Master Trust as of December 31, 2017 and 2016.

	2017		2016
Investments at fair value			
Self-directed brokerage accounts	\$ 117,105,463	\$	96,813,434
Common collective trust funds	4,873,465,250		4,212,964,260
Separately managed accounts:			
U.S. and International equities	210,965,748		166,709,022
Fixed income securities	124,289,447		130,584,957
Company stock	95,346,341		98,505,387
Common collective trust funds	129,391,861		115,104,675
Total investments at fair value	5,550,564,110		4,820,681,735
Investments at contract value			
Stable value fund	524,925,340		542,196,855
Net Assets of the Master Trust	\$ 6,075,489,450	\$	5,362,878,590
Plan's Interest in Master Trust	\$ 6,048,701,531	\$	5,337,778,669

The following are the changes in net assets available for benefits of the Master Trust for the years ended December 31, 2017 and 2016.

	2017		2016
Net Appreciation in the value of investments	\$ 892,859,532	\$	375,032,799
Dividends	2,991,043		3,360,188
Interest	12,008,945		11,502,835
Net investment income	907,859,520		389,895,822
Net transfers	(195,248,660)		41,902,886
Increase in Net Assets	712,610,860		431,798,708
Net Assets:			
Beginning of Year	5,362,878,590		4,931,079,882
End of Year	\$ 6,075,489,450	\$	5,362,878,590

**Investment Valuation and Income Recognition** The investments of the Master Trust are reported at fair value, except for the Stable Value Fund which is a FBRIC and is required to be reported at contract value. Purchases and sales of investments within the Master Trust are recorded on the trade-date basis (the day the order to buy or sell is executed). Interest income is recorded on the accrual basis, and dividend income is recorded on the ex-dividend date.

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**Sanofi U.S. Group Savings Plan**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

**Fair Value Measurements** The accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation technique used needs to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016. Except as disclosed in Note 4, all of the Plan's assets are invested in the Master Trust.

**Self-directed brokerage accounts** These accounts consist of over-the-counter publicly traded mutual funds that are valued using quoted market prices of the underlying investments as reported in the active market in which the mutual funds are traded. They are classified within Level 1 of the valuation hierarchy.

**Common Collective Trust Funds** These funds are investment vehicles consisting of target date funds and index funds. Units held in common collective trust funds are valued at the net asset value ( NAV ) as a practical expedient as determined by the issuer based on the current fair values of the underlying assets of the fund. Investments that use NAV as a practical expedient to measure fair value have not been classified in the fair value hierarchy in accordance with Accounting Standards Codification ( ASC ) Subtopic 820-10.

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**Sanofi U.S. Group Savings Plan**

**Notes to the Financial Statements**

**December 31, 2017 and 2016**

**Separately Managed Accounts** These investments are individually managed investment accounts that are managed by various investment advisors. The underlying investments of the accounts include domestic and international equities including Company stock, corporate and governmental fixed income securities, common collective trusts, mutual funds, and short-term investments. The units held of separately managed accounts are valued at the NAV, as a practical expedient, as determined by the issuers based on the current fair values of the underlying assets of the separately managed accounts, including any receivables or payables applicable to the fund. Investments that use NAV as a practical expedient to measure fair value have not been classified in the fair value hierarchy in accordance with ASC Subtopic 820-10.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with ASC 820 guidance, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

The following tables set forth by level, within the fair value hierarchy, the Master Trust assets at fair value as of December 31, 2017 and 2016:

	2017			
	Level 1	Level 2	Level 3	Total
Participant-directed brokerage accounts	\$ 117,105,463	\$	\$	\$ 117,105,463
Total investments in the fair value hierarchy	\$ 117,105,463	\$	\$	
Investments measured at net asset value (a)				5,433,458,647
Total investments measured at fair value			\$	5,550,564,110



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	Level 1	Level 2	2016	Level 3	Total
Participant-directed brokerage accounts	\$ 96,813,434	\$	\$	\$	96,813,434
Total investments in the fair value hierarchy	\$ 96,813,434	\$	\$		
Investments measured at net asset value (a)					4,723,868,301
Total investments measured at fair value				\$	4,820,681,735

(a) In accordance with ASC Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the net assets available for benefits of the Master Trust.

**Investments Measured at NAV** The following tables summarize investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2017 and 2016. There are no participating redemption restrictions for these investments; the redemption notice period is applicable only to the Master Trust.

December 31, 2017	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
US Treasury Money Market Trust(b)	\$ 2,666,821		Daily	None
Sanofi U.S. Active Bond Fund (a)	124,289,447		Daily	None
Blackrock U.S. Debt Index (b)	84,243,585		Daily	None
Sanofi International Stock Index (b)	94,644,200		Daily	None
Sanofi U.S. Active Stock Fund (a)	212,357,047		Daily	None
Sanofi U.S. Stock Index (b)	392,048,722		Daily	None
Sanofi-Aventis International Core Fund (a)	128,000,562		Daily	None
TRP Retirement Date Trusts (c)	4,299,861,922		Daily	90 days
Sanofi-US ADR Fund (a)	95,346,341		Daily	None



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Total Investments Measured at NAV	\$	5,433,458,647
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<b>December 31, 2016</b>	<b>Net Asset Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
US Treasury Money Market Trust(b)	\$ 2,991,313		Daily	None
Sanofi U.S. Active Bond Fund (a)	130,584,957		Daily	None
Blackrock U.S. Debt Index (b)	81,900,911		Daily	None
Sanofi International Stock Index (b)	67,903,240		Daily	None
Sanofi U.S. Active Stock Fund (a)	185,915,717		Daily	None
Sanofi U.S. Stock Index (b)	325,139,104		Daily	None
Sanofi-Aventis International Core Fund (a)	95,897,980		Daily	None
TRP Retirement Date Trusts (c)	3,735,029,692		Daily	90 days
Sanofi-US ADR Fund (a)	98,505,387		Daily	None
<b>Total Investments Measured at NAV</b>	<b>\$ 4,723,868,301</b>			

(a) This category includes separately managed accounts that are managed by investment advisors as described above and depending on the fund include equities, fixed income, common collective trust funds, and mutual funds as underlying securities owned by the Master Trust.

(b) This category includes investments in common collective trust funds as described above.

(c) This category includes investments in a blend of diversified common collective trust funds designed to remain appropriate for investors in terms of risk throughout a variety of life circumstances gauged upon an expected retirement date. The funds share the common goal of growing principal in earlier years and then later preserving the principal balance closer to an expected retirement date.

**Fully Benefit-Responsive investment Contracts ( FBRIC )** The Master Trust entered into fully benefit-responsive investment contracts in the Stable Value Fund that invest primarily in investment contracts issued by high-quality insurance companies and banks as rated by T. Rowe Price Associates, Inc. These contracts meet the fully benefit-responsive contract criteria and therefore are reported at contract value. Contract value is the relevant measure for FBRICs because this is the amount received by participants if they were initiate permitted transactions under the terms of the Plan. These are interest bearing contracts in which the principal and interest are guaranteed by the issuing companies. Contract value represents contributions made to the investment contracts plus earnings, less participant withdrawals

and administrative expenses.

The Stable Value Fund invests in synthetic guaranteed investment contracts ( SICs ) and separate account contracts. For investments in SICs, the Master Trust owns the underlying investments, whereas for investments in the separate account contracts, the Master Trust receives title to the annuity contract, but not the direct title to the assets in the separate account. SICs and separate account contracts are generally backed by fixed income assets. The underlying investments wrapped within the SICs and separate account contracts are managed by third party fixed income managers and include securities diversified across the broad fixed income market, such as, but not limited to, corporate bonds, mortgage related securities, government bonds, asset-backed securities, cash, and cash equivalents.

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SICs, backed by underlying assets, are designed to provide principal protection and accrued interest over a specified period of time through benefit-responsive wrapper contracts issued by a third party assuming that the underlying assets meet the requirements of the SIC. Separate account contracts are investment contracts invested in insurance company separate accounts established for the sole benefit of the Stable Value Fund included within the Master Trust. The SICs and separate account contracts are wrapped by the financially responsible insurance company.

The issuers of the SICs and separate account contracts are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust. The fund deposits a lump sum with the issuer and receives a guaranteed interest rate for a specified time. There are currently no reserves against contract values for credit risk of the contract issuers or otherwise and do not permit the insurance companies to terminate the agreement prior to the scheduled maturity date. Each contract is subject to early termination penalties that may be significant.

The crediting rates for SICs and separate account contracts are periodically reset during the year and are based on the performance of the contracts underlying assets. Interest is accrued on either a simple interest or fully compounded basis and paid either periodically or at the end of the contract term. The average crediting rate for the investment contracts was 2.33% and 2.22% for 2017 and 2016, respectively.

Certain events could limit the ability of the Master Trust to transact at contract value with the issuer. Such events include the following: (i) amendments to the Plan documents (including complete or partial plan termination or merger with another plan); (ii) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions; (iii) bankruptcy of the Plan sponsor or other plan sponsor events (e.g. divestitures or spin-offs of a subsidiary) which cause a significant withdrawal from the Plan or (iv) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable.

Participant-directed redemptions have no restrictions; however, the Plan is required to provide a one-year redemption notice to liquidate its entire interest in the fund.

The following represents the disaggregation of contract value between types of investment contracts held by the Master Trust for the FBRIC at December 31, 2017 and 2016:

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	2017	2016
Stable value fund		
Money market fund	\$ 20,649,061	\$ 38,387,925
Synthetic investment contracts	504,276,279	410,326,168
Separate account contracts		93,482,762
End of Year	\$ 524,925,340	\$ 542,196,855

**4. Plan Investments**

As a result of plan mergers in 2012, the following fund still remained as an investment at the Plan level outside the Master Trust as of December 31, 2017.

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**Contingent Value Right ( CVR )** Effective April 8, 2011, as a result of the Company's acquisition of Genzyme, Genzyme Common Stock no longer existed and was eliminated from Genzyme 401(k) Plan as an investment option. The Company purchased Genzyme Common Stock for \$74.00 per share in cash. When Genzyme Common Stock was tendered, the proceeds were put into the Genzyme Corporation 401(k) Plan according to investment elections on file for each participant. In addition to a cash payment from the sale of Genzyme Common Stock to the Company, each Genzyme shareholder received one CVR for each share they owned.

Each CVR represents the right for its holder to receive defined cash payments upon the achievement of specified milestones related to certain Genzyme products. Therefore, the value of each CVR is based on the present value of cash flows generated by the expected probability that the specified product milestones will be met. If all milestones are met, a holder of the CVR will receive an aggregate total of \$14 in cash for each CVR spread out over the life of the CVR. There is no assurance that any payments will be made on the CVR.

The fair value of the CVR is derived from prevailing market prices for the security on the NASDAQ and is classified as a Level 1 investment within the fair value hierarchy.

The classification of the fair value measurements of the Plan investments at December 31, 2017 and 2016 are as follows:

	2017			
	Level 1	Level 2	Level 3	Total
Common stock:				
Contingent Value Rights	\$ 80,762	\$	\$	\$ 80,762
Total assets at fair value	\$ 80,762	\$	\$	\$ 80,762

	2016			
	Level 1	Level 2	Level 3	Total
Common stock:				
Contingent Value Rights	\$ 89,927	\$	\$	\$ 89,927
Total assets at fair value	\$ 89,927	\$	\$	\$ 89,927

During 2017 and 2016, the Plan's investments (including investments bought and sold, as well as held during the year) outside the Master Trust appreciated by \$241 and \$65,410, respectively.

**5. Income Tax Status**

The Internal Revenue Service ( IRS ) has determined and informed the Company by a letter dated March 31, 2015, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examination for years prior to 2014.

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**Sanofi U.S. Group Savings Plan**

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**6. Related Party and Party-in-Interest Transactions**

Certain Master Trust investments are shares of mutual funds managed by T. Rowe Price Trust Company, the trustee of the Plan. T. Rowe Price Retirement Plan Services Inc. is the recordkeeper of the Plan. Therefore, these transactions qualify as party-in-interest transactions.

The Master Trust invests in shares of the parent company, Sanofi, through the Sanofi-US ADR Fund (the fund); therefore, these transactions qualify as party-in-interest transactions. During the year ended December 31, 2017, the Master Trust made purchases of approximately \$6,627,325, sales of approximately \$15,253,767, and realized gains of \$3,042,824 and dividend income of \$2,970,176 earned from the investment in the Company's common stock through the Sanofi-US ADR fund. The total shares and market value of the fund held by the Master Trust at December 31, 2017 were 5,252,736 and \$95,346,341, respectively. During the year ended December 31, 2016, the Master Trust made purchases of approximately \$9,510,876, sales of approximately \$11,210,539, and realized gains of \$1,013,385 and dividend income of \$3,356,696 earned from the investment in the Company's common stock through the Sanofi-US ADR fund. The total shares and market value of the fund held by the Master Trust at December 31, 2016 were 5,924,056 and \$98,505,387, respectively.

Certain administrative fees have been paid through a revenue sharing agreement with T. Rowe Price Retirement Plan Services Inc. rather than direct payments and also qualify as party-in-interest transactions.

Certain investments are shares of CVRs from the>

Total

4,558 878 330 497 195 777 7,235

- (1) Includes Apex in North America.
- (2) Includes Oakley "O" Stores and Vaults.
- (3) Includes David Clulow joint venture stores.
- (4) Includes Econópticas.



- (5) Includes ILORI, The Optical Shop of Aspen, Oliver Peoples and Alain Mikli following a reorganization of the Group's luxury retail stores.
- (6) Includes franchised locations for Pearle Vision, Sunglass Hut, Oakley "O" Stores and Vaults, OPSM, Laubman & Pank, Oliver Peoples and Alain Mikli.

Our retail stores sell not only prescription frames and sunglasses that we manufacture but also a wide range of frames, lenses and ophthalmic products manufactured by other companies. In 2015, net sales from our proprietary and licensed brands represented approximately 89% of the total net sales of frames by the retail distribution segment (approximately 89% in 2014).

#### *LensCrafters*

Founded in 1983, LensCrafters pioneered a revolutionary concept to combine eye care, eyewear and onsite labs to craft glasses in about an hour. Today, LensCrafters is the largest optical retailer in North America in terms of sales.

Most LensCrafters stores are located in high-traffic commercial malls and shopping centers. A wide selection of premium prescription frames, sunglasses and high-quality lenses and optical products made by Luxottica and other suppliers are available in most locations. Each location has an experienced doctor, either an independent or an employed doctor of optometry, who is focused on building patient relationships. Most LensCrafters stores also have a fully equipped, state-of-the-art lens laboratory with the ability to craft, surface, finish and fit lenses in about one hour.

As part of its underlying commitment to customer satisfaction and industry innovation, LensCrafters has made significant investments in technology including the AccuFit Digital Measurement , which provides a lens fit with five times greater precision than traditional methods. The majority of in-store labs offer the anti-reflective coating capability supporting the "one hour service" concept. LensCrafters continues its in-store digital transformation with associate iPads to enhance the customer's omnichannel experience, and a digital eye exam experience with AccuExam in certain locations.

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In 2006, Luxottica began to expand the LensCrafters brand in China by acquiring and then rebranding local retail chains in Beijing, Shanghai, Guangdong and Hong Kong. As of March 31, 2016, we operated a retail network of 1,213 LensCrafters stores, of which 926 stores are in North America and 287 stores are in China and Hong Kong.

In 2015, Luxottica expanded its relationship with Macy's with an agreement to open up to 500 LensCrafters stores in Macy's locations in the United States by 2018. The Group is also rolling out a new global design format aimed at creating a more modern and engaging experience for consumers. The first newly designed and Macy's locations will be opened in 2016.

*Pearle Vision*

Acquired by Luxottica in 2004, Pearle Vision is one of the largest franchised optical retailers in North America. Built around the neighborhood doctor, Pearle Vision allows local business operators to provide genuine eye care to their patients with the support and resources of the Pearle Vision brand.

As of March 31, 2016, Pearle Vision operated 112 corporate stores and had 420 franchise locations throughout North America.

*Sears Optical and Target Optical*

With the acquisition of Cole National in 2004, Sears Optical and Target Optical, both licensed brands operating within their host stores, became part of the Luxottica retail network. The two brands, each with their own marketing positions within Luxottica, offer consumers the convenience of taking care of their optical needs while shopping at their preferred retailers. As of March 31, 2016, Luxottica operated 619 Sears Optical and 389 Target Optical locations throughout North America.

*OPSM*

OPSM is a leading eye care and eyewear retailer in Australia and New Zealand, with more than 80 years of history. Through its world-class technology and exceptional service, OPSM's goal is to raise the standard of eye health and eye care. In addition to its eye care services, OPSM is renowned for its range of optical frames and sunglasses from international brands.

As of March 31, 2016, Luxottica operated 265 corporate-owned stores and 64 franchise locations throughout Australia. OPSM also has 43 corporate-owned stores in New Zealand and seven franchise locations, mainly in large urban areas.

*Laubman & Pank*

Laubman & Pank is renowned for high quality eye care and personalized service in regional Australian markets. As of March 31, 2016, Luxottica owned 25 stores and there were 22 franchise locations throughout Australia.

*GMO*

GMO, an optical market leader in Latin America, became a part of Luxottica Group in July 2011, following the acquisition of Multiópticas Internacional. Since its beginning in the late 1990s, GMO has developed a reputation for optical retail excellence among consumers in Chile, Peru, Ecuador and Colombia with its strong Ópticas GMO and Econópticas retail brands. As of March 31, 2016, Luxottica operated 376 Ópticas GMO stores and 106 Econópticas stores.

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*EyeMed Vision Care*

EyeMed Vision Care is the second largest vision benefits company in the United States in terms of managed care membership, servicing approximately 39 million members in large and medium-sized companies as well as government entities. EyeMed members are enrolled through employer-sponsored benefits sold directly by EyeMed or bundled with benefits offered by insurance companies. EyeMed offers the largest network of eyecare providers in the United States, including a diverse range of independent practitioners and retail locations, including Luxottica optical retail locations.

*Lens Laboratories*

In addition to over 900 in-store LensCrafters labs, we operate three central lens surfacing and finishing labs in North America and an additional lab based in China. Leveraging the combined network capabilities, Luxottica reduces the time and cost to surface and finish lenses while improving the quality of service. The central laboratories use state-of-the-art technologies to meet growing demand and serve all of our North American optical retail stores.

In addition, we operate Oakley optical lens laboratories in the United States and Japan. These labs provide Oakley prescription lenses to North America, Latin America, Europe and Asia, enabling them to achieve expeditious delivery, better quality control and higher optical standards.

Most of the Australian laboratory needs are provided by the Eyebiz Laboratory, a joint venture between Luxottica and Essilor that was formed in February 2010.

*Sunglass Hut*

Founded in 1971 as a small kiosk in a Miami mall, Sunglass Hut has grown into one of the world's leading destinations for the most sought-after high-quality and performance sunglass brands. Stores can be found in fashionable shopping districts across the globe, from the Americas, Europe and the Middle East to Australia, South Africa, Hong Kong and beyond, providing consumers with a fun, highly engaging shopping experience.

Sunglass Hut has been expanding its presence in developed markets and emerging markets, including Brazil, Mexico, Chile and India, while making its mark in Asia, with new openings in Malaysia, Indonesia, mainland China and Thailand. Sunglass Hut offers a consistent and connected experience across all customer touchpoints including online, in-store, social and mobile, and utilizes in-store digital tools to access an "endless aisle" assortment in every store location. As part of this strategy, the brand is investing in the digitalization of the "in-store" shopping experience, particularly in North America, Brazil, the United Kingdom and Australia.

As of March 31, 2016, Sunglass Hut operated a retail network of 3,125 stores worldwide, including 3,006 corporate stores across North America, Asia-Pacific, Europe, South Africa and Latin America and 119 franchise locations in North America, India and the Middle East.

*ILORI*

ILORI is Luxottica's luxury sun retail brand, with 16 stores in North America as of March 31, 2016, including flagship stores in SoHo, New York City and Beverly Hills, California. ILORI caters to elite clientele, offering highly personalized service and exclusive brands and collections.

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*The Optical Shop of Aspen*

Founded in the 1970s, The Optical Shop of Aspen is known in the eyewear industry for its luxury prescription and sun eyewear and its first-class customer service. As of March 31, 2016, we operated 11 stores in some of the most upscale and exclusive locations throughout the United States.

*Oliver Peoples*

We operate 16 luxury retail stores under the Oliver Peoples name, which sell Oliver Peoples branded products exclusively. As of March 31, 2016, four Oliver Peoples retail locations are operated under license in Tokyo and Los Angeles.

*Alain Mikli*

We operate 14 luxury retail stores under the Alain Mikli brand of which two are franchised. The stores are located in the most cosmopolitan cities worldwide.

*David Clulow*

We operate David Clulow, a premium optical retailer in the United Kingdom and Ireland. The brand emphasizes service, quality and fashion. Its targeted marketing reinforces these brand values and builds long-term relationships with customers. In addition to operating optical stores, David Clulow operates a number of designer sunglass concessions in up-market department stores, further reinforcing our position as a premium brand in the United Kingdom. As of March 31, 2016, David Clulow operated 41 corporate owned locations (including three joint ventures), one franchise locations and 74 sun stores/concessions.

*Oakley "O" Stores and Vaults*

As of March 31, 2016, we operated 274 Oakley "O" Stores and Vaults worldwide (including 56 franchise locations), offering a full range of Oakley products including sunglasses, apparel, footwear and accessories. These stores are designed and merchandised to immerse consumers in the Oakley brand through innovative use of product presentation, graphics and original audio and visual elements. In the United States, Oakley "O" Stores are in major shopping centers. Outside of the United States, Oakley's retail operations are also located in Mexico, Europe and the Asia-Pacific region.

*E-commerce*

Our Oakley, Ray-Ban and Sunglass Hut e-commerce websites serve as important sales channels that complement Luxottica's retail operations and international distribution. The websites drive brand awareness and allow consumers to purchase products efficiently, extending superior customer service into the digital space.

*Ray-Ban.com* was launched in the United States in 2009 and is the place to go for a premium Ray-Ban assortment, exclusive services and a customer experience that is unique to the brand. The path of international e-commerce expansion for the Ray-Ban brand is closely tied to Ray-Ban Remix, the online customization service, which was initially launched in Europe in 2013. The success of the service led to Remix launches in the United States, Canada and China in 2014. In 2015, Remix was launched in Australia, Brazil, Japan and Hong Kong. Currently, Ray-Ban.com operates in 24 countries.

*Oakley.com* provides an e-commerce channel across multiple markets including the United States, Canada, Australia, Japan and 16 countries in Europe. Its online custom eyewear experience gives Oakley fans the ability to customize their favorite models from Jawbreaker to Frogskins, selecting frame color, lens tint, personalized etching and other features.

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Launched in 2008, *SunglassHut.com* has become the digital destination for consumers looking to find the latest trends and hottest products in premium sunglasses. In 2014, the United Kingdom and Brazil joined the United States, Canada and Australia in offering online shopping on its local Sunglass Hut websites, with New Zealand added in 2015. Additionally, Sunglass Hut redesigned its mobile and desktop sites across all countries to enhance customer experiences, storytelling and business performance.

Acquired in 2014, *glasses.com* continues to serve as an innovation lab focused on improving the eyewear e-commerce experience for consumers and patients and lending its capabilities to Luxottica's other retail brands.

We plan to bring our e-commerce strategy to additional markets as the business matures. For example, we formed strategic partnerships in China to open both Ray-Ban and "O" stores within Tmall, the world's largest local online mall.

**MARKETING**

Our marketing and advertising activities are designed primarily to enhance our image and our brand portfolio and to drive traffic into our retail locations.

Advertising expenses amounted to approximately 6.7% of our net sales in each of 2015 and 2014.

**Marketing Strategy for Our Wholesale Business**

Our marketing strategy for the wholesale business is focused on promoting our extensive brand portfolio, our corporate image and the value of our products. Advertising is extremely important in supporting our marketing strategy, and therefore we engage in extensive advertising activities, both through various media (mainly print, billboard advertising and digital media) directed at the end consumer of our products and at the point of sale (displays, counter cards, catalogs, posters and product literature).

In addition, we advertise in publications targeted to independent practitioners and other market specific magazines, participate in major industry trade fairs and organize and sponsor our own events, where we promote our collections and recommend ideal assortments.

We also benefit from brand-name advertising carried out by licensors of our designer brands intended to promote the image of the eyewear collections. Our advertising and promotional efforts in respect of our licensed brands are developed in coordination with our licensors. We contribute to the designer a specified percentage of our sales of the designer line to be devoted to its advertising and promotion.

As part of our marketing plan, public relations programs and activities play a key role globally to enhance and elevate the eyewear category, our proprietary and licensed brands as well as our collections with a view to targeting influential editors, consumer and trade media, celebrities and other VIPs.

For our Oakley brand, we also use less conventional marketing methods, including sports marketing, involvement in grass-roots sporting events and targeted product allocations. The exposure generated by athletes wearing Oakley products during competition and in other media appearances serves as a more powerful endorsement of product performance and style than traditional commercial endorsements and results in strong brand recognition and authenticity on a global level.

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**Marketing Strategy for Our Retail Business**

We engage in promotional, advertising and public relations activities through our retail business with the objectives of attracting customers to the stores, promoting sales, building our image and the visibility of our retail brands throughout the world and encouraging customer loyalty and repeat purchases.

The "O" Stores and Vaults are designed and merchandised to immerse the consumer in the Oakley brand through innovative use of product presentation, graphics and original audio and visual elements.

A considerable amount of our retail marketing budget is dedicated to direct marketing activities, such as communications with customers through mailings and catalogs. Our direct marketing activities benefit from our large database of customer information and investment in customer relationships, marketing technologies and skills in the United States and in Australia. Another significant portion of the marketing budget is allocated to broadcast and print media, such as television, radio and magazines, designed to reach the broad markets in which we operate with image building messages about our retail business.

**ANTI-COUNTERFEITING POLICY**

Intellectual property is one of our most important assets and is protected through the registration and enforcement of our trademarks and patents around the world. Our commitment is demonstrated through on-going anti-counterfeiting activities. Trademarks and products from market leaders are increasingly copied and the implementation of a strong anti-counterfeiting program that leverages Luxottica's global organization allows us to maintain the equity of our authorized distribution network and send a strong message to infringers that we will vigorously work to protect our intellectual property. Through a strong investigative network, especially in China, we have been able to identify key sources of counterfeit goods, to assist local law enforcement in investigating these sources and, when applicable, to file legal actions against the counterfeiters.

Additionally, we continue to consolidate and strengthen our cooperation with customs organizations around the world, which helps to stop, seize and destroy hundreds of thousands of counterfeit goods each year. We are a member of the major global anti-counterfeiting organizations including the International AntiCounterfeiting Coalition (IACC) and the International Trademark Association (INTA).

We dedicate considerable efforts to monitoring the trafficking of counterfeit goods through the internet, and work actively to remove counterfeit eyewear from certain popular online auction platforms and shut down the websites that violate our intellectual property rights through the sale of counterfeit products or the unauthorized use of our trademarks.

**TRADEMARKS, TRADE NAMES AND PATENTS**

Our principal trademarks or trade names include *Luxottica*, *Ray-Ban*, *Oliver Peoples*, *Oakley*, *Persol*, *Vogue*, *Arnette*, *LensCrafters*, *Sunglass Hut*, *ILORI*, *Pearle Vision*, *OPSM*, *Laubman & Pank* and the Oakley ellipsoid "O" and square "O" logos. Our principal trademarks are registered worldwide. Other than *Luxottica*, *Ray-Ban*, *Oakley*, *LensCrafters*, *Sunglass Hut*, *Pearle Vision*, *OPSM* and the Oakley ellipsoid "O" and square "O" logos, we do not believe that any single trademark or trade name is material to our business or results of operations. The collection of *Oakley* and *Ray-Ban* products accounted for 11.3% and 26.8%, respectively, of our net sales in 2015. We believe that our trademarks have significant value for the marketing of our products and that having distinctive marks that are readily identifiable is important for creating and maintaining a market for our products, identifying our brands and distinguishing our products from those of our competitors. Therefore, we utilize a combination of logos, names and other distinctive elements on nearly all of our products.

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We utilize patented and proprietary technologies and precision manufacturing processes in the production of our products. As of March 31, 2016, we held a portfolio of over 800 (mostly Oakley-related) patents worldwide that protect our designs and innovations.

The design patents largely protect the distinctive designs of Oakley's innovative products, including its sunglasses, goggles, prescription eyewear, watches and footwear. Some of the most important utility patents relate to the following categories: innovations in lens technology and the associated optical advances; electronically enabled eyewear; innovations in frame design and functionality and interchangeable lenses.

See Item 3 "Key Information Risk Factors If we are unable to protect our proprietary rights, our sales might suffer, and we may incur significant additional costs to defend such rights."

**LICENSE AGREEMENTS**

We have entered into license agreements to manufacture and distribute prescription frames and sunglasses with numerous designers. These license agreements typically have terms ranging from four to ten years, but may be terminated early by either party for a variety of reasons, including non-payment of royalties, failure to meet minimum sales thresholds, product alteration and, under certain agreements, a change in control of Luxottica Group S.p.A.

Under these license agreements, we are required to pay a royalty which generally ranges from 6% to 14% of the net sales of the relevant collection, which may be offset by any guaranteed minimum royalty payments. The license agreements also provide for a mandatory marketing contribution that generally amounts to between 5% and 10% of net sales.

We believe that early termination of one or a small number of the current license agreements would not have a material adverse effect on our results of operations or financial condition. Upon any early termination of any existing license agreement, we expect that we would seek to enter into alternative arrangements with other designers to reduce any negative impact of such a termination.

The table below summarizes the principal terms of our most significant license agreements.

<b>Licensor</b>	<b>Licensed Marks</b>	<b>Territory</b>	<b>Expiration</b>
Giorgio Armani S.p.A.	Giorgio Armani Emporio Armani A/X Armani Exchange	Worldwide exclusive license	December 31, 2022
Brooks Brothers Group, Inc.*	Brooks Brothers	Worldwide exclusive license	December 31, 2019
Burberry Limited	Burberry Burberry Check Equestrian Knight Device Burberry Black Label**	Worldwide exclusive license	December 31, 2025
Bulgari S.p.A.	Bulgari	Worldwide exclusive license	December 31, 2020

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<b>Licensor</b>	<b>Licensed Marks</b>	<b>Territory</b>	<b>Expiration</b>
Chanel Group	Chanel	Argentina, Antigua, Aruba, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Bermuda, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Croatia, Curaçao, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Finland, France, Germany, Grand Cayman, Greece, Guatemala, Haiti, Honduras, Hong Kong, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kuwait, Lebanon, Luxemburg, Malaysia, Mexico, Monaco, Morocco, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Perú, Poland, Portugal, Qatar, Russia, Sint Maarten (Dutch part), Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Trinidad, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Uruguay and Venezuela.	December 31, 2018 (renewable until December 31, 2020)
Coach, Inc.	Coach Poppy Coach Reed Krakoff	Worldwide exclusive license	June 30, 2016 (renewable until June 30, 2024)
Dolce & Gabbana S.r.l.	Dolce & Gabbana	Worldwide exclusive license	December 31, 2025
Donna Karan Studio LLC	DKNY	Worldwide exclusive license	June 30, 2016
Gianni Versace S.p.A.	Gianni Versace Versace Versace Sport Versus	Worldwide exclusive license	December 31, 2022
Michael Kors Group	Michael Kors Michael Michael Kors	Worldwide exclusive license	December 31, 2024
Paul Smith Limited	Paul Smith PS Paul Smith	Worldwide exclusive license	December 31, 2018 (renewable until December 31, 2023)
Prada S.A.	Prada Miu Miu	Worldwide exclusive license	December 31, 2025
PHS General Design SA	Starck Eyes	Worldwide exclusive license	December 31, 2018 (renewable until December 31, 2023)



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<b>Licensor</b>	<b>Licensed Marks</b>	<b>Territory</b>	<b>Expiration</b>
PRL USA Inc. The Polo/Lauren Company LP	Polo by Ralph Lauren Ralph Lauren Ralph (Polo Player Design) Lauren RLX RL Ralph Ralph/Ralph Lauren Lauren by Ralph Lauren Polo Jeans Company The Representation of the Polo Player Chaps**	Worldwide exclusive license	March 31, 2017
Tiffany and Company	TIFFANY & CO. Tiffany	Worldwide exclusive license	December 31, 2017
Tory Burch LLC	Tory Burch TT	Worldwide exclusive license	December 31, 2019 (renewable until December 31, 2024)

\*

Brooks Brothers Group, Inc. is indirectly owned and controlled by a former director and a son of our Executive Chairman.

\*\*

United States, Canada, Mexico and Japan only.

**REGULATORY MATTERS**

Our products are subject to governmental health and safety regulations in most of the countries where they are sold, including the United States. We regularly inspect our production techniques and standards to ensure compliance with applicable requirements. Historically, compliance with such requirements has not had a material effect on our operations.

In addition, governments throughout the world impose import duties and tariffs on products being imported into their countries. Although in the past we have not experienced situations in which the duties or tariffs imposed materially impacted our operations, we can provide no assurances that this will be true in the future.

Our past and present operations, including owned and leased real property, are subject to extensive and changing environmental laws and regulations pertaining to the discharge of materials into the environment, the handling and disposition of waste or otherwise relating to the protection of the environment. We believe that we are in substantial compliance with applicable environmental laws and regulations. However, we cannot predict with any certainty that we will not in the future incur liability under environmental statutes and regulations with respect to contamination of sites formerly or currently owned or operated by us (including contamination caused by prior owners and operators of such sites) and the off-site disposal of hazardous substances.

Our retail operations are also subject to various legal requirements in many countries in which we operate our business that regulate the permitted relationships between licensed optometrists or ophthalmologists, who primarily perform eye examinations and prescribe corrective lenses, and opticians, who fill such prescriptions and sell eyeglass frames.

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We produce and sell to the U.S. government, including the U.S. military, and to other governments, certain Oakley and ESS protective eyewear and other products. As a result, our operations are subject to various regulatory requirements, including the necessity of obtaining government approvals for certain products, country-of-origin restrictions on materials in certain products, U.S.-imposed restrictions on sales to specific countries, foreign import controls, and various decrees, laws, taxes, regulations, interpretations and court judgments that are not always fully developed and that may be retroactively or arbitrarily applied. Our EyeMed subsidiaries are also U.S. government subcontractors and, as a result, we must comply with, and are affected by, the U.S. laws and regulations related to conducting business with the U.S. government. Additionally, we could be subject to periodic audits by U.S. government personnel for contract and other regulatory compliance.

**COMPETITION**

We believe that our integrated business model, innovative technology and design, integrated sunglass manufacturing capabilities, effective brand and product marketing efforts and vigorous protection of our intellectual property rights are important aspects of competition and are among our primary competitive advantages.

The prescription frame and sunglasses industry is highly competitive and fragmented. As we market our products throughout the world, we compete with many prescription frame and sunglass companies in various local markets. The major competitive factors include fashion trends, brand recognition, marketing strategies, distribution channels and the number and range of products offered. We believe that some of our largest competitors in the design, manufacturing and wholesale distribution of prescription frames and sunglasses are De Rigo S.p.A., Kering Eyewear S.p.A., Marchon Eyewear, Inc., Marcolin S.p.A., Safilo Group S.p.A., Silhouette International, Schmied AG and Maui Jim, Inc.

Several of our most significant competitors in the manufacture and distribution of eyewear are significant vendors to our retail distribution segment. Our success in these markets will depend on, among other things, our ability to manage an efficient distribution network and to market our products effectively as well as the popularity and market acceptance of our brands. See Item 3 "Key Information Risk Factors If we are unable to successfully introduce new products and develop our brands, our future sales and operating performance may suffer" and " If we fail to maintain an efficient distribution and production network or if there is a disruption to our critical manufacturing plants or distribution network in highly competitive markets, our business, results of operations and financial condition could suffer."

The highly competitive optical retail market in North America includes a large number of small independent competitors and several national and regional chains of optical superstores. In recent years, a number of factors, including consolidation among retail chains and the emergence of optical departments in discount retailers, have resulted in significant competition within the optical retailing industry. We compete against several large optical retailers in North America, including Wal-Mart and Visionworks, and, in the sunglasses area, department stores and numerous sunglass retail chains and outlet centers. In Australia and New Zealand, we compete against retail chains, including Specsavers, as well as independent optical stores and online retailers. Our optical retail operations emphasize product quality, selection, customer service and convenience. We do not compete primarily on the basis of price.

We believe that Oakley and our other sports brands are leaders in non-prescription sports eyewear, where they mostly compete with smaller sunglass and goggle companies in various niches and a number of large eyewear and sports products companies that market eyewear.

The managed vision care market in North America is highly competitive. EyeMed has a number of competitors, including Vision Service Plan ("VSP"), Davis Vision and Spectera. While VSP was founded over 60 years ago and is the current market leader, EyeMed's consistent year-over-year growth has enabled us to become the second largest market competitor in terms of funded lives. EyeMed competes

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based on its ability to offer a network and plan design with the goal of delivering overall value based on the price, accessibility and administrative services provided to clients and their members.

**SEASONALITY**

We have historically experienced sales volume fluctuations by quarter due to seasonality associated with the sale of sunglasses, which represented 55.85% and 55.7% of our sales in 2015 and 2014, respectively. As a result, our net sales are typically higher in the second quarter, which includes increased sales to wholesale customers and increased sales in our Sunglass Hut stores, and lower in the first quarter, as sunglass sales are lower in the cooler climates of North America, Europe and Northern Asia. These seasonal variations could affect the comparability of our results from period to period. Our retail fiscal year historically has been either a 53-week year or a 52-week year, which also can affect the comparability of our results from period to period. When a 53-week year occurred, we generally added the extra week to the fourth quarter. A 53-week year occurs in five- to six-year intervals and last occurred in fiscal 2014 in North America, the United Kingdom, Europe and South Africa. In 2015, the retail subsidiaries of the Group that did not previously report on a calendar-year basis modified their respective reporting calendars in order to align with those of Luxottica Group S.p.A. and other subsidiaries in the consolidated Group that report on a calendar-year basis. Had such retail subsidiaries of the Group continued to use a 52/53-week calendar in 2015, there would not have been a material impact on the consolidated results of the Group.

**ORGANIZATIONAL STRUCTURE**

We are a holding company, and the majority of our operations are conducted through our wholly-owned subsidiaries. We operate in two segments: (i) manufacturing and wholesale distribution, and (ii) retail distribution. In the retail segment, we primarily conduct our operations through LensCrafters, Sunglass Hut, Pearle Vision, the retail licensed brands and OPSM. In the manufacturing and wholesale distribution segment, we operate through 12 manufacturing plants and approximately 50 geographically oriented wholesale distribution subsidiaries. See "Distribution" for a breakdown of the geographic regions. The significant subsidiaries controlled by Luxottica Group S.p.A., including holding companies, are:

<b>Subsidiary</b>	<b>Country of Organization</b>	<b>Percentage of Ownership</b>
<b><u>Manufacturing</u></b>		
Luxottica S.r.l.	Italy	100%
Luxottica Tristar (Dongguan) Optical Co., Ltd.	China	100%
<b><u>Distribution</u></b>		
Luxottica USA LLC	United States	100%
Luxottica Retail North America Inc.	United States	100%
Sunglass Hut Trading, LLC	United States	100%
OPSM Group Pty Limited	Australia	100%
<b><u>Holding companies</u></b>		
Luxottica U.S. Holdings Corp.	United States	100%
Luxottica South Pacific Holdings Pty Limited	Australia	100%
Luxottica (China) Investment Co. Ltd.	China	100%
Oakley, Inc. <sup>(1)</sup>	United States	100%
Arnette Optic Illusions, Inc.	United States	100%
The United States Shoe Corporation	United States	100%

(1)

In addition to being a holding company, Oakley, Inc. is also a manufacturer and a distributor.

Table of Contents**PROPERTY, PLANT AND EQUIPMENT**

Our corporate headquarters is located at Piazzale L. Cadorna 3, Milan 20123, Italy. Information regarding the location, use and approximate size of our principal offices and facilities as of March 31, 2016 is set forth below:

<b>Location</b>	<b>Use</b>	<b>Owned/ Leased</b>	<b>Approximate Area in Square Feet</b>
Milan, Italy	Corporate headquarters	Leased	174,875
Milan, Italy	Offices (former corporate headquarters)	Owned	115,716
Agordo, Italy <sup>(1)</sup>	Administrative offices and manufacturing facility	Owned	937,625
Mason (Ohio), United States	North American retail headquarters	Owned	415,776
Atlanta (Georgia), United States <sup>(2)</sup>	North American distribution center	Owned	183,521
Jurupa Valley (California), United States	Oakley distribution center	Leased	353,361
Campinas, Brazil	Manufacturing and research facility, administrative offices and related space	Leased	484,391
Port Washington (New York), United States	U.S. corporate headquarters and wholesale	Leased	35,000
Foothill Ranch (California), United States <sup>(3)</sup>	Oakley headquarters, manufacturing facility and ophthalmic laboratory	Owned	791,247
Ontario (California), United States	Oakley eyewear, apparel and footwear distribution center	Leased	289,940
Atlanta (Georgia), United States	After sales service center	Leased	30,230
Macquarie Park, Australia	Offices	Leased	43,572
Revesby, Australia	Distribution center	Leased	61,054
Cincinnati (Ohio), United States	Warehouse, distribution center	Leased	96,000
Dallas (Texas), United States	Ophthalmic laboratory, distribution center, office	Leased	128,869
Memphis (Tennessee), United States	Ophthalmic laboratory	Leased	59,350
Columbus (Ohio), United States	Ophthalmic laboratory, distribution center	Leased	121,036
St. Albans (Hertfordshire), United Kingdom	Offices	Leased	15,600
Dongguan, China <sup>(1)(4)</sup>	Office, manufacturing facility, land and dormitories	Leased	4,631,256
Shanghai, China <sup>(5)</sup>	Offices	Leased	52,206
Bhiwadi, India <sup>(6)</sup>	Manufacturing facility, administrative offices	Leased	343,474
Rovereto, Italy	Frame manufacturing facility	Owned	228,902
Sedico, Italy <sup>(1)</sup>	Distribution center	Owned	392,312
Cencenighe, Italy	Semi-finished product manufacturing facility	Owned	59,892
Lauriano, Italy	Frame and crystal lenses manufacturing facility	Owned	292,078
Pederobba, Italy <sup>(1)(7)</sup>	Frame manufacturing facility	Owned	188,730
Sedico, Italy <sup>(1)</sup>	Frame manufacturing facility	Owned	346,695
Izmir, Turkey	Turkish headquarters, offices and warehouse facility	Leased	90,416
Santiago, Chile	Offices, warehouse, finishing lab	Leased	41,484
São Paulo, Brazil	Administrative offices	Leased	51,010
Jundiaí, Brazil	Distribution center	Leased	81,698
Manhattan (New York), United States	Offices	Leased	14,406

(1) Facility is comprised of several different premises located within the same municipality.

(2) In January 2016, the Company commenced construction of a new building in Atlanta, Georgia on property adjacent to the existing distribution center. Upon completion, this building will consist of approximately 700,000 square feet on three levels and will be utilized for frame distribution and lens manufacturing and as administrative offices.



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- (3) Facility is comprised of several different premises located in Foothill Ranch and Lake Forest, California, United States. A portion of the premises (254,347 square feet) are leased.
- (4) Facility consists of 1,436,850 square feet dedicated to offices and manufacturing and the rest consists of dormitories, related facilities and undeveloped land. We have leased this facility for 50 years beginning in 2004. A new distribution center is under construction in Dongguan to expand our distribution capacity.
- (5) Facility is comprised of three different premises located within the same municipality. The office lease of Luxottica (China) Investment Co. Ltd. is subject to a mortgage.
- (6) We have leased such facility for 99 years beginning in 1989.
- (7) 25,963 square feet of this facility are leased.

A substantial number of our retail stores are leased. See " Distribution Retail Distribution" above for more information about our retail locations and a breakdown of geographic regions. All of our retail store leases expire between 2015 and 2026 and have terms that we believe are generally reasonable and reflective of market conditions.

We believe that our current facilities (including our manufacturing facilities) are adequate to meet our present and reasonably foreseeable needs. There are no encumbrances on any of our principal owned properties.

**RECENT DEVELOPMENTS**

On January 29, 2016, Mr. Adil Mehboob-Khan departed from the Board of Directors and as the Group's CEO for Markets and, effective February 29, 2016, from his other administrative roles with the Group. In connection with his termination, Luxottica paid Mr. Mehboob-Khan Euro 6.8 million in addition to severance pay linked to the termination of his employment relationship. In addition, Luxottica paid Mr. Mehboob-Khan Euro 0.2 million in connection with a settlement and novation agreement as consideration for his waiver of any claims or rights that he may have that are connected or related to his employment and administration relationships with the Group or any other associated entity and any resolution thereof. No sums were awarded in connection with Mr. Mehboob-Khan's termination from the position of director and CEO for Markets. At the same time, the Board of Directors approved the assignment of responsibility for Markets, a role formerly held by Mr. Mehboob-Khan, to Mr. Leonardo Del Vecchio, the Company's Chairman of the Board of Directors and majority shareholder, as Executive Chairman. Mr. Massimo Vian continues in his role as CEO for Product and Operations.

On February 23, 2016, the Company and Maison Valentino signed a new and exclusive eyewear license agreement for the design, manufacture and worldwide distribution of Valentino eyewear. The ten-year term of the agreement will begin in January 2017. The first collection under the agreement will be available in 2017.

On March 1, 2016, the Board of Directors co-opted Mr. Francesco Milleri as a director with deputy functions to assist the Executive Chairman with the exercise of his duties. The Board has granted Mr. Milleri deputy and substitute powers to be exercised upon specific request and authorization of the Executive Chairman under his coordination and responsibility. Mr. Milleri will remain in office until the stockholder's meeting convened to approve the 2015 financial statements. The Board of Directors has proposed that the stockholders confirm Mr. Milleri as a director until the approval of the Company's financial statements for the fiscal year ending on December 31, 2017. This nomination will be submitted to the stockholders of the Company at the meeting of stockholders to be held on April 29, 2016.

**ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

Table of Contents**ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

The following discussion should be read in conjunction with the Consolidated Financial Statements included elsewhere in this Annual Report. Such financial statements have been prepared in accordance with IFRS as issued by the IASB.

**Overview**

We operate in two segments: (i) manufacturing and wholesale distribution and (ii) retail distribution. Through our manufacturing and wholesale distribution segment, we are engaged in the design, manufacture, wholesale distribution and marketing of proprietary brand and designer lines of mid-to premium-priced prescription frames and sunglasses and, through Oakley, of performance optics products. We operate in our retail segment principally through our retail brands, which include LensCrafters, Sunglass Hut (including those in host stores), Pearle Vision, ILORI, The Optical Shop of Aspen, GMO, OPSM, Laubman & Pank, Oakley "O" Stores and Vaults, David Clulow and our retail licensed brands (Sears Optical and Target Optical). As of December 31, 2015, Luxottica's retail business consisted of 7,265 stores as follows:

	North America	Asia- Pacific	China/ Hong Kong	Europe	Africa and Middle East	Latam	Total
LensCrafters	933		289				1,222
Pearle Vision	118						118
Sunglass Hut <sup>(1)</sup>	1,923	298	42	358	140	279	3,040
ILORI and The Optical Shop of Aspen	28						28
Oakley retail locations <sup>(2)</sup>	178	32		9			219
Sears Optical	623						623
Target Optical	390						390
OPSM		309					309
Laubman & Pank		24					24
David Clulow <sup>(3)</sup>				115			115
GMO <sup>(4)</sup>						476	476
Oliver Peoples	9						9
Alain Mikli	2	9	3	2			16
Franchised locations <sup>(5)</sup>	424	182		6	55	9	676
<b>Total</b>	<b>4,628</b>	<b>854</b>	<b>334</b>	<b>490</b>	<b>195</b>	<b>764</b>	<b>7,265</b>

- (1) Includes Apex in North America.
- (2) Includes Oakley "O" Stores and Vaults.
- (3) Includes David Clulow joint venture stores.
- (4) Includes Econópticas.
- (5) Includes franchised locations for Pearle Vision, Sunglass Hut, Oakley "O" Stores and Vaults, OPSM, Laubman & Pank, Oliver Peoples and Alain Mikli.

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LensCrafters, ILORI, Pearle Vision, our retail licensed brands (Sears Optical and Target Optical), Oakley (Oakley "O" Stores and Vaults), Sunglass Icon, The Optical Shop of Aspen and Oliver Peoples have retail distribution operations located throughout the United States, Canada and Puerto Rico, while OPSM and Laubman & Pank operate retail outlets located in Australia and New Zealand. Sunglass Hut is a leading retailer of sunglasses worldwide based on sales in Euro. In 2006, we began operating retail locations in mainland China and currently we have rebranded the acquired stores to our premium



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LensCrafters brand in mainland China and Hong Kong. In 2008, we acquired David Clulow, a premium optical, retailer operating in the United Kingdom and Ireland. In 2011, we completed our acquisition of Multiópticas Internacional. Our net sales consist of direct sales of finished products manufactured with our own brand names or our licensed brands to opticians and other independent retailers through our wholesale distribution channel and sales directly to consumers through our retail distribution segment.

Demand for our products, particularly our higher-end designer lines, is largely dependent on the discretionary spending power of the consumers in the markets in which we operate. See Item 3 "Key Information Risk Factors If we do not correctly predict future economic conditions and changes in consumer preferences, our sales of premium products and profitability could suffer." We have also historically experienced sales volume fluctuations by quarter due to seasonality associated with the sale of sunglasses. As a result, our net sales are typically higher during the summer and the winter holiday season. As a result of our numerous acquisitions and the subsequent expansion of our business activities in the United States through these acquisitions, our results of operations, which are reported in Euro, are susceptible to currency rate fluctuations between the Euro and the U.S. dollar. The Euro/U.S. dollar exchange rate has fluctuated from an average exchange rate of Euro 1.00 = U.S. \$1.3277 in 2013 to Euro 1.00 = U.S. \$1.3285 in 2014 to Euro 1.00 = U.S. \$1.1095 in 2015. Additionally, with the acquisition of OPSM, our results of operations have been rendered susceptible to currency fluctuations between the Euro and the Australian dollar. Although we engage in certain foreign currency hedging activities to mitigate the impact of these fluctuations, they have impacted our reported revenues and expenses during the periods discussed herein. See Item 11 "Quantitative and Qualitative Disclosures About Market Risk Foreign Exchange Sensitivity" and Item 3 "Key Information Risk Factors If the U.S. dollar or the Australian dollar weakens relative to the Euro or the Chinese Yuan strengthens relative to the Euro, our profitability as a consolidated group could suffer."

**Critical Accounting Policies and Estimates**

We prepare our Consolidated Financial Statements in accordance with IFRS, which require management to make estimates, judgments and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. We believe that our most critical accounting policies and estimates relate to the following:

Revenue Recognition;

Income Taxes;

Inventories; and

Goodwill and Other Intangible Assets and Impairment of Long-Lived Assets.

*Revenue Recognition*

Revenues include sales of merchandise (both wholesale and retail), insurance and administrative fees associated with the Company's managed vision care business, eye exams and related professional services and sales of merchandise to franchisees, along with other revenues from franchisees such as royalties based on sales and initial franchise fee revenues.

Revenue is recognized when (a) the significant risks and rewards of the ownership of goods are transferred, (b) neither continuing managerial involvement to a degree usually associated with ownership nor effective control over the goods sold is retained by the Company, (c) the amount of revenue can be measured reliably, (d) it is probable that the economic benefits associated with the transaction will flow to the Company and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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The Group records an accrual for amounts estimated to be returned by customers against sales revenues. We have estimated and accrued for the amounts to be returned in the subsequent period. This estimate is based on our right of return policies and practices along with historical data and sales trends. Changes to these policies and practices or a change in the trend of returns could lead to actual returns being different from the amounts estimated and accrued.

Also included in retail segment revenues are managed vision care revenues consisting of (i) insurance revenues which are recognized when earned over the terms of the respective contractual relationships and (ii) administrative services revenues which are recognized when services are provided during the contract period. Accruals are established for amounts due under these relationships based on an estimate of uncollectible amounts. Our insurance contracts require us to estimate the potential costs and exposures over the life of the agreement such that the amount charged to the customers will cover these costs. To mitigate the exposure risk, these contracts are usually short-term in nature. However, if we do not accurately estimate the future exposure and risks associated with these contracts, we may suffer losses as we would not be able to cover our costs incurred with revenues from the customer.

*Income Taxes*

Income taxes are recorded in accordance with IAS 12, *Income Taxes*, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our Consolidated Financial Statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the consolidated financial statement and tax basis of assets and liabilities using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period. The realization of deferred tax assets depends, among other things, on the Group's ability to generate sufficient taxable income in future years and the reversal of taxable temporary differences, taking into account any restrictions on the carry-forward of tax losses. The estimated tax rates and the deferred tax assets and liabilities recorded are based on information available at the time of calculation. This information is subject to change due to subsequent tax audits performed by different taxing jurisdictions and changes in corporate structure not contemplated at the time of calculation, as well as various other factors.

In addition the Group is subject to different tax jurisdictions. The determination of tax liabilities for the Group requires the use of assumptions with respect to transactions whose fiscal consequences are not yet certain at the end of the reporting period. The Group recognizes liabilities which could result from future inspections by the fiscal authorities on the basis of an estimate of the amounts expected to be paid to the taxation authorities. If the result of the abovementioned inspections differs from that estimated by Group management, there could be significant effects on both current and deferred taxes.

*Inventories*

Frames manufactured by us were approximately 59.3% and 55.5% of total frame inventory as of December 31, 2015 and 2014, respectively. All inventories at December 31, 2015 were valued using the lower of cost, as determined under an average annual cost by product line method, or market. Inventories are recorded net of allowances for possible losses. These reserves are calculated using various factors including sales volume, historical shrink results, changes in market conditions and current trends. In addition, production schedules are made on similar factors which, if not estimated correctly, could lead to the production of potentially obsolete inventory. As such, actual results could differ significantly from the estimated amounts.

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*Goodwill and Other Intangible Assets and Impairment of Long-Lived Assets*

In connection with various acquisitions, we have recorded as intangible assets certain goodwill, trade names and certain other identifiable intangibles. At December 31, 2015, the aggregate carrying value of intangibles, including goodwill, was approximately Euro 5.0 billion or approximately 52% of total assets.

As acquisitions are an important element of our growth strategy, valuations of the assets acquired and liabilities assumed on the acquisition dates could have a significant impact on our future results of operations. Fair values of those assets and liabilities on the date of the acquisition could be based on estimates of future cash flows and operating conditions for which the actual results may vary significantly. This may lead to, among other items, impairment charges and payment of liabilities different than amounts originally recorded, which could have a material impact on future operations.

Goodwill is no longer amortized, but rather is tested for impairment annually and, under certain circumstances, between annual periods. An impairment charge will be recorded if the fair value of goodwill and other intangible assets is less than the carrying value. The calculation of fair value may be based on, among other items, estimated future cash flows if quoted market prices in active markets are not available. We test our goodwill for impairment annually as of December 31 of each year and any other time a condition arises that may cause us to believe that an impairment has occurred. Since impairment tests use estimates of the impact of future events, actual results may differ and we may be required to record an impairment in future years. We recorded no impairment losses in 2015, 2014 and 2013. For further details, see Note 11 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

Intangibles subject to amortization based on a finite useful life continue to be amortized on a straight-line basis over their useful lives. Our long-lived assets, other than goodwill, are tested for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. When such events occur, we measure impairment by comparing the carrying value of the long-lived asset to its recoverable amount, which is equal to its value in use. The value-in-use calculation involves discounting the expected cash flows to be generated by the asset to its present value. If the sum of the expected discounted future cash flows is less than the carrying amount of the assets, we would recognize an impairment loss, if determined to be necessary. Actual results may differ from our current estimates.

For a further discussion on accounting policies and estimates, see Note 1 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

**RECENT ACCOUNTING PRONOUNCEMENTS**

See Note 2 to our Consolidated Financial Statements included in Item 18 of this Form 20-F for a discussion of the impact of recent accounting pronouncements on our financial condition and results of operations, including the expected dates of adoption and estimated effects on our financial position, statement of cash flows and results of operations.

**OVERVIEW OF 2015 RESULTS OF OPERATIONS**

In fiscal year 2015, we achieved strong growth of net sales and a more than proportionate increase in profitability relative to sales growth, as well as a significant improvement in financial leverage. Both segments made a major contribution to our results.

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Because of our worldwide operations, our results of operations are affected by foreign exchange rate fluctuations. In 2015, the strengthening of certain currencies in which we conduct business, in particular of the U.S. dollar against the Euro, which is our reporting currency, increased net sales by Euro 857.9 million, primarily in the wholesale segment. This discussion should be read in conjunction with Item 3 "Key Information Risk Factors" and the Consolidated Financial Statements and related notes included in Item 18.

**RESULTS OF OPERATIONS**

The following table sets forth, for the periods indicated, the percentage of net sales represented by certain items included in our statements of consolidated income:

	2015	2014	2013
Net Sales	100.0%	100.0%	100.0%
Cost of Sales	32.1	33.6	34.5
Gross Profit	67.9	66.4	65.5
Operating Expenses:			
Selling and Advertising	40.0	39.4	39.2
General and Administrative	12.3	11.8	11.9
Total	52.3	51.2	51.0
Income from Operations	15.6	15.1	14.4
Other Income (Expense) Net	(1.1)	(1.3)	(1.4)
Provision for Income Taxes	(5.3)	(5.4)	(5.6)
Net Income	9.1	8.4	7.5
Net Income Attributable to Non-Controlling Interests	0.0	0.0	0.1
Net Income Attributable to Luxottica Group Stockholders	9.1	8.4	7.4

For additional financial information by operating segment and geographic region, see Note 5 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

Throughout the following comparison of the fiscal year ended December 31, 2015 to the fiscal year ended December 31, 2014, and of the fiscal year ended December 31, 2014 to the fiscal year ended December 31, 2013, we use certain performance measures that are not in accordance with IFRS. Such non-IFRS measures are not meant to be considered in isolation or as a substitute for items appearing in our financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding our operational performance. For further information regarding the use of and limitations relating to such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

In addition, comparable store sales reflect the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the prior period in the same geographic area, and applies to both periods the average exchange rate for the prior period.

**COMPARISON OF THE FISCAL YEAR ENDED DECEMBER 31, 2015 TO THE FISCAL YEAR ENDED DECEMBER 31, 2014.**

**Net Sales.** Net sales increased by Euro 1,184.3 million, or 15.5%, to Euro 8,836.5 million in 2015 from Euro 7,652.3 million in 2014. Euro 398.8 million of this increase was attributable to increased sales in the manufacturing and wholesale distribution segment during 2015 as compared to 2014 and Euro 785.5 million was attributable to increased sales in the retail distribution segment during 2015 as

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compared to 2014. Adjusted net sales in 2015 and 2014, which include the EyeMed Adjustment (as defined below), were Euro 9,010.8 million and Euro 7,698.9 million, respectively.

Effective July 1, 2014, adjusted net sales were impacted by the modification of terms of an EyeMed reinsurance agreement with an existing underwriter whereby the Group now assumes less reinsurance revenue and less claims expense. This modification resulted in a reduction in reinsurance revenue and claims of Euro 174.3 million and Euro 46.6 million in 2015 and 2014, respectively (the "EyeMed Adjustment"). This reinsurance agreement was further amended on January 1, 2016 in order to provide that the Group will assume more reinsurance revenue and claims expense in future periods.

A reconciliation of adjusted net sales, a non-IFRS measure, to net sales, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons:

<b>(Amounts in millions of Euro)</b>	<b>2015</b>	<b>2014</b>
<b>Net sales</b>	<b>8,836.5</b>	<b>7,652.3</b>
> EyeMed Adjustment	174.3	46.6
<b>Adjusted net sales</b>	<b>9,010.8</b>	<b>7,698.9</b>

Net sales for the retail distribution segment increased by Euro 785.5 million, or 17.6%, to Euro 5,244.0 million in 2015 from Euro 4,458.6 million in 2014. The increase in net sales for the period was partially attributable to a 3.9% increase in comparable store sales. The effects from currency fluctuations between the Euro, which is our reporting currency, and other currencies in which we conduct business, in particular the strengthening of the U.S. dollar and the Australian dollar compared to the Euro, increased net sales in the retail distribution segment by Euro 680.9 million.

Adjusted net sales for the retail distribution segment in 2015 and 2014, which include the EyeMed Adjustment, were Euro 5,418.3 million and 4,505.1 million, respectively.

A reconciliation of adjusted net sales for the retail distribution segment, a non-IFRS measure, to net sales of the retail distribution segment, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons:

<b>(Amounts in millions of Euro)</b>	<b>2015</b>	<b>2014</b>
<b>Net sales</b>	<b>5,244.0</b>	<b>4,458.6</b>
> EyeMed Adjustment	174.3	46.6
<b>Adjusted net sales</b>	<b>5,418.3</b>	<b>4,505.1</b>

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 398.8 million, or 12.5%, to Euro 3,592.6 million in 2015 from Euro 3,193.8 million in 2014. This increase was mainly attributable to increased sales of most of our proprietary brands, in particular Ray-Ban and Oakley, and certain designer brands, including Coach, Burberry and Armani. The impact on net sales of currency fluctuations, in particular the strengthening of the U.S. dollar compared to the Euro, increased net sales in the wholesale distribution segment by Euro 177.1 million.

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In 2015, net sales in the retail distribution segment accounted for approximately 59.3% of total net sales, as compared to approximately 58.3% of total net sales in 2014. This increase in sales for the retail distribution segment as a percentage of total net sales was primarily attributable to a 12.5% increase in

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net sales for the manufacturing and wholesale distribution segment for 2015, as compared to a 17.6% increase in net sales to third parties in the retail distribution segment for 2015.

In 2015 and 2014, net sales in our retail distribution segment in the United States and Canada comprised 78.1% and 77.3%, respectively, of our total net sales in this segment. In U.S. dollars, retail net sales in the United States and Canada increased by 0.3% to U.S. \$4,590.8 million in 2015 from U.S. \$4,577.3 million in 2014, due to sales volume increases. During 2015, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 21.9% of our total net sales in the retail distribution segment and increased by 13.2% to Euro 1,146.8 million in 2015 from Euro 1,013.1 million, or 22.7% of our total net sales in the retail distribution segment, in 2014, mainly due to an increase in consumer demand.

In 2015, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 1,360.8 million, comprising 37.9% of our total net sales in this segment, compared to Euro 1,295.3 million, or 40.6% of total net sales in this segment, in 2014, increasing by Euro 65.5 million or 5.1% in 2015 as compared to 2014. The increase in net sales in Europe in 2015 compared to 2014 was primarily due to a general increase in consumer demand. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. \$1,169.3 million and comprised 29.3% of our total net sales in this segment in 2015, compared to U.S. \$1,117.7 million, or 26.3% of total net sales in this segment, in 2014. The increase in net sales in the United States and Canada in 2015 compared to 2014 was primarily due to a general increase in consumer demand. In 2015, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 1,177.9 million, comprising 32.8% of our total net sales in this segment, compared to Euro 1,057.2 million, or 33.1% of our net sales in this segment, in 2014. The increase of Euro 120.7 million, or 11.4%, in 2015 as compared to 2014 was due to an increase in consumer demand, in particular in the emerging markets.

**Cost of Sales.** Cost of sales increased by Euro 260.7 million, or 10.1%, to Euro 2,835.4 million in 2015 from Euro 2,574.7 million in 2014. As a percentage of net sales, cost of sales was 32.1% and 33.6% in 2015 and 2014, respectively. The average number of frames produced daily in our facilities was approximately 346,991 and 297,000 in 2015 and 2014, respectively.

Adjusted cost of sales was Euro 3,009.0 million and Euro 2,621.3 million in 2015 and 2014, respectively. This includes, for 2015, the EyeMed Adjustment of Euro 174.3 million and expenses of Euro 0.7 million related to the reorganization of Oakley and other minor projects and, for 2014, the EyeMed Adjustment of Euro 46.6 million.

A reconciliation of adjusted cost of sales, a non-IFRS measure, to cost of sales, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

<b>(Amounts in millions of Euro)</b>	<b>2015</b>	<b>2014</b>
<b>Cost of sales</b>	<b>2,835.4</b>	<b>2,574.7</b>
> EyeMed Adjustment	174.3	46.6
> Adjustment for the reorganization of Oakley and other minor projects	(0.7)	
<b>Adjusted cost of sales</b>	<b>3,009.0</b>	<b>2,621.3</b>

**Gross Profit.** Our gross profit increased by Euro 923.5 million, or 18.2%, to Euro 6,001.2 million in 2015 from Euro 5,077.6 million in 2014. As a percentage of net sales, gross profit increased to 67.9% in 2015 from 66.4% in 2014 due to the factors noted above.

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Adjusted gross profit for 2015, excluding expenses of Euro 0.7 million related to the reorganization of Oakley and other minor projects, was Euro 6,001.8, or 66.6% as percentage of net sales.

A reconciliation of adjusted gross profit, a non-IFRS measure, to gross profit, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

(Amounts in millions of Euro)	2015	2014
<b>Gross profit</b>	<b>6,001.2</b>	<b>5,077.6</b>
> Adjustment for the reorganization of Oakley and other minor projects	0.7	
<b>Adjusted gross profit</b>	<b>6,001.8</b>	<b>5,077.6</b>

**Operating Expenses.** Total operating expenses increased by Euro 704.7 million, or 18.0%, to Euro 4,624.7 million in 2015 from Euro 3,920.0 million in 2014. As a percentage of net sales, operating expenses were 52.3% in 2015 compared to 51.2% in 2014.

Total adjusted operating expenses increased by Euro 659.0 million, or 16.9%, to Euro 4,559.0 million in 2015 from Euro 3,900.0 million in 2014, excluding, for 2015, expenses of Euro 65.7 million related to the reorganization of Oakley and other minor projects and, for 2014, non-recurring expenses of Euro 20.0 million related to the termination of the employment of the former Group CEOs. As a percentage of net sales, adjusted operating expenses decreased to 50.6% in 2015 from 50.7% in 2014.

A reconciliation of adjusted operating expenses, a non-IFRS measure, to operating expenses, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

(Amounts in millions of Euro)	2015	2014
<b>Operating expenses</b>	<b>4,624.7</b>	<b>3,920.0</b>
> Adjustment for the employment termination of the former Group CEOs		(20.0)
> Adjustment for the reorganization of Oakley and other minor projects	(65.7)	
<b>Adjusted operating expenses</b>	<b>4,559.0</b>	<b>3,900.0</b>

Selling and advertising expenses (including royalty expenses) increased by Euro 523.8 million, or 17.4%, to Euro 3,537.2 million in 2015 from Euro 3,013.4 million in 2014. Selling expenses increased by Euro 426.5 million, or 18.1%, to Euro 2,778.8 million in 2015 from Euro 2,352.3 million in 2014. As a percentage of net sales, selling expenses were 31.4% and 30.7% in 2015 and 2014, respectively. Advertising expenses increased by Euro 78.6 million, or 15.4%. As a percentage of net sales, advertising expenses were 6.7% in both 2015 and 2014. Royalties increased by Euro 18.7 million, or 12.5%. As a percentage of net sales, royalty expenses were 1.9% and 2.0% in 2015 and 2014, respectively.

Adjusted selling expenses, excluding, for 2015, expenses of Euro 5.5 million related to the reorganization of Oakley and other minor projects, were Euro 2,773.3 million as compared to selling expenses of Euro 2,352.3 million in 2014. As percentage of net sales, adjusted selling expenses were 30.8% in 2015.

A reconciliation of adjusted selling expenses, a non-IFRS measure, to selling expenses, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such





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non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

<b>(Amounts in millions of Euro)</b>	<b>2015</b>	<b>2014</b>
<b>Selling expenses</b>	<b>2,778.8</b>	<b>2,352.3</b>
> Adjustment for the reorganization of Oakley and other minor projects	(5.5)	
<b>Adjusted selling expenses</b>	<b>2,773.3</b>	<b>2,352.3</b>

General and administrative expenses, including intangible asset amortization, increased by Euro 180.9 million, or 19.9%, to Euro 1,087.5 million in 2015, as compared to Euro 906.6 million in 2014. As a percentage of net sales, general and administrative expenses were 12.3% and 11.8% in 2015 and 2014, respectively. The increase was primarily due to expenses of Euro 60.1 million relating to the reorganization of Oakley and other minor projects.

Adjusted general and administrative expenses increased by Euro 140.8 million, or 15.9%, to Euro 1,027.4 million in 2015 as compared to Euro 886.6 million in 2014. This amount includes intangible asset amortization and excludes, in 2015, the expenses related to the reorganization of Oakley and other minor projects of Euro 60.1 million and, in 2014, the non-recurring expenses of Euro 20.0 million related to the termination of the employment of the former Group CEOs. As a percentage of net sales, adjusted general and administrative expenses decreased to 11.4% in 2015 from 11.5% in 2014.

A reconciliation of adjusted general and administrative expenses, a non-IFRS measure, to general and administrative expenses, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

<b>(Amounts in millions of Euro)</b>	<b>2015</b>	<b>2014</b>
<b>General and administrative expenses</b>	<b>1,087.5</b>	<b>906.6</b>
> Adjustment for the employment termination of the former Group CEOs		(20.0)
> Adjustment for the reorganization of Oakley and other minor projects	(60.1)	
<b>Adjusted general and administrative expenses</b>	<b>1,027.4</b>	<b>886.6</b>

**Income from Operations.** For the reasons described above, income from operations increased by Euro 218.8 million, or 18.9%, to Euro 1,376.4 million in 2015 from Euro 1,157.6 million in 2014. As a percentage of net sales, income from operations increased to 15.6% in 2015 from 15.1% in 2014. Adjusted income from operations increased by Euro 265.2 million, or 22.5%, to Euro 1,442.8 million in 2015 from Euro 1,177.6 million in 2014. As a percentage of net sales, adjusted income from operations increased to 16.0% in 2015 from 15.3% in 2014.

A reconciliation of adjusted income from operations, a non-IFRS measure, to income from operations, the most directly comparable IFRS measure, is presented in the table below. For a further

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discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

<b>(Amounts in millions of Euro)</b>	<b>2015</b>	<b>2014</b>
<b>Income from operations</b>	<b>1,376.4</b>	<b>1,157.6</b>
> Adjustment for the employment termination of the former Group CEOs		20.0
> Adjustment for the reorganization of Oakley and other minor projects	66.4	
<b>Adjusted income from operations</b>	<b>1,442.8</b>	<b>1,177.6</b>

**Other Income (Expense) Net.** Other income (expense) net was Euro (98.5) million in 2015 as compared to Euro (97.5) million in 2014. Net interest expense was Euro 95.2 million in 2015 as compared to Euro 98.0 million in 2014.

**Net Income.** Income before taxes increased by Euro 217.8 million, or 20.5%, to Euro 1,277.9 million in 2015 from Euro 1,060.1 million in 2014 for the reasons described above. As a percentage of net sales, income before taxes increased to 14.5% in 2015 from 13.9% in 2014. Adjusted income before taxes increased by Euro 264.2 million, or 24.5%, to Euro 1,344.3 million in 2015 from Euro 1,080.1 million in 2014, for the reasons described above. As a percentage of net sales, adjusted income before taxes increased to 14.9% in 2015 from 14.0% in 2014.

A reconciliation of adjusted income before taxes, a non-IFRS measure, to income before taxes, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

<b>(Amounts in millions of Euro)</b>	<b>2015</b>	<b>2014</b>
<b>Income before taxes</b>	<b>1,277.9</b>	<b>1,060.1</b>
> Adjustment for the termination of the former Group CEOs		20.0
> Adjustment for the reorganization of Oakley and other minor projects	66.4	
<b>Adjusted income before taxes</b>	<b>1,344.3</b>	<b>1,080.1</b>

Our effective tax rate was 36.9% and 39.1% in 2015 and 2014, respectively. Included in 2014 was Euro 30.3 million for certain income taxes accrued in the period as a result of ongoing tax audits. Our adjusted tax rate, which excludes, in 2015, the tax effect of the reorganization of Oakley and other minor projects and, in 2014, the tax effects of the tax audits and the termination of the former Group CEOs, was 36.3% and 36.0%, respectively. Net income attributable to non-controlling interests was equal to Euro 2.8 million and Euro 3.4 million in 2015 and 2014, respectively.

Net income attributable to Luxottica Group stockholders increased by Euro 161.5 million, or 25.1%, to Euro 804.1 million in 2015 from Euro 642.6 million in 2014. Net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 9.1% in 2015 from 8.4% in 2014. Adjusted net income attributable to Luxottica Group stockholders increased by Euro 166.5 million, or 24.2%, to Euro 854.0 million in 2015 from Euro 687.4 million in 2014. Adjusted net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 9.5% in 2015 from 8.9% in 2014.

A reconciliation of adjusted net income attributable to Luxottica Group stockholders, a non-IFRS measure, to net income attributable to Luxottica Group stockholders, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please



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refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

<b>(Amounts in millions of Euro)</b>	<b>2015</b>	<b>2014</b>
<b>Net income attributable to Luxottica Group stockholders</b>	<b>804.1</b>	<b>642.6</b>
> Adjustment for the reorganization of Oakley and for other minor projects	49.8	
> Adjustment for the accrual for the tax audit relating to Luxottica S.r.l. (fiscal years 2008 to 2011)		30.3
> Adjustment for the termination of the former Group CEOs		14.5
<b>Adjusted net income attributable to Luxottica Group stockholders</b>	<b>854.0</b>	<b>687.4</b>

Basic earnings per share were Euro 1.68 in 2015 and Euro 1.35 in 2014. Diluted earnings per share were Euro 1.67 in 2015 and Euro 1.34 in 2014.

**COMPARISON OF THE FISCAL YEAR ENDED DECEMBER 31, 2014 TO THE FISCAL YEAR ENDED DECEMBER 31, 2013.**

**Net Sales.** Net sales increased by Euro 339.7 million, or 4.6%, to Euro 7,652.3 million in 2014 from Euro 7,312.6 million in 2013. Euro 202.5 million of this increase was attributable to increased sales in the manufacturing and wholesale distribution segment during 2014 as compared to 2013 and Euro 137.2 million was attributable to increased sales in the retail distribution segment during 2014 as compared to 2013. This growth in net sales also included the impact of the 53rd week for the retail business, which generated net sales of approximately Euro 60.0 million. Adjusted net sales in 2014, which include the EyeMed Adjustment, were Euro 7,698.9 million.

Effective July 1, 2014, adjusted net sales were impacted by the modification of terms of an EyeMed reinsurance agreement with an existing underwriter whereby the Company now assumes less reinsurance revenue and less claims expense. This modification resulted in a reduction in reinsurance revenue and claims of Euro 46.6 million. A reconciliation of adjusted net sales, a non-IFRS measure, to net sales, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons:

<b>(Amounts in millions of Euro)</b>	<b>2014</b>	<b>2013</b>
<b>Net sales</b>	<b>7,652.3</b>	<b>7,312.6</b>
> EyeMed Adjustment	46.6	
<b>Adjusted net sales</b>	<b>7,698.9</b>	<b>7,312.6</b>

Net sales for the retail distribution segment increased by Euro 137.2 million, or 3.2%, to Euro 4,458.6 million in 2014 from Euro 4,321.3 million in 2013. The increase in net sales for the period was partially attributable to a 1.8% increase in comparable store sales for LensCrafters and a 7.4% increase in comparable store sales for Sunglass Hut. The effects from currency fluctuations between the Euro, which is our reporting currency, and other currencies in which we conduct business, in particular the weakening of the U.S. dollar and the Australian dollar compared to the Euro, decreased net sales in the retail distribution segment by Euro 48.2 million.

Adjusted net sales for the retail distribution segment in 2014, which include the EyeMed Adjustment, were Euro 4,505.2 million.

A reconciliation of adjusted net sales for the retail distribution segment, a non-IFRS measure, to net sales of the retail division, the most directly comparable IFRS measure, is presented in the table below.



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For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons:

<b>(Amounts in millions of Euro)</b>	<b>2014</b>	<b>2013</b>
<b>Net sales</b>	<b>4,458.6</b>	<b>4,321.3</b>
> EyeMed Adjustment	46.6	
<b>Adjusted net sales</b>	<b>4,505.2</b>	<b>4,321.3</b>

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 202.5 million, or 6.8%, to Euro 3,193.8 million in 2014 from Euro 2,991.3 million in 2013. This increase was mainly attributable to increased sales of most of our proprietary brands, in particular Ray-Ban and Oakley, and certain designer brands, including Prada, Dolce & Gabbana and Armani. The positive impact on net sales was partially offset by negative currency fluctuations, in particular the weakening of the U.S. dollar and the Brazilian Real compared to the Euro, which decreased net sales in the wholesale distribution segment by Euro 56.0 million.

In 2014, net sales in the retail distribution segment accounted for approximately 58.3% of total net sales, as compared to approximately 59.1% of total net sales in 2013. This decrease in sales for the retail distribution segment as a percentage of total net sales was primarily attributable to a 6.8% increase in net sales for the manufacturing and wholesale distribution segment for 2014, as compared to a 3.2% increase in net sales to third parties in the retail distribution segment for 2014.

In 2014 and 2013, net sales in our retail distribution segment in the United States and Canada comprised 77.3% and 77.8%, respectively, of our total net sales in this segment. In U.S. dollars, retail net sales in the United States and Canada increased by 2.6% to U.S. \$4,577.3 million in 2014 from U.S. \$4,462.3 million in 2013, due to sales volume increases. During 2014, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 22.7% of our total net sales in the retail distribution segment and increased by 5.5% to Euro 1,013.1 million in 2014 from Euro 960.5 million, or 22.2% of our total net sales in the retail distribution segment, in 2013, mainly due to an increase in consumer demand.

In 2014, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 1,295.3 million, comprising 40.6% of our total net sales in this segment, compared to Euro 1,272.8 million, or 42.5% of total net sales in this segment, in 2013, increasing by Euro 22.5 million or 1.8% in 2014 as compared to 2013. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. \$1,117.7 million and comprised 26.3% of our total net sales in this segment in 2014, compared to U.S. \$1,013.1 million, or 25.5% of total net sales in this segment, in 2013. The increase in net sales in the United States and Canada in 2014 compared to 2013 was primarily due to a general increase in consumer demand. In 2014, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 1,057.2 million, comprising 33.1% of our total net sales in this segment, compared to Euro 955.5 million, or 31.9% of our net sales in this segment, in 2013. The increase of Euro 101.7 million, or 10.6%, in 2014 as compared to 2013 was due to an increase in consumer demand, in particular in the emerging markets.

**Cost of Sales.** Cost of sales increased by Euro 51.0 million, or 2.0%, to Euro 2,574.7 million in 2014 from Euro 2,524.0 million in 2013. As a percentage of net sales, cost of sales was 33.6% and 34.5% in 2014 and 2013, respectively. The average number of frames produced daily in our facilities was approximately 297,100 and 302,000 in 2014 and 2013, respectively.

Adjusted cost of sales in 2014, which include the EyeMed Adjustment, was Euro 2,621.3 million.

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A reconciliation of adjusted cost of sales, a non-IFRS measure, to cost of sales, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

(Amounts in millions of Euro)	2014	2013
<b>Cost of sales</b>	<b>2,574.7</b>	<b>2,524.0</b>
> EyeMed Adjustment	46.6	
<b>Adjusted cost of sales</b>	<b>2,621.3</b>	<b>2,524.0</b>

**Gross Profit.** Our gross profit increased by Euro 289.0 million, or 6.0%, to Euro 5,077.6 million in 2014 from Euro 4,788.6 million in 2013. As a percentage of net sales, gross profit increased to 66.4% in 2014 from 65.5% in 2013 due to the factors noted above.

**Operating Expenses.** Total operating expenses increased by Euro 187.1 million, or 5.0%, to Euro 3,920.0 million in 2014 from Euro 3,732.9 million in 2013. As a percentage of net sales, operating expenses were 51.2% in 2014 compared to 51.0% in 2013.

The increase in operating expenses in 2014 was primarily attributable to a Euro 110.4 million increase in selling expenses, a Euro 31.3 million increase in advertising expenses and a Euro 40.0 million increase in general and administrative expenses.

Total adjusted operating expenses increased by Euro 176.1 million, or 4.7%, to Euro 3,900.0 million in 2014 from Euro 3,723.9 million in 2013, excluding non-recurring expenses of Euro 20.0 million related to the termination of the employment of the former Group CEOs in 2014 and expenses of approximately 9.0 million related to the reorganization of the Alain Mikli business in 2013. As a percentage of net sales, adjusted operating expenses decreased to 50.7% in 2014 from 50.9% in 2013. A reconciliation of adjusted operating expenses, a non-IFRS measure, to operating expenses, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

(Amounts in millions of Euro)	2014	2013
<b>Operating expenses</b>	<b>3,920.0</b>	<b>3,732.9</b>
> Adjustment for the employment termination of the former Group CEOs	(20.0)	
> Adjustment for Alain Mikli reorganization		(9.0)
<b>Adjusted operating expenses</b>	<b>3,900.0</b>	<b>3,723.9</b>

Selling and advertising expenses (including royalty expenses) increased by Euro 147.1 million, or 5.1%, to Euro 3,013.4 million in 2014 from Euro 2,866.3 million in 2013. The increase was primarily due to an increase in selling expenses and advertising expenses. Selling expenses increased by Euro 110.4 million, or 4.9%. As a percentage of net sales, selling expenses were 30.7% in each of 2014 and 2013. Advertising expenses increased by Euro 31.3 million, or 6.5%. As a percentage of net sales advertising expenses were 6.7% and 6.6% in 2014 and 2013, respectively. Royalties increased by Euro 5.4 million, or 3.7%. As a percentage of net sales, royalty expenses were 2.0% in each of 2014 and 2013.

General and administrative expenses, including intangible asset amortization, increased by Euro 40.0 million, or 4.6%, to Euro 906.6 million in 2014, as compared to Euro 866.6 million in 2013. As a percentage of net sales, general and administrative expenses were 11.8% in 2014 compared to 11.9% in





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2013. The increase was primarily related to the termination of the employment of the former Group CEOs amounting to approximately Euro 20.0 million.

Adjusted general and administrative expenses increased by Euro 29.0 million, or 3.4%, to Euro 886.6 million in 2014 as compared to Euro 857.6 million in 2013. This amount includes intangible asset amortization and excludes, in 2014, the non-recurring expenses of Euro 20.0 million related to the termination of the employment of the former Group CEOs and, in 2013, expenses of approximately Euro 9.0 million related to the reorganization of the Alain Mikli business. As a percentage of net sales, adjusted general and administrative expenses decreased to 11.5% in 2014, compared to 11.7% in 2013.

A reconciliation of adjusted general and administrative expenses, a non-IFRS measure, to general and administrative expenses, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

(Amounts in millions of Euro)	2014	2013
<b>General and administrative expenses</b>	<b>906.6</b>	<b>866.6</b>
> Adjustment for the employment termination of the former Group CEOs	(20.0)	
> Adjustment for Alain Mikli reorganization		(9.0)
<b>Adjusted general and administrative expenses</b>	<b>886.6</b>	<b>857.6</b>

**Income from Operations.** For the reasons described above, income from operations increased by Euro 101.9 million, or 9.7%, to Euro 1,157.6 million in 2014 from Euro 1,055.7 million in 2013. As a percentage of net sales, income from operations increased to 15.1% in 2014 from 14.4% in 2013. Adjusted income from operations increased by Euro 112.9 million, or 10.6%, to Euro 1,177.6 million in 2014 from Euro 1,064.7 million in 2013. As a percentage of net sales, adjusted income from operations increased to 15.3% in 2014 from 14.6% in 2013. A reconciliation of adjusted income from operations, a non-IFRS measure, to income from operations, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

(Amounts in millions of Euro)	2014	2013
<b>Income from operations</b>	<b>1,157.6</b>	<b>1,055.7</b>
> Adjustment for the employment termination of the former Group CEOs	20.0	
> Adjustment for Alain Mikli reorganization		9.0
<b>Adjusted income from operations</b>	<b>1,177.6</b>	<b>1,064.7</b>

**Other Income (Expense) Net.** Other income (expense) net was Euro (97.5) million in 2014 as compared to Euro (99.3) million in 2013. Net interest expense was Euro 98.0 million in 2014 as compared to Euro 92.1 million in 2013. The increase was mainly due to an increase in outstanding debt as a result of the issuance of Euro 500 million of bonds in the first half of 2014.

**Net Income.** Income before taxes increased by Euro 103.7 million, or 10.8%, to Euro 1,060.1 million in 2014 from Euro 956.4 million in 2013 for the reasons described above. As a percentage of net sales, income before taxes increased to 13.9% in 2014, from 13.1% in 2013. Adjusted income before taxes increased by Euro 114.7 million, or 11.9%, to Euro 1,080.1 million in 2014 from Euro 965.4 million in 2013, for the reasons described above. As a percentage of net sales, adjusted income before taxes increased to 14.0% in 2014 from 13.2% in 2013.



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A reconciliation of adjusted net income before taxes, a non-IFRS measure, to net income before taxes, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

<b>(Amounts in millions of Euro)</b>	<b>2014</b>	<b>2013</b>
<b>Net income before taxes</b>	<b>1,060.1</b>	<b>956.4</b>
> Adjustment for the termination of the former Group CEOs	20.0	
> Adjustment for Alain Mikli reorganization		9.0
<b>Adjusted net income before taxes</b>	<b>1,080.1</b>	<b>965.4</b>

Our effective tax rate was 39.1% and 42.6% in 2014 and 2013, respectively. Included in 2014 was Euro 30.3 million for certain income taxes accrued in the period as a result of ongoing tax audits as compared with Euro 66.7 million accrued in 2013. Our adjusted tax rate in 2014 and 2013 was 36.0% and 35.6%, respectively.

Net income attributable to non-controlling interests was equal to Euro 3.4 million and Euro 4.2 million in 2014 and 2013, respectively.

Net income attributable to Luxottica Group stockholders increased by Euro 97.9 million, or 18.0%, to Euro 642.6 million in 2014 from Euro 544.7 million in 2013. Net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 8.4% in 2014 from 7.4% in 2013. Adjusted net income attributable to Luxottica Group stockholders increased by Euro 70.1 million, or 11.4%, to Euro 687.4 million in 2014 from Euro 617.3 million in 2013. Adjusted net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 8.9% in 2014, from 8.4% in 2013.

A reconciliation of adjusted net income attributable to Luxottica Group stockholders, a non-IFRS measure, to net income attributable to Luxottica Group stockholders, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

<b>(Amounts in millions of Euro)</b>	<b>2014</b>	<b>2013</b>
<b>Net income attributable to Luxottica Group stockholders</b>	<b>642.6</b>	<b>544.7</b>
> Adjustment for Alain Mikli reorganization		5.9
> Adjustment for the cost of the tax audit relating to Luxottica S.r.l. (fiscal year 2007)		26.7
> Adjustment for the accrual for the tax audit relating to Luxottica S.r.l. (fiscal years 2008 to 2011)	30.3	40.0
> Adjustment for the termination of the former Group CEOs	14.5	
<b>Adjusted net income attributable to Luxottica Group stockholders</b>	<b>687.4</b>	<b>617.3</b>

Basic earnings per share were Euro 1.35 in 2014 and Euro 1.15 in 2013. Diluted earnings per share were Euro 1.34 in 2014 and Euro 1.14 in 2013.

**Non-IFRS Measures: Adjusted Measures**

In order to provide a supplemental comparison of current period results of operations to prior periods, we have adjusted for certain transactions or events.



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In order to provide a supplemental comparison of current period results of operations to prior periods, certain measures, such as net sales, operating expenses, selling and advertising expenses, general and administrative expenses, income from operations, income before taxes and net income attributable to Luxottica Group stockholders have been adjusted by the following items:

- (a) excluding in 2015 net expenses of Euro 66.4 million related to the reorganization of Oakley and other minor projects;
- (b) including sales of the EyeMed division in 2015 and 2014 of Euro 174.3 million and Euro 46.6 million, respectively, related to the EyeMed Adjustment;
- (c) excluding non-recurring expenses of Euro 20.0 million (Euro 14.5 million net of tax) in 2014 related to the termination of the employment of the former Group CEOs;
- (d) excluding an accrual in 2014 of approximately Euro 30.3 million for the tax audit relating to Luxottica S.r.l. (fiscal years 2008 to 2011);
- (e) excluding costs in 2013 of approximately Euro 9.0 million (Euro 5.9 million net of tax) related to the reorganization of the Alain Mikli business;
- (f) excluding costs in 2013 of approximately Euro 26.7 million for the tax audit relating to Luxottica S.r.l. (fiscal year 2007); and
- (g) excluding an accrual in 2013 of approximately Euro 40 million for the tax audit relating to Luxottica S.r.l. (fiscal years 2008 to 2011).

The Company believes that these adjusted measures are useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry because they exclude the impact of items that are not relevant to the Company's operating performance.

The adjusted measures referenced above are not measures of performance in accordance with IFRS. We include these adjusted comparisons in this presentation in order to provide a supplemental view of operations that excludes items that are unusual, infrequent or unrelated to our ongoing core operations.

These adjusted measures are not meant to be considered in isolation or as a substitute for items appearing in our financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these adjusted measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating these adjusted measures may differ from methods used by other companies.

The Company recognizes that there are limitations in the usefulness of adjusted comparisons due to the subjective nature of items excluded by management in calculating adjusted comparisons. We compensate for the foregoing limitation by using these adjusted measures as a comparative tool, together with IFRS measurements, to assist in the evaluation of our operating performance.

See the tables on the foregoing pages for a reconciliation of the adjusted measures discussed above to their most directly comparable IFRS financial measures.

### **TAXES**

Our effective tax rates for the fiscal years ended December 31, 2015, 2014 and 2013, were approximately 36.9%, 39.1% and 42.6%, respectively. The effective tax rates for fiscal years 2014 and 2013 include tax accruals of Euro 30.3 million and Euro 66.7 million, respectively, associated with tax



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audits of Luxottica S.r.l. related to fiscal years 2008 through 2011. In future periods, we expect that our effective tax rate should return to its historical range of 35% to 37%. However, until all open tax years have been settled, our effective tax rate may be higher than historical levels. For additional information on risks associated with our future effective tax rate, please see Item 3 "Key Information Risk Factors Risks Relating to Our Business and Operations *Changes in our tax rates or exposure to additional tax liabilities could affect our future results.*"

**LIQUIDITY AND CAPITAL RESOURCES**

Our cash and cash equivalents at December 31, 2015 totaled Euro 864.9 million, compared to Euro 1,453.6 million at December 31, 2014. As of December 31, 2015, Euro 630.5 million of the Group's total cash and cash equivalents was held outside of Italy. There are no significant repatriation restrictions other than local or Italian taxes associated with repatriation. While we currently do not foresee a need to repatriate funds, should we require more capital in Italy than is generated by our operations locally, we could elect to raise capital in Italy or the rest of Europe through debt or equity issuances. These alternatives could result in increased interest expense.

**Cash Flows**

*Operating Activities.* The Company's net cash provided by operating activities in 2015, 2014 and 2013 was Euro 1,197.3 million, Euro 1,170.1 million and Euro 921.8 million, respectively.

Depreciation and amortization were Euro 476.9 million in 2015 as compared to Euro 384.0 million in 2014 and Euro 366.6 million in 2013. The increase in depreciation and amortization in 2015 as compared to 2014 is mainly due to the strengthening of certain major currencies in which we operate, in particular the U.S. dollar (Euro 53.1 million), and the increase in tangible and intangible assets in the period. The increase in depreciation and amortization in 2014 as compared to 2013 is mainly due to the increase in tangible and intangible asset purchases and to the acquisition of glasses.com for Euro 1.2 million.

Non-cash stock-based compensation expense was Euro 49.7 million in 2015 as compared to Euro 31.8 million in 2014 and Euro 28.1 million in 2013. The increase in 2015 as compared to 2014 is due to (i) Euro 7.4 million related to the grant of free treasury shares to the Group's employees in Italy in honor of the 80th birthday of the Group's Chairman and founder, Mr. Leonardo Del Vecchio, and (ii) Euro 8.0 million related to the 2015 PSP Plan (defined below). The increase in 2014 as compared to 2013 was mainly due to higher expenses related to incentive plan awards granted in 2014 partially offset by awards granted in previous years that vested in the first half of 2014.

The change in accounts receivable was Euro (108.6) million in 2015 as compared to Euro (41.3) million in 2014 and Euro (16.8) million in 2013. The change in 2015 as compared to 2014 was primarily due to the higher volume of sales in 2015 as compared to 2014. The changes in 2014 as compared to 2013 were primarily due to the higher volume of sales partially offset by an improvement in collections. The inventory change was Euro (85.2) million in 2015 as compared to Euro 7.3 million in 2014 and Euro 11.8 million in 2013. The increase in inventory in 2015 was due to an effort to improve the quality of the customer experience by having inventory levels in line with customer demand. The change in other assets and liabilities was Euro (7.8) million in 2015 as compared to Euro 21.2 million in 2014 and Euro (30.4) million in 2013. The change in 2015 as compared to 2014 was primarily due to the change in the reporting calendar of certain retail subsidiaries of the Group, which resulted in a reduction of the net liability. The change in 2014 as compared to 2013 was primarily driven by the increase in the liability to employees in the retail distribution segment in North America due to the timing in payment of salaries to store personnel. The change in accounts payable was Euro 115.6 million in 2015 as compared to Euro 24.6 million in 2014 and Euro 12.5 million in 2013. The change in 2015 as compared to 2014 was mainly due to the continuous improvement in payment terms and conditions and to the overall growth of the Group's business. The changes in 2014 as compared to 2013 were primarily due to the continuous



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improvement of payment terms and conditions that started in 2012. Income tax payments in 2015 were Euro 565.9 million as compared to Euro 349.2 million in 2014 and Euro 427.9 million in 2013. The increase in income tax payments in 2015 as compared to 2014 was due to the payment of Euro 91.6 million related to the tax audit of Luxottica S.r.l. for the tax years from 2008 to 2011 and to a general increase in the Group's taxable income. The decrease in 2014 as compared to 2013 was related to the timing of our tax payments related to certain Italian and U.S. subsidiaries and the payment of Euro 38.0 million in the last quarter of 2013 related to the tax audit of Luxottica S.r.l. Interest paid was Euro 79.8 million in 2015 as compared to Euro 93.1 million in 2014 and Euro 94.5 million in 2013. The change in 2015 as compared to 2014 and 2013 was mainly due to repayment of long-term debt in 2015.

*Investing Activities.* The Company's net cash used in investing activities was Euro 483.3 million, Euro 459.3 million and Euro 479.8 million in 2015, 2014 and 2013, respectively. The primary investment activities in 2015 were related to (i) the acquisition of tangible assets for Euro 319.8 million, (ii) the acquisition of intangible assets for Euro 144.0 million, primarily related to IT infrastructure, and (iii) the acquisition of Sunglass Warehouse for Euro 21.0 million. The primary investment activities in 2014 were related to (i) the acquisition of tangible assets for Euro 280.8 million, (ii) the acquisition of intangible assets for Euro 138.5 million, primarily related to IT infrastructure, and (iii) the acquisition of glasses.com for Euro 30.1 million and other minor acquisitions in the retail segment for Euro 11.0 million. The primary investment activities in 2013 were related to (i) the acquisition of tangible assets for Euro 274.1 million, (ii) the acquisition of intangible assets for Euro 101.1 million, primarily related to IT infrastructure, (iii) the acquisition of Alain Mikli for Euro 71.9 million and (iv) the acquisition of 36.33% of the share capital of Salmoiraghi & Viganò for Euro 45.0 million.

Our capital expenditures were Euro 513.6 million in 2015 as compared to Euro 418.9 million in 2014 and Euro 369.7 million in 2013, primarily related to investments in IT infrastructure in 2015, 2014 and 2013, and in each year investments in manufacturing facilities for the manufacturing and wholesale segment and the opening, remodeling and relocation of stores in the retail distribution segment. Capital expenditures were Euro 99.9 million in the three-month period ended March 31, 2016. It is our expectation that 2016 net capital expenditures will exceed 6.0% of the Group's net sales, excluding investments for acquisitions. We expect to fund future capital expenditures through cash flow generation primarily due to our operating leverage as well as working capital efficiencies.

Net cash provided by disposals of property, plant and equipment was insignificant in 2015, 2014 and 2013. Investments in equity investees resulted in cash used of Euro 0.0 million in each of 2015 and 2014 and Euro 45.0 million in 2013.

*Financing Activities.* The Company's net cash (used in) provided by financing activities was Euro (1,354.3) million, Euro 72.3 million and Euro (568.8) million in 2015, 2014 and 2013, respectively. Cash used in financing activities in 2015 consisted primarily of (i) Euro (649.3) million related to the payment of existing debt, (ii) Euro (689.7) million used to pay dividends to the shareholders of the Company, (iii) Euro 47.7 million related to the exercise of stock options, (iv) Euro (19) million related to the acquisition of the remaining 49% of Luxottica Netherlands and (v) Euro (39.0) million related to the decrease in bank overdrafts. Cash provided by financing activities in 2014 consisted primarily of (i) Euro 500 million related to the issuance of new bonds, (ii) Euro (318.5) million related to the payment of existing debt, (iii) Euro (308.3) million used to pay dividends to the shareholders of the Company, (iv) Euro 70.0 million related to the exercise of stock options and (v) Euro 135.7 million related to the increase in bank overdrafts. Cash used in financing activities in 2013 mainly related to repayment of maturing outstanding debt of Euro (327.1) million and aggregate dividend payments to stockholders of Euro (273.7) million, which were partially offset by cash proceeds from the exercise of stock options totaling Euro 75.3 million.

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***Our Indebtedness***

We have relied primarily upon internally generated funds, trade credit, committed bank facilities and debt capital markets to finance our operations and expansion. We do not typically raise capital through the issuance of stock; rather, we use debt financing to lower our overall cost of capital and increase our return on stockholders' equity. We have access to capital markets at favorable market conditions and continue to monitor the debt capital markets in order to take appropriate actions to raise financing.

We manage our financing requirements by maintaining an adequate level of liquidity and committed and uncommitted financing facilities. To this end, we take a series of actions to ensure compliance with these financing requirements. In particular:

our treasury department monitors our cash flow forecast in conjunction with our liquidity and financing credit lines;

we utilize debt instruments and other credit lines in order to obtain funding for our operations;

we maintain adequate access to liquidity in our bank accounts and adequate levels of available committed credit lines; and

we monitor our liquidity risk in order to avoid unacceptable concentrations of such risk.

Our debt agreements contain certain covenants, including covenants that restrict our ability to incur additional indebtedness. We do not currently expect to require any additional financing that would require us to obtain consents or waivers of any existing restrictions on additional indebtedness set forth in our debt agreements.

Our long-term credit facilities contained certain financial covenants including ratios of Net Financial Position (as defined in the agreements) to EBITDA (earnings before interest, taxes, depreciation and amortization as defined in the agreements) and EBITDA to net financial charges (as defined in the agreements). As of December 31, 2014, we were in compliance with these financial covenants. As of December 31, 2015, all of our long-term credit facilities were repaid in full. The financial and operating covenants included in the above long-term debt were as follows (such terms are defined in our applicable debt agreements):

1. consolidated Total Net Debt shall not be equal to or exceed 3.5 times the Consolidated EBITDA; and
2. consolidated EBITDA shall not be less than five times the Consolidated Net Financial Charges.

Our total indebtedness was Euro 1,760.0 million as of December 31, 2015. Available additional borrowings under credit facilities as of such date were Euro 632.0 million.

The Group has credit ratings assigned by Standard & Poor's of "A-" and "A-2" for its long-term and short-term debt, respectively; the outlook was stable as of April 8, 2016. The long-term rating was upgraded from "BBB+" on January 20, 2014.

For additional information, see Note 21 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

***Bank Overdrafts***

Bank overdrafts represent negative cash balances held in banks and amounts borrowed under various unsecured short-term lines of credit obtained by the Company and certain of its subsidiaries through local financial institutions. These facilities are usually short-term in nature or contain evergreen clauses with a cancellation notice period. Certain of these subsidiaries' agreements require a guaranty from Luxottica Group S.p.A. Interest rates on these lines vary based on the country of borrowing, among other factors. The Company uses these short-term lines of credit to satisfy its short-term cash needs.

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*The Euro 300 Million Club Deal*

On November 11, 2009, we entered into a Euro 300 million Term Facility Agreement, guaranteed by our subsidiaries Luxottica U.S. Holdings Corp. ("U.S. Holdings") and Luxottica S.r.l., with Mediobanca Banca di Credito Finanziario S.p.A., as agent, and Mediobanca Banca di Credito Finanziario S.p.A., Deutsche Bank S.p.A., Calyon S.A. Milan Branch and Unicredit Corporate Banking S.p.A., as lenders. The final maturity of the Term Facility was November 30, 2012. Interest accrued at EURIBOR (as defined in the agreement) plus a margin between 1.75% and 3.00% based on the "Net Debt/EBITDA" ratio, as defined in the agreement. In November 2010, we renegotiated this facility, extending the maturity for a further two years. The new expiration date was November 30, 2014. Interest accrued at EURIBOR plus a margin between 1.00% and 2.25%, as defined in the amendment (1.147% as of December 31, 2013). On August 29, 2014, the Group repaid the term loan in full in the amount of Euro 300 million.

*The Euro 500 Million Multicurrency Revolving Credit Facility*

On April 17, 2012, we and our subsidiary, U.S. Holdings, entered into a multicurrency (Euro/U.S. dollars) revolving credit facility with a group of banks providing for loans in the aggregate principal amount of Euro 500 million (or the equivalent in U.S. dollars). Amounts borrowed could be repaid and re-borrowed with all outstanding balances maturing on April 10, 2017. We were able to select interest periods of one, three or six months with interest accruing (i) on Euro-denominated loans based on the corresponding EURIBOR rate and (ii) on U.S. dollar denominated loans based on the corresponding LIBOR rate and a premium of 0.35% per annum, both plus a margin between 1.30% and 2.25% based on the "Consolidated Net Debt to Consolidated EBITDA" ratio as defined in the agreement.

On March 5, 2014, we and our subsidiary, U.S. Holdings, entered into an amendment to the existing multicurrency (Euro/U.S. dollars) revolving credit facility in order to, among other things, extend the term of the agreement and modify the applicable interest rates. Under the amended agreement, amounts borrowed could be repaid and re-borrowed with all outstanding balances maturing on April 10, 2019. We were able to select interest periods of one, three or six months with interest accruing (i) on Euro-denominated loans based on the corresponding EURIBOR rate and (ii) on U.S. dollar-denominated loans based on the corresponding LIBOR rate, both plus a margin of between 0.65% and 1.50% based on the Company's long-term senior unsecured debt credit rating issued by Standard & Poor's.

On February 27, 2015, the Group terminated this revolving credit facility. As of the date of termination, the facility was undrawn.

*Our Other Debt Financings*

*The U.S. \$275 Million Senior Unsecured Guaranteed Notes of U.S. Holdings*

On July 1, 2008, U.S. Holdings closed a private placement of U.S. \$275 million of senior unsecured guaranteed notes, issued in three series ("Series A," "Series B" and "Series C"). The aggregate principal amounts of the Series A, Series B and Series C Notes are U.S. \$20 million, U.S. \$127 million and U.S. \$128 million, respectively. The Series A Notes matured on July 1, 2013, the Series B Notes matured on July 1, 2015 and the Series C Notes mature on July 1, 2018. Interest on the Series A Notes accrued at 5.96% per annum, interest on the Series B Notes accrued at 6.42% per annum and interest on the Series C Notes accrues at 6.77% per annum. The Notes were not rated. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2015. The proceeds from the Notes were used to repay a portion of the bridge loan facility that expired on July 1, 2008.

On July 1, 2015, the Series B Notes matured and were fully repaid in the amount of U.S.\$ 127 million.

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*The U.S. \$175 Million Senior Unsecured Guaranteed Notes of U.S. Holdings*

On January 29, 2010, U.S. Holdings closed a private placement of U.S. \$175 million of senior unsecured guaranteed notes, issued in three series ("Series D," "Series E" and "Series F"). The aggregate principal amount of each of the Series D and Series E Notes is U.S. \$50 million and the aggregate principal amount of the Series F Notes is U.S. \$75 million. The Series D Notes mature on January 29, 2017, the Series E Notes mature on January 29, 2020 and the Series F Notes mature on January 29, 2019. Interest on the Series D Notes accrues at 5.19% per annum, interest on the Series E Notes accrues at 5.75% per annum and interest on the Series F Notes accrues at 5.39% per annum. The Notes were not rated. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2015. The proceeds from the Notes were used for general corporate purposes.

*The Euro 100 Million Senior Unsecured Guaranteed Notes*

On September 30, 2010, we closed a private placement of Euro 100 million senior unsecured guaranteed notes, issued in two series ("Series G" and "Series H"). The aggregate principal amounts of the Series G and Series H Notes are Euro 50 million and Euro 50 million, respectively. The Series G Notes mature on September 15, 2017 and the Series H Notes mature on September 15, 2020. Interest on the Series G Notes accrues at 3.75% per annum and interest on the Series H Notes accrues at 4.25% per annum. The Notes were not rated. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2015. The proceeds from the Notes were used for general corporate purposes.

*The Euro 500 Million Senior Unsecured Guaranteed Notes (Due 2015)*

On November 10, 2010, we closed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due November 10, 2015. The Notes were listed on the Luxembourg Stock Exchange under ISIN XS0557635777. Interest on the Notes accrued at 4.00% per annum. The Notes were guaranteed on a senior unsecured basis by U.S. Holdings and Luxottica S.r.l. The proceeds from the Notes were used for general corporate purposes. On January 20, 2014, the Notes were assigned an "A-" credit rating by Standard & Poor's Ratings Services ("Standard & Poor's") On November 10, 2015, the Group repaid the Notes in full in the amount of Euro 500 million.

*The U.S. \$350 Million Senior Unsecured Guaranteed Notes*

On December 15, 2011, U.S. Holdings closed a private placement of U.S. \$350 million senior unsecured guaranteed notes ("Series I"). The Series I Notes mature on December 15, 2021. Interest on the Series I Notes accrues at 4.35% per annum. The proceeds from the Notes were used for general corporate purposes and to refinance existing term debt. The Notes were not rated. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2015.

*The Euro 500 Million Senior Unsecured Guaranteed Notes (Due 2019)*

On March 19, 2012, we closed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due March 19, 2019. The Notes are listed on the Luxembourg Stock Exchange under ISIN XS0758640279. Interest on the Notes accrues at 3.625% per annum. The Notes are guaranteed on a senior unsecured basis by U.S. Holdings and Luxottica S.r.l. When issued, the Notes were assigned a "BBB+" credit rating by Standard & Poor's and, on January 20, 2014, the Notes were upgraded to an "A-" credit rating by Standard & Poor's. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2015.

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*The Euro 2 Billion Euro Medium Term Note Programme*

On April 29, 2013, our Board of Directors authorized a Euro 2 billion Euro Medium Term Note Programme (the "Programme") pursuant to which Luxottica Group S.p.A. may from time to time offer notes to investors in certain jurisdictions (excluding the United States, Canada, Japan and Australia). The Programme was updated on May 9, 2014.

*Euro 500 Million Euro Medium Term Notes (Due 2024)*

On February 10, 2014, we completed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due February 10, 2024 under the Group's Euro Medium Term Note Programme. Interest on the notes accrues at 2.625% per annum. The Notes are listed on the Luxembourg Stock Exchange under ISIN XS1030851791. The Notes are guaranteed on a senior unsecured basis by U.S. Holdings and Luxottica S.r.l. The proceeds from the Notes were used for general corporate purposes and to refinance existing term debt. The Notes were assigned an "A-" credit rating by Standard & Poor's. The Notes contain certain operating covenants. We were in compliance with those covenants as of December 31, 2015.

***Outstanding Standby Letters of Credit***

Certain U.S. subsidiaries have obtained various standby and trade letters of credit from banks that aggregated Euro 45.2 million and Euro 40.7 million as of December 31, 2015 and 2014, respectively. Most of these letters of credit are used for security in risk management contracts, purchases from foreign vendors or as security on store leases. Most standby letters of credit contain evergreen clauses under which the letter is automatically renewed unless the bank is notified not to renew. Trade letters of credit are for purchases from foreign vendors and are generally outstanding for a period that is less than six months. Substantially all the fees associated with maintaining the letters of credit fall within the range of 40 to 60 basis points annually.

***Concentration of Credit Risk***

Financial instruments which potentially expose us to concentration of credit risk consist primarily of cash, investments and accounts receivable. We attempt to limit our credit risk associated with cash equivalents by placing our cash balances and investments with highly-rated banks and financial institutions. However, at any time, amounts invested at these banks may be in excess of the amount of insurance provided on such deposits. With respect to accounts receivable, we limit our credit risk by performing ongoing credit evaluations, and certain customers may be required to post security in the form of letters of credit. As of December 31, 2015 and 2014, no single customer's balance comprised 10% or more of the overall accounts receivable balance. However, included in accounts receivable as of December 31, 2015 and 2014, was approximately Euro 39.8 million and Euro 36.7 million, respectively, due from the host stores of our U.S. retail locations. These receivables represent cash proceeds from sales deposited into the host stores' bank accounts, which are subsequently forwarded to us on a weekly or monthly basis depending on our contract with the particular host store and are based on short-term contract arrangements.

Table of Contents***Our Working Capital***

Set forth below is certain information regarding our working capital (total current assets minus total current liabilities):

<b>(Amounts in millions of Euro)</b>	<b>As of December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Current Assets	2,829.1	3,167.7	2,236.0
Current Liabilities	(1,906.9)	(2,388.7)	(1,700.4)
Working Capital	922.2	779.0	535.6

The increase in working capital in 2015 as compared to 2014 is mainly attributable to an increase in commercial receivables and inventory. The increase in working capital in 2014 as compared to 2013 is mainly attributable to an increase in cash and cash equivalents as a result of the issuance of Euro 500 million of bonds in the first half of 2014.

We believe that the financial resources available to us will be sufficient to meet our currently anticipated working capital and capital expenditure requirements for the next 24 months.

We do not believe that the relatively moderate rates of inflation which have been experienced in the geographic markets where we compete have had a significant effect on our net sales or profitability. In the past, we have been able to offset cost increases by increasing prices, although we can give no assurance that we will be able to do so in the future.

**Off-Balance Sheet Arrangements**

We have no material off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

We use, from time to time, derivative financial instruments, principally interest rate and currency forward agreements, as part of our risk management policy to reduce our exposure to market risks from changes in foreign exchange rates and interest rates (see Note 31 to our Consolidated Financial Statements included in Item 18 of this Form 20-F). We may enter into other derivative financial instruments when we assess that the risk can be hedged effectively.

**Contractual Obligations and Commercial Commitments**

We are party to numerous contractual arrangements consisting of, among other things, royalty agreements with designers, leases for retail store, plant, warehouse and office facilities, as well as certain data processing and automotive equipment, and outstanding borrowings under credit agreements and facilities with financial institutions to finance our operations. These contractual arrangements may contain minimum annual commitments. A more complete discussion of the obligations and commitments is included in Notes 21 and 28 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

The following table summarizes the scheduled maturities of our long-term debt, minimum lease commitments under non-cancelable operating leases, minimum payments under non-cancelable royalty arrangements, purchase commitments (including long-term) and endorsement contracts as of December 31, 2015. The table does not include pension liabilities or liabilities for uncertain tax payments. We cannot make a reasonable and reliable estimate of when or if the uncertain tax payments

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will be made. Our pension plans are discussed in Note 22 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

Contractual Obligations (Amounts in millions of Euro)	Payments Due by Period				Total
	1 Year	1 to 3 Years	3 to 5 Years	After 5 Years	
Long-Term Debt and Current Maturities <sup>(1)(2)</sup>	44.9	226.6	672.6	825.2	1,769.3
Interest Payments <sup>(3)</sup>	65.9	120.9	64.9	54.2	305.8
Operating Leases	375.1	514.7	317.6	270.3	1,477.8
Minimum Royalty Arrangements <sup>(4)</sup>	106.1	243.9	208.4	349.5	907.9
Long-Term Purchase Commitments <sup>(5)</sup>	17.6	23.5	12.7	5.3	59.0
Endorsement Contracts <sup>(6)</sup>	10.1	7.6	1.4		19.0
Other Commitments <sup>(7)</sup>	115.3	87.7	11.8		214.8
Total	735.0	1,224.9	1,289.4	1,504.3	4,753.4

- (1) As described previously, our long-term debt has certain financial and operating covenants that may cause the acceleration of future maturities if we do not comply with them. We were in compliance with these covenants as of December 31, 2015 and expect to be in compliance for the foreseeable future.
- (2) The calculation of Long-Term Debt and Current Maturities includes capital lease obligations, pursuant to which the following amounts are scheduled to become due and payable: Euro 9.5 million (less than one year) and Euro 24.1 million (one to three years); and it excludes the balance of the amortized costs of Euro 9.2 million.
- (3) These amounts do not include interest payments due under our various revolving credit facilities as the amounts to be borrowed in future years are uncertain at this time. In addition, interest rates used to calculate the future interest due on our variable interest rate term loans were calculated based on the interest rate as of December 31, 2015 and assume that we make all scheduled principal payments as they mature.
- (4) These amounts represent obligations under our license agreements with designers, some of which require us to make annual guaranteed minimum payments.
- (5) These amounts represent obligations under our supplier commitments with various vendors.
- (6) These amounts represent obligations under our endorsement contracts with selected athletes and others who endorse Oakley products, certain of which require us to pay specified annual minimum commitments and sometimes additional amounts based on performance goals.
- (7) Other commitments mainly include auto, machinery and equipment lease commitments.

At December 31, 2015, we had available funds of approximately Euro 632.0 million under our unused short-term lines of credit. Substantially all of these lines have terms of less than one year, but they have been renewed annually in prior years. For additional information, see Note 15 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

**ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

**DIRECTORS AND SENIOR MANAGEMENT**

The Board of Directors of Luxottica Group S.p.A. was appointed at the Stockholders' Meeting held on April 24, 2015. It currently consists of 14 members.

The current term of the Board of Directors expires at the time of the approval of the statutory financial statements as of and for the year ending December 31, 2017. During 2014, the Company adopted a governance model based on the appointment of two Chief Executive Officers to better respond to the



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growing complexity of the Group and to the demands of global competition. The model was implemented on January 19, 2015 with the appointment of Mr. Adil Mehboob-Khan as Chief Executive Officer for Markets and Mr. Massimo Vian as Chief Executive Officer for Product and Operations. On January 29, 2016, Mr. Mehboob-Khan departed from the Board of Directors and as the Group CEO for Markets and, effective February 29, 2016, from his other administrative roles with the Group. At the same time, the Board of Directors approved the assignment of responsibility for Markets, a role formerly held by Mr. Mehboob-Khan, to Mr. Leonardo Del Vecchio, the Company's Chairman of the Board of Directors and majority shareholder, as Executive Chairman. Mr. Massimo Vian continues in his role as CEO for Product and Operations. Furthermore on March 1, 2016, the Board of Directors co-opted Mr. Francesco Milleri as a director with deputy functions to assist the Executive Chairman with the exercise of his duties. The Board has granted Mr. Milleri deputy and substitute powers to be exercised upon specific request and authorization of the Executive Chairman under his coordination and responsibility. Mr. Milleri's appointment terminates concurrently with the ordinary stockholder's meeting on April 29, 2016. Mr. Milleri will remain in office until the stockholder's meeting convened to approve the 2015 financial statements. The Board of Directors has proposed that the stockholders confirm Mr. Milleri as a director until the approval of the Company's financial statements for the fiscal year ending on December 31, 2017. This nomination will be submitted to the stockholders of the Company at the meeting of stockholders to be held on April 29, 2016.

Set forth below is certain information as of April 8, 2016 regarding the directors and senior management of Luxottica Group S.p.A.:

<b>Name</b>	<b>Age</b>	<b>Senior Manager or Director(1) Since</b>	<b>Position</b>
Leonardo Del Vecchio	80	1961	Executive Chairman of the Board of Directors
Luigi Francavilla	78	1968/1985	Deputy Chairman
Massimo Vian	43	2005/2014	Chief Executive Officer for Product and Operations and Director
Francesco Milleri	56	2016	Director with Deputy Functions
Marina Brogi	48	2015	Director
Luigi Feola	48	2015	Director
Elisabetta Magistretti	68	2012	Director
Mario Notari	51	2015	Director
Maria Pierdicchi	58	2015	Director
Karl Heinz Salzburger	59	2015	Director
Luciano Santel	59	2015	Director
Cristina Scocchia	42	2015	Director
Sandro Veronesi	56	2015	Director
Andrea Zappia	52	2015	Director
Paolo Alberti	53	2009	President Wholesale
PierGiorgio Angeli	55	2007	Group Human Resources and Internal Communications Officer
Nicola Brandolese	45	2012	President Retail Optical
Stefano Grassi	42	2007	Chief Financial Officer
Enrico Mistrion	46	1995	Corporate Business Services Officer
Alessandra Senici	48	2000	Group Investor Relations and Corporate Communications Officer
Giorgio Striano	45	2009	Group Manufacturing Officer

(1)

For our senior managers, the periods listed in the table reflect periods of affiliation with Luxottica Group S.p.A. or any of its predecessors and affiliates, and not necessarily the period since they were appointed to their current position. When two years are indicated, the former is the first year of affiliation with Luxottica Group S.p.A. or any of its predecessors and affiliates and the latter is the year of appointment as a director.

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All information disclosed below regarding compensation, shareholdings and incentive plans also include directors who held the office for all or part of 2015, including Mr. Adil Mehboob-Khan (whose relationship with the Company as CEO for Markets and a Director ended on January 29, 2016), and sixteen senior managers, each of whom held office for all or part of 2015.

Executive officers serve at the discretion of the Board of Directors. Messrs. Feola, Notari, Salzburger, Santel, Veronesi and Zappia and Meses. Brogi, Magistretti, Pierdicchi and Scocchia are all non-executive directors. In addition, Meses. Brogi, Magistretti, Pierdicchi and Scocchia and Messrs. Feola, Salzburger, Santel, Veronesi and Zappia are also independent directors under Italian law.

Pursuant to Italian law and our By-laws, a list for the appointment of the Board of Directors can be presented only by stockholders who hold the minimum percentage of the share capital established annually by CONSOB. For 2015, the year in which the current Board of Directors was appointed, the percentage established by CONSOB for Luxottica was equal to 0.5%.

Pursuant to Italian law, we maintain a Board of Statutory Auditors, elected at the Stockholders' Meeting, composed of experts in legal and accounting matters who are required to have no other affiliation with Luxottica Group S.p.A. and who must satisfy certain professional and other standards. The Board of Statutory Auditors, comprised of three regular members and two alternate members, is required to verify that we (i) comply with applicable law and our By-laws, (ii) respect the principles of correct administration, (iii) maintain adequate organizational structure, internal controls and administrative and accounting systems, (iv) ensure that our accounting system represents the facts in a fair and true manner and (v) give adequate instructions to our subsidiaries. The Board also supervises the manner in which we comply with the Code of Corporate Governance issued by Borsa Italiana S.p.A. It also supervises our financial reporting process, the effectiveness of our internal auditing system and risk assessment, the audit work and the independence of our auditing firm. Although members of the Board of Statutory Auditors are required to attend the meetings of the Board of Directors and of the stockholders, they are not deemed to be members of the Board of Directors and do not vote on matters submitted to such meetings. At the Stockholders Meeting on April 24, 2015, the following individuals were appointed as members of the Board of Statutory Auditors: Francesco Vella, who is Chairman, Barbara Tadolini and Alberto Giussani. The following individuals were also appointed as alternate members of the Board of Statutory Auditors: Maria Venturini and Roberto Miccù. The alternate members will replace current members who leave their position during the current term. Francesco Vella and Roberto Miccù were selected from a list submitted by minority stockholders. Alberto Giussani, Barbara Tadolini and Maria Venturini were selected from a list submitted by Delfin S.à r.l. The current term of the Board of Statutory Auditors expires at the time of the approval of the statutory financial statements as of and for the year ending December 31, 2017.

See Item 16G "Corporate Governance Summary of the Significant Differences Between Our Corporate Governance Practices and the Corporate Governance Standards of the New York Stock Exchange" for more information regarding the designation of the Board of Statutory Auditors to act as our "Audit Committee" as defined in the U.S. Sarbanes-Oxley Act of 2002.

On July 26, 2012, the Board of Directors approved certain amendments to our By-laws as required by Italian law no. 120/2011 in order to ensure gender equality in the composition of the Board of Directors and the Board of Statutory Auditors. Please see Item 10 "Additional Information" for further details regarding the requirements set forth under the law no. 120/2011.

The extraordinary stockholder's meeting to be convened on April 29, 2016 will pass upon the proposed amendments to Articles 12, 19 and 30 of our By-Laws. The amended By-Laws will be available on our website if and when approved by the stockholders.

Pursuant to the Italian Code of Corporate Governance, issued by Borsa Italiana, we also maintain a Human Resources Committee, elected from the members of the Board of Directors. The Human

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Resources Committee has verification, advisory and proposal making functions, including, among others: (i) proposing to the Board of Directors the Group remuneration policy, (ii) recommending to the Board of Directors the remuneration payable to the Company's Directors with additional responsibilities and determining the remuneration criteria for senior management of the Company and of the entire Group and (iii) reviewing the Luxottica Group employees' incentive plans and making proposals to the Board of Directors regarding the beneficiaries of the plans. The Human Resources Committee also evaluates the organizational requirements of the Group and the actions taken to assign key positions ("succession plans") and makes inquiries for the preparation and revision of succession plans adopted by the Board of Directors. The members of the Human Resources Committee are Andrea Zappia, Chairman, Marina Brogi, independent directors, and Mario Notari, non-executive director. The term of the Human Resources Committee is co-extensive with the term of our Board of Directors since its members are also members of our Board of Directors.

We also have a Control and Risk Committee, which is composed of the following independent directors: Elisabetta Magistretti, Chairperson, Luciano Santel and Cristina Scocchia. The Control and Risk Committee is responsible for performing investigations, providing advice and submitting proposals to the Board of Directors. In particular, the Control and Risk Committee (i) assists the Board of Directors in the execution of its internal control tasks and mandates, (ii) evaluates the planned initiatives and projects of the Internal Auditing function, (iii) reviews and assesses the regular reports issued by the Internal Auditing function, (iv) assesses, together with the manager responsible for the preparation of the Company's accounting records and the managers and the auditors, the proper use and application of accounting principles, (v) assesses the results of the activities performed by the Internal Auditing function, (vi) expresses opinions concerning the identification and management of corporate risks and (vii) expresses opinions concerning the planning, implementation and management of the internal control system.

See Item 16G "Corporate Governance Summary of the Significant Differences Between Our Corporate Governance Practices and the Corporate Governance Standards of the New York Stock Exchange" for more information regarding the designation of the Human Resources Committee to act as our compensation committee.

A short biography of each of our Directors and executive officers is set forth below:

**Leonardo Del Vecchio** is the founder of our operations and has been Chairman of the Company since its incorporation. In 2016, he became the Company's Executive Chairman with responsibility for Markets. In 1986, the President of the Republic of Italy conferred on Mr. Del Vecchio the honor of Cavaliere dell'Ordine al "Merito del Lavoro" (Knight of the Order for Labor Merit). In May 1995, he received an honorary degree in Business Administration from the Venice Ca' Foscari University. In 1999, he received a Master "honoris causa" in International Business from MIB-Management School in Trieste. In 2002, he received an honorary degree in Managerial Engineering from the University of Udine and, in March 2006, Mr. Del Vecchio received another honorary degree in Materials Engineering from Politecnico of Milan. Furthermore, in December 2012, Mr. Del Vecchio received from CUOA Foundation a master "honoris causa" in Business Administration. Mr. Del Vecchio is also Chairman of Delfin S.à r.l. and Aterno S.a.r.l., Deputy Chairman of Foncière des Régions S.A. and Director of Beni Stabili S.p.A. SIIQ, GiVi Holding S.p.A., Gianni Versace S.p.A. and Kairos Julius Baer SIM.

**Luigi Francavilla** joined the Group in 1968, has been Director since 1985, Deputy Chairman since 1991, and was, until June 2010, the Chief Quality Officer of the Group. From 1977 until May 2009, he was Group Product and Design Director. From 1972 to 1977, Mr. Francavilla was General Manager of Luxottica S.r.l. and, from 1969 to 1971, he served as Technical General Manager of Luxottica S.r.l. In addition, he is Chairman of Luxottica S.r.l. and Luxottica Tristar (Dongguan) Optical Co. Ltd., two of our principal operating subsidiaries. Mr. Francavilla is also a Director in the Venice branch of the Bank of Italy. In April 2000, he received an honorary degree in Business Administration from Constantinian University

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in Cranston, Rhode Island, U.S.A. In 2011, he was appointed Grande Ufficiale of the Italian Republic. In 2012, the President of the Republic of Italy conferred on Mr. Francavilla the honor of Cavaliere dell'Ordine al "Merito del Lavoro" (Knight of the Order for Labor Merit).

**Massimo Vian** was appointed as a Director of the Company on October 29, 2014, undertaking *ad interim* all managing powers until January 19, 2015, when he was appointed Chief Executive Officer for Product and Operations. Mr. Vian joined the Group in 2005 as Industrial Engineering Director. From 2007 to 2010, he served as Asia Operations Director, and he was subsequently appointed as Group Chief Operations Director and assumed the responsibility for the Company's Zero Waste initiative in 2013. Mr. Vian holds a degree in Management Engineering from the University of Padova. Prior to joining Luxottica, he held different roles at Nacco Materials Handling, EFESO Consulting, Key Safety Systems and Momo S.r.l. Mr. Vian is also Chief Executive Officer of Luxottica S.r.l. and serves as a Director of Luxottica North America Distribution LLC., Luxottica U.S. Holdings Corp., Oakley Inc., Luxottica Retail North America Inc. and OPSM Group Pty Limited.

**Francesco Milleri** was appointed as a Director with Deputy Functions of Luxottica Group S.p.A. on March 1, 2016. Mr. Milleri graduated with a degree in Law from the University of Florence in 1983 where he worked as an Assistant Professor of Political Economy from 1984 to 1986. In 1987, he earned a Master's of Business Administration from the school of management at Bocconi University in Milan, followed by two years of specialization in Corporate Finance at New York University's Stern School of Business as the recipient of Banca d'Italia's "Donato Menichella" scholarship. Mr. Milleri began his career in 1988 as a business consultant for Italian companies and multinational corporations. Mr. Milleri has over 20 years of international experience working in a variety of industries, including mechanics, consumer goods, financial institutions and pharmaceuticals. Alongside his business consulting activities, in 2000, Mr. Milleri founded and currently leads a group of companies focused on technology and digital innovation.

**Marina Brogi** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. Ms. Brogi received a degree in Economics at Bocconi University in Milan in 1988. From 1993 to 1998, Ms. Brogi was Researcher of Financial Intermediaries at Bocconi University and, from 1998 to 2007, she was Associate Professor of Capital and Financial Markets at La Sapienza University in Rome. Since 2007, Ms. Brogi has been a full Professor of disclosure, governance and control in banks and insurance companies and of international banking and capital markets at La Sapienza University in Rome. Since 2011, she has also been Deputy Dean of the Faculty of Economics at La Sapienza University in Rome. Ms. Brogi is director of Salini Impregilo S.p.A., a member of the Supervisory Board of UBI Banca and Chairperson of the Board of Statutory Auditors of Fratelli Branca Distillerie S.p.A.

**Luigi Feola** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. Mr. Feola graduated from Messina University with a degree in Business and Economics in 1990. In 1991, he received a Master's of Business Administration from Bocconi University and, in 1992, he completed the International Exchange Program at the University of California, Berkeley. Mr. Feola is a certified Chartered Public Accountant. Mr. Feola started his career in 1993 at Procter & Gamble Italy as a financial analyst where he was subsequently promoted to positions of increasing responsibility. In 2009, Mr. Feola was appointed Chief Financial Officer, Global Prestige Products and, in 2014, he was named Vice President and General Manager, Global Luxury Brands at Procter & Gamble Italy. Until March 2016, Mr. Feola was President of Value Retail Management Ltd, a company dedicated to the creation and operation of luxury outlet shopping in Europe and China. He is currently Senior Managing Director Europe for Temasek Holdings Private Limited.

**Elisabetta Magistretti** became a Director of Luxottica Group S.p.A. on April 27, 2012. She graduated from Bocconi University in Milan with a degree in Business and Economics. Ms. Magistretti is a Certified Chartered Public Accountant. She began her career at Arthur Andersen in 1972, where she became a partner in 1984. In 2001, she joined Unicredit Group as Head of the Administrative

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Government; from 2006 to 2009 she was responsible for the Group Internal Audit Department. From 2002 to 2009, she served on the Board of "Fondo Interbancario di Tutela dei Depositi," from 2002 to 2011, she served on the Management Board of "Organismo Italiano di Contabilità" and from 2006 to 2009, she was a member of the Supervisory Board of Unicredit S.p.A. From 2003 until early 2013, she was a Director of Unicredit Audit. From 2010 until 2012, she was a member of the Unicredit Bulbank Audit Committee and of the Supervisory Board of Zao Unicredit Russia, where she was Chairman of the Audit Committee. From 2011 to 2012, she was an independent director of Gefran S.p.A. and, from April 2011 until February 2016, she was an independent director of Pirelli & C. S.p.A. She is also member of the Board of Directors of Mediobanca S.p.A.

**Mario Notari** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. Mr. Notari is a full Professor of Corporate and Business Law at Bocconi University in Milan, a Director and Ph.D in Company Law at Università di Brescia and a Member and Ph.D in Business Law at Università Bocconi. He is a member of the editorial boards and scientific boards of a number of law and business journals and a member and advisor of several academic and institutional boards. Mr. Notari is the founder and a partner in ZABBAN NOTARI RAMPOLLA & Associati, public notaries and lawyers in Milan. Mr. Notari is a public notary and a legal advisor to industrial and financial companies, listed companies and financial institutions as well as an arbitrator in the areas of civil, corporate and financial markets law. Currently, Mr. Notari is Chairman of the Board of Statutory Auditors of Kairos Investment Management S.p.A., Kairos Partners SGR S.p.A., Kairos Julius Baer SIM S.p.A., Chairman of the Supervisory Board of Assicurazioni Generali S.p.A. and a director of RCS Mediagroup S.p.A.

**Maria Pierdicchi** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. Ms. Pierdicchi graduated from Bocconi University in Milan in 1982 with a degree in Economics. Ms. Pierdicchi obtained a Master's in Business Administration in Finance from New York University, Stern Graduate School of Business Administration in 1998. From 1981 to 1985, Ms. Pierdicchi was a research assistant in banking and international financial intermediaries at Bocconi University and an Assistant Professor of International Banking for SDA Bocconi School of Management. From 1985 to 1986, Ms. Pierdicchi served as a consultant to The World Bank in Washington D.C. and, from 1988 to 1991, she was a Senior Financial Analyst and Resident Vice President at Citibank N.A. In 1991, Ms. Pierdicchi joined Premafin S.p.A. where she became General Manager until 1998 when she joined Borsa Italiana S.p.A. as Senior Director in charge of new markets. From 2003 to 2015, Ms. Pierdicchi was Chief Executive Officer of S&P CMSI and Managing Director, Head of Southern Europe of Standard & Poor's, McGraw Hill Financial Group. She is member of the Board and Vice Chairman of the Italian American Chamber of Commerce. Furthermore, she is Director of Nuova Banca delle Marche S.p.A., Nuova Banca dell'Etruria e del Lazio S.p.A., Nuova Cassa di Risparmio di Ferrara S.p.A., and Nuova Cassa di Risparmio di Chieti S.p.A.

**Karl Heinz Salzburger** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. Mr. Salzburger graduated from the University of Verona in 1981. In 1983, he obtained a Master's degree in International Marketing at CUOA (Centro Universitario di Organizzazione Aziendale University Centre of Business Administration) in Vicenza. Mr. Salzburger began his professional career at Accumulatori Alto Adige and thereafter he moved to Austria for Salvagnini Transferica S.p.A., where he became General Manager. From 1990 to 1997, Mr. Salzburger held a number of positions at Benetton Sportssystem S.p.A. culminating in management of certain Benetton Sportssystem's subsidiaries. In 1997, he was appointed Chief Executive Officer of The North Face Europe and thereafter he was appointed Chief Executive Officer of The North Face Inc. in San Francisco, where he remained through 2000. In 2000, Mr. Salzburger was appointed as President for the International Outdoor Coalition of VF Corporation and thereafter, in 2006, President of VF International, with responsibility for all VF brands in Europe, the Middle East and Asia. Since 2010, Mr. Salzburger has been Group President of VF Corporation International and holds various positions in other entities comprising the VF Group. He is currently Chairman of the Board of Directors of VF International Sagl.

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**Luciano Santel** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. Mr. Santel graduated from Ca Foscari University of Venice with a degree in Business and Economics and then joined the independent auditing firms of Reconta Ernst & Young and Arthur Andersen. Mr. Santel served as Finance Director of IVG and Rossignol Group. In 1996, he was appointed as Chief Operating Officer of Retail Brand Alliance (Casual Corner Group Inc.) where he worked until 1999 when he joined Luxottica as VP Group International Development. In 2001, Mr. Santel joined Geox S.p.A. as Chief Corporate Officer until 2009, when he was appointed Chief Executive Officer of Stefanel S.p.A. In 2013, he was appointed Chief Corporate Officer of Moncler S.p.A. He is also Chief Executive Officer of Industries S.p.A., a company controlled 100% by Moncler S.p.A. and a director of ISC S.p.A.

**Cristina Scocchia** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. Ms. Scocchia graduated from Bocconi University with a degree in Management of International Firms. She completed a PhD in Business Administration at the University of Turin. Ms. Scocchia started her career at Procter & Gamble where, since 1997, she held positions of increasing responsibility working on mature and emerging markets until she was appointed as Cosmetics International Operations Division leader in 2012. In 2013, she joined L'Oréal Italia S.p.A. and, since January 2014, has acted as its Chief Executive Officer. Ms. Scocchia is Vice President of Cosmetics Italy and of Centromarca and a member of the Board and of the Advisory Board of Federchimica and UPA. She is also a member of the Board of Industrial Union of Turin and Indicod-ECR, a member of the Advisory Board of the Foreign Investors Council and a member of the Sodalitas Foundation. Since 2015, Ms. Scocchia is a member of the Board of Directors of Auditel.

**Sandro Veronesi** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. In 1983, Mr. Veronesi graduated from the University of Verona with a degree in Business and Economics. He began his career in 1984 at Golden Lady S.p.A. where he held key positions until 1996. Since 1996, Mr. Veronesi has overseen Calzedonia S.p.A., a company he founded in 1993 that owns several brands, including Intimissimi, Falconeri, Signorvino and Atlier Aimée, of which he is Chairman of the Board of Directors. In 1999, Mr. Veronesi established Fondazione San Zeno. In 2009, the President of the Republic of Italy conferred on Mr. Veronesi the honor of Cavaliere dell'Ordine al "Merito del Lavoro" (Knight of the Order for Labor Merit). Since 2011, Mr. Veronesi has served as a member of the Board of Directors of Banco Popolare Società Cooperativa.

**Andrea Zappia** was appointed as a Director of Luxottica Group S.p.A. on April 24, 2015. Mr. Zappia graduated from University of Bologna with a degree in Business and Economics. He began his career at Procter & Gamble where he served as European Group Marketing Manager. From 1996 to 2001, Mr. Zappia held the position of Global Sales and Marketing Director, respectively, for Ferrari S.p.A. and Maserati Worldwide and, thereafter, he was Vice President Marketing and Product Development worldwide for FILA Holding S.p.A. In 2003, Mr. Zappia joined Sky Italia, where he held the position of Vice President, Marketing, Promotion and Business Development and several other increasingly senior positions leading to his appointment as Chief Executive Officer in 2011. He is currently a member of the "Giunta, Comitato di Presidenza and Consiglio Direttivo" for Assolombarda's project on Media and Communication. He is also a Director of Banca Sistema S.p.A.

**Paolo Alberti** joined Luxottica Group in May 2009 and is President Wholesale. Prior to joining Luxottica, he was Executive VP at Bulgari Parfums where he was responsible for the development, marketing, logistics and commercialization of Bulgari Perfumes and Cosmetics. He was also responsible for the Bulgari eyewear license with Luxottica. Prior to being at Bulgari, he was General Manager at L'Oréal, Consumer Division, Director at Johnson & Johnson and Advertising Brand Manager at Procter & Gamble. Mr. Alberti holds a B.S. in Civil Management Engineering from the University of the Pacific (California, USA) and a Master in Business Administration from Bocconi University.

**PierGiorgio Angeli** became the Group Human Resources and Internal Communications Officer in March 2016. Mr. Angeli joined Luxottica in 2007 as the Group Operations Human Resources Director.

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Prior to joining the Company, Mr. Angeli held positions of increasing responsibility at Seleco S.p.A. from 1991 to 1995, Whirlpool Europe S.p.A. from 1996 to 2001, FIAMM Group S.p.A. from 2002 to 2006 and Pirelli Group S.p.A. in 2007. Mr. Angeli holds a bachelor's degree in Law from the University of Padua.

**Nicola Brandolese** became President of Retail Optical Americas in January 2014 and was appointed President Retail Optical in 2015. He joined Luxottica in 2012 as Group Business Development Director and Chief Digital Officer. Before joining Luxottica, from 2003 to 2012, Mr. Brandolese spent nine years with News Corporation, where he led marketing, sales and product management as Executive Vice President of Sky. Between 1997 and 2003, Mr. Brandolese served as Project Leader with The Boston Consulting Group and as Director of Sales and Business Strategy at Sapient Corporation. Prior to working in management consulting, Mr. Brandolese led Purchasing and Logistics at Erikstone OY AB in Finland. Mr. Brandolese holds a Master's degree in Engineering from the Polytechnic University of Milan and a BEP degree from Boston's Babson College.

**Stefano Grassi** was appointed Chief Financial Officer on October 29, 2014. Mr. Grassi joined the Group in 2007 as Finance Manager Luxottica Retail North America and from 2008 to 2012 he served as Group Retail Financial Controller. In 2012, he became Group Controlling & Forecasting Director. Before joining Luxottica, Mr. Grassi held various positions at General Electric in Italy, the United States, Spain, France and Hungary until 2005, when he became CFO of General Electric Capital Commercial Finance Italy. Mr. Grassi holds a degree in Business Administration from La Sapienza University in Rome.

**Enrico Mistrion** joined the Group in 1995, after graduating with a degree in Business Administration from the University of Venice. Over the last 20 years, Mr. Mistrion assumed roles of increasing responsibility in different strategic areas within the Group, including Administration, Finance and Business Controlling, along with Planning and Supply Chain. In 2007, he became Group Financial Controller and, in 2010, Supply Chain Director. In 2015, he was appointed Corporate Business Services Officer.

**Alessandra Senici** has served as the Group Investor Relations Director at Luxottica Group since May 2007 and, in September 2014, widened her responsibilities by taking over the leadership of Corporate Communications, being appointed as Group Investor Relations and Communications Officer. Ms. Senici joined the Group in February 2000. She was previously an Equity Analyst with Rasfin Sim and Cariplo S.p.a., where she also worked on primary and secondary offerings together with the corporate finance and equity capital markets teams. She also has currency trading experience. Ms. Senici holds a bachelor's degree in Business Administration from the University of Brescia, is a member of A.I.R., the Italian Association of Investor Relations Officers, and a member of the steering committee of Valore D, an association of large companies formed in Italy in order to support women's leadership in the corporate world.

**Giorgio Striano** was appointed Group Manufacturing Officer of the Company in March 2015. Mr. Striano joined the Company in 2009 and in 2010 he took over the role of Asia Operations Director, being subsequently appointed as Senior Vice President, Oakley Operations. In 2013, Mr. Striano increased his responsibilities by assuming leadership for Luxottica's optical manufacturing and lens procurement functions and, in 2014, he transitioned to lead Luxottica's manufacturing operations in Italy. Mr. Striano holds a degree in electrical engineering and a master's degree in advanced industrial marketing from INSEAD in Singapore. Prior to joining the Company, Mr. Striano gained manufacturing and general management experience at The Procter & Gamble Company and Manuli Rubber Industries.

**COMPENSATION**

Set forth below is information regarding total compensation paid to the members of our Board of Directors and our Board of Statutory Auditors for services rendered to Luxottica Group S.p.A. and our subsidiaries during 2015 and remuneration to Senior Managers who held office for all or a portion of 2015 (amounts in Euros).

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## Compensation paid to directors, general managers, auditors and other executives with strategic responsibilities (in Euro)

Name	Office	Term of office	Expiration	Compensation					Fair value of equity compensation (Estimated Potential Value)
				Fixed remuneration	Committee Participation	Variable non-equity Bonus and other incentives	Non-cash participation	Other compensation	
<b>Ardo Del Rio</b>	Chairman of the Board	January 1, 2015 - December 31, 2015	Approval of financial statements for 2017						
Compensation paid by the Company				1,158,070(1)					1,158,070
Compensation paid by subsidiary or affiliate companies									
Total				1,158,070					1,158,070
<b>Roberto Cavilla</b>	Vice Chairman	January 1, 2015 - December 31, 2015	Approval of financial statements for 2017						
Compensation paid by the Company				153,292(2)					153,292(2)
Compensation paid by subsidiary or affiliate companies				657,060					657,060
Total				810,352					810,352
<b>Stefano Vian</b>	CEO Product and Operations	January 1, 2015 - December 31, 2015	Approval of financial statements for 2017						
Compensation paid by the Company				1,110,776(3)		1,365,550(4)	44,654	2,520,980	3,094,200
Compensation paid by subsidiary or affiliate companies									
Total				1,110,776		1,365,550	44,654	2,520,980	3,094,200
<b>Shahid Khan</b>	CEO Markets	January 1, 2015 - December 31, 2015(5)	February 29, 2016 (departed from the Company)						
Compensation paid by the Company				11,763,034(5)		1,701,450(6)	50,514	13,514,998	6,286,600
Compensation paid by subsidiary or affiliate companies									
Total				11,763,034		1,701,450	50,514	13,514,998	6,286,600
<b>Anna Brogi</b>	Director	April 24, 2015	Approval of financial						



		- statements December 31, 2015	for 2017		
Compensation paid by the Company				68,611	17,153(7)
Compensation paid by subsidiary or affiliate companies					
Total				68,611	17,153
<b>Feola</b>	Director	Approval April 24, 2015	of financial - statements December 31, 2015		
Compensation paid by the Company				68,611	
Compensation paid by subsidiary or affiliate companies					
Total				68,611	68,611
<b>betta stretti</b>	Director	Approval January 1, 2015 - December 31, 2015	of financial - statements for 2017		
Compensation paid by the Company				95,292	35,292(8)
Compensation paid by subsidiary or affiliate companies					
Total				95,292	35,292
<b>o Notari</b>	Director	Approval April 24, 2015	of financial - statements December 31, 2015		
Compensation paid by the Company				68,611	17,153(9)
Compensation paid by subsidiary or affiliate companies					
Total				68,611	17,153
<b>a licchi</b>	Director	Approval April 24, 2015	of financial - statements December 31, 2015		
Compensation paid by the Company				68,611	
Compensation paid by subsidiary or affiliate companies					
Total				68,611	68,611
<b>Heinz urger</b>	Director	Approval April 24, 2015	of financial - statements December 31, 2015		
Compensation paid by the Company				68,611	
Compensation paid by subsidiary or affiliate companies					

Total				68,611		68,611
<b>Sanofi Santel</b>	Director	Approval April 24, 2015 - December 31, 2015	of financial statements for 2017			
Compensation paid by the Company				68,611	24,014(10)	92,625
Compensation paid by subsidiary or affiliate companies						
Total				68,611	24,014	92,625
<b>Sanofi Sandoz</b>	Director	Approval April 24, 2015 - December 31, 2015	of financial statements for 2017			
Compensation paid by the Company				68,611	24,014(11)	92,625
Compensation paid by subsidiary or affiliate companies						
Total				68,611	24,014	92,625
<b>Sanofi Sandoz</b>	Director	Approval April 24, 2015 - December 31, 2015	of financial statements for 2017			
Compensation paid by the Company				68,611		68,611
Compensation paid by subsidiary or affiliate companies						
Total				68,611		68,611

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Office	Term of office	Expiration	Compensation for		Variable non-equity	Non-cash	Other	Total	Fair value of equity compensation* (Estimated term Potential Value)	Incentive
			Fixed remuneration	Committee Participation	Bonus and other incentive					
Director	April 24, 2015	Approval - of financial statements for 2017	68,611	20,583	(12)			89,195		
Compensation paid by the Company			68,611	20,583				89,195		
Compensation paid by subsidiary or affiliate										
Director	January 1, 2015 - April 24, 2015	Approval of financial statements for 2015	26,917	9,500	(13)			36,417		
Compensation paid by the Company			26,917	9,500				36,417		
Compensation paid by subsidiary or affiliate										
Director	January 1, 2015 - April 24, 2015	Approval of financial statements for 2015	26,917	9,500	(14)			36,417		
Compensation paid by the Company			26,917	9,500				36,417		
Compensation paid by subsidiary or affiliate										
Director	January 1, 2015 - April 24, 2015	Approval of financial statements for 2015	26,917					26,917		
Compensation paid by the Company			26,917					26,917		
Compensation paid by subsidiary or affiliate										
Director	January 1, 2015 - April 24, 2015	Approval of financial statements for 2015	26,917	15,833	(15)			42,145		
Compensation paid by the Company			26,917	15,833				42,145		
Compensation paid by subsidiary or affiliate										

Director	Approval January 1, of financial 2015 - statements April 24, 2015 for 2015		
Compensation paid by the Company		26,917	7,917(16)
Compensation paid by subsidiary or affiliate			34,833
		26,917	7,917
Director	Approval January 1, of financial 2015 - statements April 24, 2015 for 2015		
Compensation paid by the Company		26,917	7,917(17)
Compensation paid by subsidiary or affiliate			34,833
		26,917	7,917
Chairman of the Board of Statutory Auditors	Approval January 1, of financial 2015 - statements December 31, for 2017 2015		
Compensation paid by the Company		105,000	105,000
Compensation paid by subsidiary or affiliate			105,000
		105,000	105,000
Auditor	Approval January 1, of financial 2015 - statements December 31, for 2017 2015		
Compensation paid by the Company		70,000	70,000
Compensation paid by subsidiary or affiliate			70,000
		70,000	70,000
Auditor	Approval January 1, of financial 2015 - statements December 31, for 2017 2015		
Compensation paid by the Company		70,000	70,000
Compensation paid by subsidiary or affiliate		18,000(18)	18,000
		88,000	88,000

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Compensation paid by the Company	4,082,037	3,295,600(19)	138,388	7,516,025	8,232,056	2
Compensation paid by subsidiary or affiliate						
Total	4,082,037	3,295,600	138,388	7,516,025	8,232,056	2
<b>Compensation paid to directors and officers with</b>						
<b>responsibilities</b>						
<b>outside the United States</b>						
<b>for a period of 6 months</b>						
<b>with</b>						
<b>responsibilities</b>						
<b>held by</b>						
<b>any companies)</b>						
Compensation paid by the Company	353,464	192,750(20)	11,479	557,693	543,399	
Compensation paid by subsidiary or affiliate	2,622,580	1,820,864(21)		4,443,444	2,287,737	
Total	2,976,044	2,013,614	11,479	5,001,137	2,831,136	

- (1) Euro 95,292 paid as a Director and Euro 1,062,778 paid as Chairman of the Board of Directors.
- (2) Euro 95,292 paid as a Director and Euro 58,000 paid as Vice Chairman of the Board of Directors.
- (3) Euro 95,292 paid as a Director, Euro 415,484 paid as CEO for Product and Operations and Euro 600,000 paid as an employee.

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- (4) Variable non-equity compensation paid based on employment contract and for the position as Director.
- (5) Euro 95,292 paid as a Director, Euro 9,666,129 paid as CEO for Markets and Euro 2,001,613 paid as an employee. Following the termination of the employment relationship with the Company as of February 29, 2016, Adil Mehboob-Khan did not retain any rights over awards previously granted under long-term incentive plans.
- (6) Variable non-equity compensation paid due to an employment contract and for the position as Director.
- (7) Compensation paid as a member of the Human Resources Committee since April 24, 2015.
- (8) Compensation paid as a member of the Control and Risk Committee and from April 24, 2015 as Chairman of the Committee.
- (9) Compensation paid as a member of the Human Resources Committee in office since April 24, 2015.
- (10) Compensation paid as a member of the Control and Risk Committee since April 24, 2015.
- (11) Compensation paid as a member of the Control and Risk Committee since April 24, 2015
- (12) Compensation paid as Chairman of the Human Resources Committee until April 24, 2015.
- (13) Compensation paid as Chairman of the Control and Risk Committee until April 24, 2015.
- (14) Compensation paid as Chairman of the Human Resources Committee until April 24, 2015.
- (15) Compensation paid as a member of the Control and Risk Committee and Human Resources Committee until April 24, 2015.
- (16) Compensation paid as a member of the Human Resources Committee until April 24, 2015.
- (17) Compensation paid as a member of the Control and Risk Committee until April 24, 2015.
- (18)

Compensation paid as statutory auditor in the subsidiary company Salmoiraghi & Viganò.

(19) Variable non-equity remuneration paid due to an employment contract and for the position as Director.

(20) Variable non-equity remuneration paid due to an employment contract and for the position as Director.

(21) Variable non-equity remuneration paid due to an employment contract and for the position as Director.

\*

The amounts reflected are equal to the proportionate share of the securities' fair value, calculated through actuarial techniques, spread over the relevant vesting period.

Aggregate compensation paid by us to our senior management (who are not directors) as a group (16 people) was approximately Euro 18.4 million in 2015, of which approximately Euro 5.9 million represented provision for termination indemnities and social security charges required by Italian law. Upon the recommendation of the Human Resources Committee and as a result of Luxottica achieving the combined EPS target for the three-year period from 2012 to 2014 set forth in the 2012 Performance Share Plan, on March 2, 2015, the Board of Directors assigned 178,000 Luxottica Group shares to members of this group. The aggregate amount set aside or accrued during the year ended December 31, 2015 to provide pension and retirement benefits for our directors who are also members of our management was Euro 0.8 million. Our directors who are not members of management do not receive such benefits.

With the exception of termination benefits provided for Mr. Mehboob-Khan, who left the Company in 2016, and Mr. Vian, none of our directors have service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

In case of termination other than for good cause, we will pay our Chief Executive Officer for Product and Operations a separation allowance, in addition to providing for termination indemnities provided by Italian law, equal to the sum of Euro 3 million.

An additional allowance equal to Euro 0.5 million will be paid to Mr. Vian in order to provide compensation for both non-competition and non-solicitation commitments. This allowance will be paid for the 24 months following the termination of the employment contract in deferred three-month installments.

The termination of the employment agreement of our CEO for Product and Operations any reason will be good cause for the revocation of such CEO's director office without any indemnity or compensation.

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There are no agreements that provide for the allocation or maintenance of non-monetary benefits or the stipulation of ad hoc consultancy contracts in the event of termination of the position of the Chief Executive Officer or the position of other executive directors.

**EMPLOYEES**

As of December 31, 2015, we employed approximately 78,900 employees worldwide, of whom approximately 42,300 were employed in the United States and Canada, approximately 18,300 were employed in Asia-Pacific, approximately 12,500 were employed in Europe, approximately 5,300 were employed in Latin America and approximately 500 were collectively employed in the Middle East and South Africa. As of such date, approximately 30,600 were employed in our manufacturing and wholesale segment (including Oakley), approximately 47,900 were employed in our retail segment and approximately 550 were employed in our corporate offices. Substantially all of our employees in Italy are covered by collective bargaining agreements. Other than those employees of Luxottica Retail N.A. subject to collective bargaining agreements described below, none of our employees in the United States are covered by collective bargaining agreements. We have enjoyed generally good relations with our employees.

Employment agreements in Italy are generally collectively negotiated between the national association of companies within a particular industry and the respective national unions. Individual companies must enter into contracts with their employees based on the relevant collective agreement. The agreement for optical workers, which is part of the national textile agreement, covers approximately 8,500 of our employees. This agreement expired on December 31, 2015 and the renewal is being negotiated. In addition to the national collective bargaining agreement for workers, we typically enter into separate local contracts with labor unions representing our employees. The local agreement with optical workers, supplementing the terms of the national textile contract, was renewed on October 30, 2015. The agreement continues to provide for new profitability targets for employee variable wages.

Italian law provides that, upon termination of employment, employees are entitled to receive certain compulsory severance payments based on their compensation levels and length of employment. As of December 31, 2015, we had established a reserve of Euro 38.0 million for such severance payments, which is reflected in our Consolidated Financial Statements.

Luxottica Retail N.A. is a party to the following two collective bargaining agreements as of December 31, 2015. The collective bargaining agreement with Local 108, Retail, Wholesale and Department Store Union covers approximately 5 employees holding the positions of Sales Associate. The collective bargaining agreement with Local 4100 Communications Workers of America covers approximately 84 Pearle Vision and LensCrafters employees holding the positions of Certified Technician, Eye Care Advisor, EyeWear Consultant, Optician, Production Technician and Sales Associate. LensCrafters International, Inc. is a party to four collective bargaining agreements as of December 31, 2015. These collective bargaining agreements, each with Local 1000A, United Food and Commercial Workers Canada, cover approximately 60 employees holding the positions of Lab Technician, Lead Lab Technician, Certified Technician, Technician Trainee, Eyewear Consultant, and Licensed and Student Optician. In February 2016, LensCrafters International, Inc. became a party to two additional collective bargaining agreements, each with Local 1000A, United Food and Commercial Workers Canada, covering approximately 35 employees holding the positions of Lab Technician, Lead Lab Technician, Certified Technician, Technician Trainee, Eyewear Consultant, and Licensed and Student Optician.



Table of Contents**SHARE OWNERSHIP**

Set forth below is certain information concerning the beneficial ownership of our ordinary shares as of April 8, 2016, by each of our directors and executive officers who beneficially own in excess of 1% of our issued share capital.

<b>Stockholder</b>	<b>Issuer</b>	<b>Shares owned as of April 8, 2016</b>	<b>Percentage Ownership</b>
Leonardo Del Vecchio	Luxottica Group S.p.A.	300,185,525 <sup>(1)</sup>	62.06%

(1) 299,423,025 shares held of record by Delfin S.à r.l., an entity established and controlled by Mr. Del Vecchio. Mr. Del Vecchio holds voting and investment power over the shares held by such entity; 275,000 ADRs and 487,500 shares are held by his wife.

Except as otherwise indicated above, each of our directors and our executive officers owns less than 1% of our issued share capital.

In addition, set forth below is certain information regarding share ownership for our directors and our senior managers (who are not directors) as a group (including any shares held directly or indirectly by each such person or such person's spouse), prepared and disclosed as required by applicable Italian law.

**Share ownership of directors, auditors and senior managers during year 2015**

<b>NAME</b>	<b>OFFICE</b>	<b>COMPANY'S SHARES</b>	<b>SHARES HELD AS OF DECEMBER 31, 2014</b>	<b>SHARES BOUGHT DURING 2015</b>	<b>SHARES SOLD DURING 2015</b>	<b>SHARES HELD AS OF DECEMBER 31, 2015</b>
Leonardo Del Vecchio	Chairman	Luxottica Group S.p.A.	296,666,525 <sup>(1)</sup>	1,314,000	0	297,980,525 <sup>(1bis)</sup>
Luigi Francavilla	Deputy Chairman	Luxottica Group S.p.A.	3,364,800 <sup>(2)</sup>	0	282,000 <sup>(2bis)</sup>	3,082,800 <sup>(2)</sup>
Massimo Vian	CEO for Product and Operations	Luxottica Group S.p.A.	2,780 <sup>(3)</sup>	20,030 <sup>(3bis)</sup>	8,737	14,073 <sup>(3ter)</sup>
Adil Mehboob-Khan <sup>(*)</sup>	CEO for Markets	Luxottica Group S.p.A.	0	5 <sup>(4)</sup>	0	5 <sup>(4)</sup>
Sandro Veronesi	Director since April 24, 2015	Luxottica Group S.p.A.	0	15,000	0	15,000
Claudio Del Vecchio	Director until April 24,	Luxottica Group S.p.A.	3,310,000 <sup>(5)</sup>	0	0	3,310,000 <sup>(5)</sup>

2015

Key Managers employed by the Company(10)	Luxottica Group S.p.A.	1,305	128,120(6)	126,000	3,425
Key Managers employed by subsidiary companies(6)	Luxottica Group S.p.A.	58,198	90,015(7)	140,400	7,813

- (\*) Departed as CEO for Markets and Director on January 29, 2016 and from his other administrative roles on February 29, 2016.
- (1) 295,904,025 shares held by Delfin S.à r.l. (a company controlled by Leonardo Del Vecchio who holds 75.00% of the share capital in usufruct with voting rights and owns directly the remaining 25.00%); 275,000 ADRs and 487,500 shares held by his wife, Nicoletta Zampillo.
- (1bis) 297,218,025 shares held by Delfin S.à r.l. (a company controlled by Leonardo Del Vecchio who holds 75.00% of the share capital in usufruct with voting rights and owns directly the remaining 25.00%); 275,000 ADRs and 487,500 shares held by his wife, Nicoletta Zampillo.
- (2) Shares held in usufruct with his wife.
- (2bis) Luigi Francavilla and his wife sold the right of usufruct.
- (3) 2,750 shares held by Massimo Vian; 30 shares held by his wife, Alessandra Mottes.

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- (3bis) 20,000 shares granted under the PSP 2012 and 15 shares granted under the gift to the Group's employees in Italy in honor of the 80th birthday of the Group's Chairman and founder, Mr. Leonardo Del Vecchio; 15 shares held by his wife, Alessandra Mottes, under the gift to the Group's employees in Italy in honor of the 80th birthday of the Group's Chairman and founder, Mr. Leonardo Del Vecchio.
- (3ter) 14,028 shares held by Massimo Vian; 45 shares held by his wife, Alessandra Mottes.
- (4) Shares granted under the gift to the Group's employees in Italy in honor of the 80th birthday of the Group's Chairman and founder, Mr. Leonardo Del Vecchio.
- (5) 40,000 represented by ADRs, 10,000 of which are held through the Del Vecchio Family Foundation, 142,000 shares held by a trust constituted for the benefit of his minor children.
- (6) Included shares granted under the PSP Plan 2012 and shares bought following the exercise of stock options.

In addition to the holdings disclosed in the chart above, two senior managers employed by Luxottica's US subsidiaries who participate in the Luxottica Group Tax Incentive Savings Plan, a company-sponsored 401(k) savings plan for Luxottica's U.S. employees (the "Plan"), beneficially own Luxottica ADRs through interests in the Plan. As of December 31, 2014, such senior managers beneficially owned interests in the Plan equivalent to, in the aggregate, 1,468.90 ADRs. As of December 31, 2015 such senior managers beneficially owned interests in the Plan equivalent to, in the aggregate, 475.04 ADRs. The ADRs beneficially owned by Plan participants are held in the form of "units" of an investment fund offered under the Plan and are allocated by the Plan administrator to participant accounts based on U.S. dollar allocation amounts specified by the participants, which may result in holdings of fractional ADR investments.

In September 2001, we adopted an employee stock option plan providing for the issuance of options covering up to 11,000,000 ordinary shares of nominal value Euro 0.06 each. Our Board of Directors administers the stock option plan. The purpose of the plan is to provide additional incentives to our key employees. Grants under the stock option plan may be of non-qualified options and/or incentive stock options. Under the plan, the Board of Directors may not grant an option for a term of more than nine years from the date of grant, or for a term that expires after March 31, 2017. The option exercise price per share may not be less than the greater of (i) the closing market price of our ADSs on the NYSE on the first business day immediately preceding the date of grant or (ii) the average of the closing market price of the ADSs on the NYSE for each business day during the 30-day period ending on the date of grant. Options cannot be currently granted under this plan.

On September 14, 2004, our Chairman and majority stockholder, Mr. Leonardo Del Vecchio, allocated shares previously held through La Leonardo Finanziaria S.r.l. (subsequently merged into Delfin S.à r.l.), a holding company of the Del Vecchio family, representing 1.98% (or 9.6 million shares) of the Company's authorized and issued share capital as of April 8, 2016, to a stock option plan for our top management at an exercise price of Euro 13.67 per share (see Note 29 to the Consolidated Financial Statements included in Item 18 of this Form 20-F). The stock options to be issued under the stock option plan vested upon the achievement of certain economic objectives as of June 30, 2006, and, as such, the holders of these options became entitled to exercise such options beginning on that date until their termination on August 30, 2014. In July 2006, we adopted an additional employee stock option plan providing for the issuance of options covering up to 20,000,000 ordinary shares of nominal value of Euro 0.06 each. The purpose of the plan is to provide additional incentives to key employees of the Group. Under the 2006 Option Plan, the option exercise price per share shall be the fair market value of an ordinary share on the date of grant, which, for U.S. employees, is defined as the higher of (i) the arithmetic average of the official market price of our ordinary shares on the MTA during the month ending on the day prior to the date of grant or (ii) the official market price of our ordinary shares on the MTA on the trading day immediately preceding the date of grant. Options granted under the plan generally become exercisable three years after the date of grant and expire nine years after such date.

In May 2008, a performance shares plan for our top managers as identified by the Board of Directors (the "PSP Plan") was adopted. The PSP Plan is intended to strengthen the loyalty of our key managers

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and to recognize their contributions to our success on a medium- to long-term basis. The beneficiaries of the PSP Plan are granted the right to receive ordinary shares ("Units"), without consideration if certain financial targets set by the Board of Directors are achieved over a specified three-year period. The PSP Plan has a term of five years, during which the Board of Directors may resolve to issue different grants to the PSP Plan's beneficiaries. The PSP Plan covers a maximum of 6,500,000 ordinary shares. Each annual grant does not exceed 2,000,000 Units. On May 13, 2008, the Board of Directors granted a total maximum amount of 1,203,600 Units. On May 7, 2009, the Board of Directors granted a total maximum amount of 1,793,750 Units. On April 29, 2010, the Board of Directors granted a total maximum amount of 865,000 Units. On April 29, 2011, the Board of Directors granted a total maximum amount of 764,750 Units. On May 7, 2012, the Board of Directors granted a total maximum amount of 721,200 Units. Employees who received awards under the Plan were directors, officers and other managers with highly strategic roles who were selected by the Board of Directors upon the direct recommendation of our Human Resources Committee.

In April 2013, an additional performance shares plan for our key managers and employees, as identified by the Board of Directors, was adopted (the "New PSP Plan"). The New PSP Plan is intended to strengthen the loyalty of our key employees and managers and to recognize their contributions to our success on a medium- to long-term basis. In addition, the plan is intended to link Company results with individual performance. The beneficiaries are granted the right to receive Units of the Company if certain financial targets set by the Board of Directors at the time of grant are achieved at the end of a specified three-year reference period. The New PSP Plan has a term of five years, during which the Board of Directors may authorize the issuance of grants to the New PSP Plan's beneficiaries. The New PSP Plan covers a maximum of 10,000,000 ordinary shares. Each annual grant will not exceed 2,500,000 Units. On April 29, 2013, the Board of Directors granted a total maximum amount of 1,281,480 Units. On April 29, 2014, the Board of Directors granted a total maximum amount of 1,205,280 Units.

On February 28, 2012, the Board of Directors verified the achievement of the EPS targets over the reference period 2009 through 2011 and granted a total of 1,505,400 shares to 31 beneficiaries of the 2009 PSP Plan and approved cash distributions to three beneficiaries whose employment ended but who were entitled to allocation of amounts determined in accordance with the 2009 PSP Plan's regulation.

On February 28, 2013, the Board of Directors verified the achievement of EPS targets over the reference period 2010 through 2012 and granted a total of 523,800 shares to 34 beneficiaries of the 2010 PSP Plan and approved cash distributions to five beneficiaries whose employment ended but who were entitled to allocation of amounts determined in accordance with the 2010 PSP Plan's regulation.

On February 27, 2014, the Board of Directors verified the achievement of EPS targets over the reference period 2011 through 2013 and granted a total of 509,500 shares to 35 beneficiaries of the 2011 PSP Plan and approved cash distributions to two beneficiaries whose employment ended but who were entitled to allocation of amounts determined in accordance with the 2011 PSP Plan's regulation.

On March 2, 2015, the Board of Directors verified the achievement of EPS targets over the reference period 2012 through 2014 and granted a total of 498,778 shares to 39 beneficiaries of the 2012 PSP Plan and approved cash distributions to two beneficiaries whose employment ended but who were entitled to allocation of amounts determined in accordance with the 2012 PSP Plan's regulation.

On May 4, 2015, the Board of Directors made an ordinary grant under the 2015 PSP Plan for a total maximum amount of 893,160 units and made an extraordinary grant under the 2015 PSP Plan for a maximum amount of 688,800 Units.

On March 1, 2016, the Board of Directors verified the achievement of EPS targets over the reference period 2013 through 2015 and granted a total of 830,054 shares to 464 beneficiaries of the 2013 PSP

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Plan and approved cash distributions to two beneficiaries whose employment ended but who were entitled to allocation of amounts determined in accordance with the 2013 PSP Plan's regulation.

On May 7, 2009, the Board of Directors authorized the reassignment of new options to employees who were then beneficiaries of the stock option grants approved in 2006 and 2007 and held options with an exercise price, considering present market conditions and the financial crisis, that was significantly higher than the market price at such time, undermining the performance incentives that typically form the foundation of these plans. The Board of Directors therefore approved the grant of new options to the beneficiaries of the abovementioned stock option grants, which are exercisable conditional upon the surrender of the options granted in 2006 and/or 2007 at an exercise price determined pursuant to the provisions of the 2001 and 2006 Stock Option Plans and, therefore, consistent with the market values of Luxottica shares at the time of grant of the new options. The new options vested in 2012. The May 7, 2009 extraordinary grant which was subject to the achievement of certain Company financial performance targets vested on December 2, 2013.

In connection with the reassignment of options to employees not domiciled in the United States:

1. 85 employee-beneficiaries of the 2006 and 2007 stock option grants surrendered the options previously granted to them under the abovementioned grants in order to be assigned new options granted by the Board of Directors on May 7, 2009. Each such beneficiary was assigned options granting the right to purchase the same number of Luxottica Group ordinary shares that were subject to the options he or she previously held pursuant to the abovementioned grants, for a total amount of 2,060,000 options. The new options were granted under the 2006 stock option plan at an exercise price of Euro 13.45 per share.
2. Ten employee-beneficiaries of the 2006 three-year extraordinary stock option grant surrendered the options previously granted to them under the abovementioned grant in order to be assigned new options granted by the Board of Directors on May 7, 2009. Each such beneficiary was assigned options granting the right to purchase the same number of Luxottica Group ordinary shares that were subject to the options he or she previously held pursuant to the abovementioned grant, reduced by 50%, for a total amount of 4,250,000 options. The new performance options were granted under the 2006 stock option plan at an exercise price of Euro 13.45 per share.

The reassignment of options for employees domiciled in the U.S. was structured as a tender offer. The offer expired on June 12, 2009. All outstanding eligible options that were properly tendered under the reassignment program by eligible employees were accepted.

Pursuant to the terms of the reassignment program, Luxottica accepted for cancellation options to purchase 3,725,000 ordinary shares, representing approximately 99.6% of the shares underlying all eligible options held by U.S. employees. Of this amount, 825,000 shares were subject to options issued under the 2006 and 2007 stock option grants, while 2,900,000 shares were subject to options issued under the 2006 three-year extraordinary performance stock option grant. Pursuant to the terms and conditions of the reassignment program, on June 12, 2009, Luxottica issued new options to purchase an aggregate of 2,275,000 ordinary shares to U.S. employees who properly tendered eligible options, consisting of options issued under the Luxottica 2001 Stock Option Plan to purchase an aggregate of 825,000 ordinary shares and new performance options issued under the Luxottica 2006 Stock Option Plan to purchase an aggregate of 1,450,000 ordinary shares (equal to half the performance options previously granted). As of December 31, 2015, 185,000 of the 825,000 options issued under the Luxottica 2001 Stock Option Plan had been forfeited, 599,500 were exercised and all remaining options were outstanding.

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The new options issued under the Luxottica 2001 Stock Option Plan have an exercise price of Euro 15.03 per share. The new performance options issued under the Luxottica 2006 Stock Option Plan have an exercise price of Euro 15.11 per share.

At the Board of Directors meeting held on May 7, 2012, a total of 2,076,500 stock options were awarded under the 2006 Stock Option Plan to our employees and the employees of our subsidiaries. As of December 31, 2015, 282,500 of these stock options had been forfeited. As of December 31, 2015, the following grants were outstanding as detailed below:

	<b>Number of options outstanding</b>	<b>Exercise price</b>	<b>Expiration date</b>	<b>Options held by officers and directors</b>
<b>2007 Grant<sup>(1)</sup></b>	5,000	Euro 24.05	March 6, 2016	
<b>2008 Grant</b>	86,700	Euro 18.08	March 14, 2017	15,000
<b>2008 PSP Grant<sup>(2)</sup></b>				
<b>2009 Non-U.S. Grant</b>	30,000	Euro 13.45	May 7, 2018	
<b>2009 U.S. Grant</b>	16,750	Euro 14.99	May 7, 2018	
<b>2009 Non-U.S. Residents Reassignment, Ordinary</b>	68,000	Euro 13.45	May 7, 2018	
<b>2009 U.S. Residents Reassignment, Ordinary</b>	40,500	Euro 15.03	March 31, 2017	20,000
<b>2009 Non-U.S. Residents Reassignment, Performance Grant</b>	400,000	Euro 13.45	May 7, 2018	
<b>2009 U.S. Residents Reassignment, Performance Grant</b>	50,000	Euro 15.11	June 12, 2018	50,000
<b>2010 Non-U.S. Residents Grant</b>	115,000	Euro 20.72	April 29, 2019	
<b>2010 U.S. Residents Grant</b>	33,000	Euro 21.23	April 29, 2019	
<b>2011 Non-U.S. Residents Grant</b>	135,000	Euro 22.62	April 28, 2020	
<b>2011 U.S. Residents Grant</b>	84,000	Euro 23.18	April 28, 2020	
<b>2012 Non-U.S. Residents Grant</b>	439,000	Euro 26.94	May 7, 2021	20,000
<b>2012 U.S. Residents Grant</b>	158,750	Euro 28.32	May 7, 2021	
<b>2013 PSP Grant</b>	1,066,680			219,120
<b>2014 PSP Grant</b>	1,083,180			238,200
<b>2015 PSP Grant (ordinary)</b>	848,880			212,200
<b>2015 PSP Grant (extraordinary)</b>	601,200			601,200

(1) These grants were subject to the reassignment of new options discussed above which was completed in June 2009.

(2) The performance targets of the 2008 PSP were not reached and therefore the Board of Directors did not assign any shares.

*Stock options and PSP Units held by directors and senior managers*

Set forth below is certain information regarding stock options held by our directors and our senior managers (who are not directors) as a group, prepared and disclosed as required by applicable Italian law.

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Stock options granted to directors, general managers and other executives with strategic responsibilities

Name	Office	Plan	Options held at the beginning of the year		Options granted during the year		Options exercised during the year		Options held at the end of the year		Options expired during the year	
			Number of options	Exercise price	Exercise period (from - to)	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price	Number of options
<b>Executives with strategic responsibilities (Aggregate amounts for 10 executives with strategic responsibilities employed by the Company)</b>												
		2012 non-US Stock Option Plan (BOD resolution May 7, 2012)	60,000	Euro 26.94	May 7, 2015 - May 7, 2021			40,000	Euro 26.94	Euro 60.43 on 5/26/15)	20,000	
										Euro 62.48 on 6/26/15)		

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Name	Office	Plan	Options held at the beginning of the year		Options granted during the year		Options exercised during the year		Options held at the end of the year	
			Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price
<b>Executives with strategic responsibilities (Aggregate amount for 6 executives with strategic responsibilities employed by subsidiary companies)</b>		2008 Stock Option Plan (BOD resolution March 13, 2008)	15,000	Euro 18.08	March 14, 2011 - March 14, 2017					15,000
		Reassigned ordinary plan 2009 US (BOD resolution May 7, 2009)	20,000	Euro 15.03	May 7, 2012 - May 7, 2018					20,000
		Reassigned extra-ordinary plan 2009 US (BOD resolution May 7, 2009)*	50,000	Euro 15.11	December 3, 2012 - June 12, 2018					50,000
<b>Total</b>			<b>145,000</b>					<b>40,000</b>		<b>105,000</b>

\*\*

The amounts reflected are equal to the proportionate share of the securities' fair value, calculated through actuarial techniques, spread over the relevant vesting period

\*

The effectiveness of the grant date for U.S. residents is May 7, 2009, the date the BOD approved the grant and the action of the Human Resources Committee.



Table of Contents**Incentive plans awarding financial instruments (other than stock options) to directors, general managers and other executives with strategic responsibilities**

Plan	Financial instruments granted in previous years and not vested during the year		Financial instruments granted during the year				Financial instruments vested during the year and not assigned	Number and kind of financial instruments
	Number and kind of financial instruments	Vesting period	Number and kind of financial instruments	Fair value on grant date ( <i>Estimated potential value</i> )	Vesting period	Grant date	Market price on grant date	Number and kind of financial instruments
Plan (BOD May 7, 2012 - December 31, 2014)	24,000	May 7, 2012 - December 31, 2014						4,000
Plan (BOD April 29, 2013 - December 31, 2015)	20,400	April 29, 2013 - December 31, 2015	134,400	Euro 7,737,408	May 4, 2015 - December 31, 2017	May 4, 2015	Euro 60.02	
Plan (BOD April 29, 2014 - December 31, 2016)	22,800	April 29, 2014 - December 31, 2016						
Plan (BOD May 4, 2015 - December 31, 2017)					**	May 4, 2015	Euro 60.02	
Plan (BOD May 7, 2012 - December 31, 2014)	105,600	May 7, 2012 - December 31, 2014						17,600
Plan (BOD April 29, 2013 - December 31, 2015)	106,520	April 29, 2013 - December 31, 2015	290,200	Euro 16,706,814	May 4, 2015 - December 31, 2017	May 4, 2015	Euro 60.02	
Plan (BOD April 29, 2014 - December 31, 2016)	117,000	April 29, 2014 - December 31, 2016						
Plan (BOD May 4, 2015 - December 31, 2017)								
Plan (BOD May 7, 2012 - December 31, 2014)	108,000	May 7, 2012 - December 31, 2014						18,000
	88,800							

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lan (BOD April 29,	82,800	April 29, 2013 - December 31, 2015	49,200	Euro 2,832,444	May 4, 2015 - December 31, 2017	May 4, 2015	Euro 60.02
lan (BOD April 29,		April 29, 2014 - December 31, 2016					
lan (BOD May 4,							
	675,920		801,400	Euro 46,136,598			39,600 19

\*

The amounts reflected are equal to the proportionate share of the securities' fair value, calculated through actuarial techniques, spread over the relevant vesting period

\*\*

Following the termination of the employment relationship with the Company starting from February 29, 2016, Adil Mehboob-Khan did not retain any rights with respect to previously assigned grants under long-term incentive plans.

Table of Contents**Cash incentive plans for directors, general managers and other executives with strategic responsibilities (in Euro)**

Name	Office	Plan	2014 Bonus		Previous years	Other
			Payable/ paid	Term of Deferred	Payable/ paid	Deferred
<b>Massimo Vian</b>	CEO (since October 29, 2014)	MBO 2015	1,365,550			
<b>Adil Mehboob-Kahn</b>	CEO Markets	MBO 2015	1,701,450			
<b>Executives with strategic responsibilities (Aggregate amounts for 10 executives with strategic responsibilities employed by the Company)</b>		MBO 2015	3,295,600			
<b>Executives with strategic responsibilities (Aggregate amounts for 6 executives with strategic responsibilities employed by subsidiary companies)</b>		MBO 2015	2,013,614			
<b>(III) Total</b>			<b>8,376,214</b>			

The shares underlying the units that will be assigned without consideration may vary according to whether and the degree to which the EPS targets set forth by the Board of Directors have been achieved. At the end of the respective three-year reference period, the Board of Directors will evaluate the achievement of certain financial performance targets established by the Board of Directors for the purposes of the Performance Shares Plan.

**ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS****MAJOR STOCKHOLDERS**

The following table sets forth, as of April 8, 2016, the beneficial ownership of ordinary shares by each person beneficially owning 2% or more of the issued share capital (including ordinary shares represented by ADSs) known to us based on their most recent public filings or communications with us.

Identity of person or group	Amount of shares owned	Percent of class
Leonardo Del Vecchio	300,185,525 <sup>(1)</sup>	62.06%
Giorgio Armani	22,724,000 <sup>(2)</sup>	4.70%

(1)

299,423,025 shares (61.90%) held of record by Delfin S.à r.l., an entity established and controlled by Mr. Del Vecchio. Mr. Del Vecchio holds voting and investment power over the shares held by such entity; 275,000 ADRs and 487,500 shares are held by his wife.

(2)

The amount of shares owned, consistent with applicable Italian rules, is based on the March 30, 2006 filing by Giorgio Armani with CONSOB and includes 9,210,000 ordinary shares and 13,514,000 shares represented by ADSs, which corresponded to an aggregate of 4.96% of the then issued share capital. More current information on this shareholding is not publicly available and the percentage of beneficial ownership in the table has been calculated assuming that the number of shares held by Giorgio Armani has not changed.

The shares held by Mr. Del Vecchio and our other directors and executive officers have the same voting rights as the shares held by other stockholders.

Mr. Del Vecchio is our controlling stockholder and serves as Chairman of our Board of Directors. We are not otherwise directly or indirectly owned or controlled by another corporation or by any foreign government.

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As of March 31, 2016, approximately 5.49% of our ordinary shares were held in the form of ADSs by approximately 25,643 record holders. To the best of our knowledge, to date there are no arrangements that may result in a change of control of Luxottica Group S.p.A.

**RELATED PARTY TRANSACTIONS**

*License Agreements*

We have a worldwide exclusive license agreement to manufacture and distribute ophthalmic products under the Brooks Brothers name. The Brooks Brothers trade name is owned by Brooks Brothers Group, Inc. which is controlled by Claudio Del Vecchio, a son of our Executive Chairman and majority stockholder. The license expires on December 31, 2019. Royalties paid to Brooks Brothers Group, Inc. under such agreement were Euro 0.9 million, Euro 0.8 million and Euro 0.8 million in the years ended December 31, 2015, 2014 and 2013, respectively.

Management believes that the terms of this license agreement are fair to the Company.

*Service Revenues*

During the years ended December 31, 2015, 2014 and 2013, U.S. Holdings performed consulting and advisory services relating to risk management and insurance for Brooks Brothers Group, Inc. Amounts received for the services provided for those years were Euro 0.1 million in each year. Management believes that the compensation received for these services was fair to the Company.

*Lease of Office Building*

On April 29, 2014, the Board of Directors of Luxottica Group authorized the Company to enter into an agreement to lease a building located in Piazzale Cadorna 3, Milan, Italy. The lease is for a period of seven years and five months and may be renewed for an additional six years. The building is owned by Beni Stabili SIIQ S.p.A., which is a related party of Delfin S.à r.l., an entity that is controlled by the Company's Chairman, Leonardo Del Vecchio. In accordance with the procedure on related parties adopted by the Company and CONSOB regulation n. 17221/2010 and in light of the lease value, the agreement qualifies as a minor transaction with related parties. On March 31, 2014, the Risk and Control Committee, which is composed solely of independent directors, unanimously expressed a favorable opinion regarding the Company's interest in entering into the lease as well as on the convenience and fairness of the related conditions. The Company incurred lease expenses in 2015 of Euro 3.8 million.

*Resignation of Former CEOs*

On September 1, 2014, Andrea Guerra left as the Group's chief executive officer. Pursuant to his termination agreement, Luxottica paid Mr. Guerra a redundancy incentive payment equal to Euro 10,000,000 in addition to severance pay linked to the consensual termination of his employment relationship. In addition, Luxottica paid Mr. Guerra Euro 592,294 in connection with a settlement and novation agreement as consideration for his waiver of any claims or rights that he may have that are connected or related to his employment and administration relationships with the Group or any other associated entity and any resolution thereof. Mr. Guerra also signed a 24-month non-competition agreement pursuant to which he is entitled to receive Euro 800,000 to be paid in equal quarterly installments starting from the date of the termination of his employment. Additionally, Mr. Guerra sold 813,500 shares of Luxottica Group S.p.A. that he previously received under incentive plans to the principal shareholder of the Company in an off-market transaction at a price of Euro 41.50 per share. On October 13, 2014, Enrico Cavatorta resigned from the Board of Directors and stepped down as the Group's chief executive officer. He resigned from his position as General Manager on October 31, 2014. Pursuant to his termination agreement, Luxottica paid Mr. Cavatorta Euro 4,000,000 in addition to severance pay linked to the consensual termination of his employment relationship. In addition,

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Luxottica paid Mr. Cavatorta Euro 985,355 in connection with a settlement and novation agreement as consideration for his waiver of any claims or rights that he may have that are connected or related to his employment and administration relationships with the Group or any other associated entity and any resolution thereof. No sums were awarded in connection with Mr. Cavatorta's termination from the position of director and chief executive officer of Luxottica Group S.p.A. The aggregate expenses relating to the departures of Messrs. Guerra and Cavatorta, including other minor related costs, totaled approximately Euro 20 million.

On January 29, 2016, Mr. Adil Mehboob-Khan departed from the Board of Directors and as the Group's CEO for Markets and, effective February 29, 2016, from his other administrative roles with the Group. In connection with his termination, Luxottica paid Mr. Mehboob-Khan Euro 6.8 million in addition to severance pay linked to the termination of his employment relationship. In addition, Luxottica paid Mr. Mehboob-Khan Euro 0.2 million in connection with a settlement and novation agreement as consideration for his waiver of any claims or rights that he may have that are connected or related to his employment and administration relationships with the Group or any other associated entity and any resolution thereof. No sums were awarded in connection with Mr. Mehboob-Khan's termination from the position of director and CEO for Markets. At the same time, the Board of Directors approved the assignment of responsibility for Markets, a role formerly held by Mr. Mehboob-Khan, to Mr. Leonardo Del Vecchio, the Company's Chairman of the Board of Directors and majority shareholder, as Executive Chairman. Mr. Massimo Vian continues in his role as CEO for Product and Operations.

*Delfin Share Award*

On May 4, 2015 the Board of Directors of Luxottica Group S.p.A. approved the grant of free treasury shares to the Group's employees in Italy in honor of the 80th birthday of the Group's Chairman and founder, Mr. Leonardo Del Vecchio. This share award is a gift from the founder. An aggregate amount of 119,755 Luxottica Group treasury shares, with a total value of Euro 7.4 million, was granted on October 12, 2015 and accounted for in accordance with IFRS 2. Delfin S.à r.l. has reimbursed the Company for the value of this share grant.

*Technology Advisory Arrangements*

On March 1, 2016, Mr. Francesco Milleri was appointed as a Director with Deputy Functions of the Company. In the first three months of 2016 and during 2015, 2014 and 2013, the Company and certain of its subsidiaries entered into transactions with entities owned or controlled by Mr. Milleri primarily related to the implementation of the Group's updated IT platform. Amounts related to these transactions were Euro 2.2 million, Euro 16.5 million, Euro 4.9 million and Euro 4.4 million for the three-month period ended March 31, 2016 and for 2015, 2014 and 2013, respectively. The Company also is currently negotiating a two-year master agreement with the companies owned or controlled by Mr. Milleri for services related to the Group's IT platform with a total value of approximately Euro 20 million.

**ITEM 8. FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

See Item 18 "Financial Statements."

**LEGAL PROCEEDINGS**

*French Competition Authority Investigation*

Our French subsidiaries, Luxottica France S.A.S.U., Alain Mikli International S.A.S.U. and Mikli Diffusion France S.A.S.U., together with other major competitors in the French eyewear industry, have been the subject of an investigation conducted by the French Competition Authority (the "FCA")

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relating to pricing and sales practices in such industry. The investigation is ongoing. In May 2015, the Company received a Statement of Objections from the FCA. This document contains the FCA's preliminary position on alleged anti-competitive practices and it does not prejudice its final decision.

In August 2015, the Company filed detailed responses to the Statement of Objections. Luxottica will vigorously defend itself against the FCA's allegations. In early 2016, the FCA requested additional information, as is typical in this type of proceeding.

No provision has been booked by the Group as this matter is at a stage which makes it not possible to assess the probability and range of potential liability. This assessment is based in part on the fact that the FCA's positions on significant issues are uncertain, including the duration of the alleged violations, the brands and sales channels involved and the applicability of mitigating or aggravating circumstances that are considered as part of the FCA's process for assessing any fines. If the FCA concludes that there was a violation, it will impose a fine, which may be contested in court. Such fine, assuming it was upheld by the court, could have a material effect on the Company's results of operations and financial condition. Considering the ongoing complex proceeding, it is difficult to predict the timing of any action by the FCA, including the conclusion of the proceeding and the imposition of any fine, which could occur at some point in 2016 or beyond.

See Item 3 "Key Information Risk Factors" If we were to become subject to adverse judgments or determinations in legal proceedings to which we are, or may become, a party, our future profitability could suffer through a reduction of sales, increased costs or damage to our reputation due to our failure to adequately communicate the impact of any such proceeding or its outcome to the investor and business communities."

The Company is a defendant in various other lawsuits arising in the ordinary course of business. It is the opinion of the management of the Company that it has meritorious defenses against all such outstanding claims, which the Company will vigorously pursue, and that the outcome of such claims, individually or in the aggregate, will not have a material adverse effect on the Company's consolidated financial position or results of operations.

**DIVIDEND DISTRIBUTIONS**

See Item 3 "Key Information Dividends" and Item 10 "Additional Information Rights Attaching to Ordinary Shares Dividends."

**SIGNIFICANT CHANGES**

Except as otherwise indicated above, no significant changes have occurred since the date of our Consolidated Financial Statements included in Item 18 of this Form 20-F.

**ITEM 9. THE OFFER AND LISTING**

Our ordinary shares were approved for trading on the Milan Stock Exchange on December 4, 2000. Our ADSs were admitted for trading on the NYSE on January 24, 1990. Our ADSs are evidenced by ADRs issuable by Deutsche Bank Trust Company Americas, as depositary, pursuant to the Deposit Agreement.

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The table below sets forth, for the periods indicated, high and low closing prices of the ADSs on the NYSE (in U.S. dollars) and ordinary shares on the Milan Stock Exchange (in Euro).

	New York Stock Exchange (in U.S. \$)		Milan Stock Exchange (in Euro)	
	High	Low	High	Low
<b>2011</b>	34.40	25.07	23.49	18.73
<b>2012</b>	41.73	27.52	31.70	21.76
<b>2013</b>	55.70	41.93	42.65	31.91
<b>2014</b>				
First Quarter	58.00	50.32	42.52	37.41
Second Quarter	58.73	55.22	43.20	39.75
Third Quarter	58.20	50.56	42.84	38.75
Fourth Quarter	55.17	45.34	45.50	35.70
Year 2014	58.73	45.34	45.50	35.70
<b>2015</b>				
First Quarter	64.00	53.36	60.00	44.91
Second Quarter	69.83	63.25	62.60	56.20
Third Quarter	73.95	64.14	67.45	55.60
Fourth Quarter	72.49	63.22	64.55	57.85
November 2015	68.91	65.53	64.30	61.25
December 2015	68.20	63.22	64.55	57.85
Year 2015	73.95	53.36	67.45	44.91
<b>2016</b>				
January 2016	63.85	60.26	58.85	55.20
February 2016	59.73	55.00	54.25	49.08
March 2016	57.45	53.12	53.75	48.50
April 2016 (through April 8)	55.68	54.19	49.06	47.75

The high and low closing prices of the ADSs on the NYSE for the first quarter of 2016 were U.S. \$63.85 and U.S. \$53.12, respectively. The high and low closing prices of the ordinary shares on the Milan Stock Exchange for the first quarter of 2016 were Euro 58.85 and Euro 48.50, respectively.

**ITEM 10. ADDITIONAL INFORMATION****ARTICLES OF ASSOCIATION AND AMENDED AND RESTATED BY-LAWS***Our Objectives*

Our Articles of Association provide that Luxottica Group S.p.A.'s principal objectives are, among other things, (i) the ownership and management of shareholding interests in other companies or entities both in Italy and abroad, (ii) financing and managerial coordination of the companies and entities in which it owns shareholding interests, (iii) providing credit support for subsidiaries and (iv) the sale of glasses, sunglasses and eyewear products. The legislative decree no. 58 of February 24, 1998 regulating the Italian financial markets ("Decree no. 58/98") and our Amended and Restated By-laws contain, among other things, provisions to the following effect:

*Directors*

The Board of Directors is invested with the fullest powers for ordinary and extraordinary management of the company, except for the acts that the law reserves for stockholders' meetings. Compensation of the directors is approved by the stockholders at the ordinary annual meeting of



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stockholders. The compensation of directors who also serve as executive officers is determined by the Board of Directors with the favorable opinion of the Board of Statutory Auditors.

Directors are not required to hold ordinary shares of Luxottica Group S.p.A. as a qualification for office.

Directors are required to report to the other directors and to the Board of Statutory Auditors any transactions involving the Company in which such director or a party affiliated with such director may have an interest. Our directors usually abstain from voting on matters in which they have an interest (including their compensation), but there is no requirement under Italian law to abstain from such vote.

**RIGHTS ATTACHING TO ORDINARY SHARES**

*Dividends*

We are required to pay an annual dividend on the ordinary shares if approved by a majority of stockholders at the ordinary meeting that must be held within the time specified by the law in force from time to time. Before dividends may be paid with respect to the results of any year in compliance with Italian law, an amount equal to 5% of our net income for such year must be set aside to the legal reserve until the reserve, including amounts set aside during prior years, is equal to at least one-fifth of the nominal value of our issued share capital. Dividends can only be distributed out of realized profits, resulting from regularly approved financial statements. In cases where losses have reduced the Company's share capital, dividends cannot be distributed until the share capital has been restored or reduced accordingly. See Item 3 "Key Information Dividends."

Future determinations as to dividends will depend upon, among other things, our earnings, financial position and capital requirements, applicable legal restrictions and such other factors as the Board of Directors and stockholders may determine. Dividends are usually paid in accordance with the dates set annually by Borsa Italiana S.p.A. Dividends which are not collected within five years from the date on which they become payable are forfeited in favor of the Company. Dividends are paid to those persons who hold the ordinary shares through an intermediary on a dividend payment date declared at the stockholders' meeting. The intermediary, upon request by the stockholder, issues a certified statement of account allowing the stockholder to collect the dividends.

If dividends are not distributed and an appropriate reserve is created, the stockholders can adopt a resolution, at an extraordinary meeting, to convert such reserve into capital. In this case, the shares resulting from the increase are attributable to the stockholders without additional consideration in proportion to their ownership before the increase.

*Notification of the Acquisition of Shares and Voting Rights*

Pursuant to Italian securities law and CONSOB implementing regulations thereof, any person acquiring any interest in excess of 3% in the voting shares (or in the overall number of exercisable voting rights, in case the company has issued shares granting more than one vote each, which are referred to as "loyalty shares") of a listed company must give notice to CONSOB and the company whose shares are acquired. In case the interest is acquired in a "small or medium size company," the above threshold is increased to 5%. Small and medium size companies are those: (i) whose total revenues, before any listing, are below Euro 300,000,000; or (ii) whose market capitalization is below Euro 500,000,000. If both thresholds are crossed for three consecutive years, the relevant company cannot be considered a small or medium size company. In order to protect investors and the efficiency and transparency of the capital markets, CONSOB may impose, for a limited period of time, a lower threshold in case of a company with an elevated current market value and a particularly widely held stock. The voting rights attributable to the shares in respect of which notification has not been made shall not be exercised. Any resolution taken in

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violation of the foregoing may be annulled if the resolution would not have been passed in the absence of such votes.

In addition, subject to any proposed changes in the following thresholds proposed by CONSOB, any person whose aggregate "actual" shareholding in a listed company exceeds or falls below 2% (if the relevant company is not a "small or medium size company"), 5%, 10%, 15%, 20%, 25%, 30%, 50%, 66.6%, 90% or 95% of the listed company's voting share capital is obligated to notify CONSOB and the listed company whose shares are acquired or disposed of. In the case of "loyalty shares," the above thresholds shall refer to the overall number of voting rights that each stockholder can exercise. For the purpose of calculating the "actual" shareholding, the following shall be taken into consideration: (i) shares owned by any person, irrespective of whether the relative voting rights are exercisable by such person or by a third party or are suspended; (ii) shares that are not owned by such person, but for which it can exercise voting rights (e.g. as depositary having discretionary power to exercise voting rights); (iii) except in certain circumstances, shares held through, or shares the voting rights of which are exercisable by, subsidiaries, fiduciaries or intermediaries. Any person holding a "potential holding" (i.e., financial instruments that, pursuant to a binding agreement, grant the right to acquire underlying shares on the holder's own initiative and through a physical settlement) must notify the company and CONSOB whenever such "potential" holding reaches, exceeds or falls below the following percentage thresholds: 5, 10, 15, 20, 25, 30, 50 and 75. Moreover, anyone holding an "overall long position" (being the sum of the "actual" and "potential" shareholdings, as previously described, as well as of any "other long position" in derivatives, irrespective of whether such instrument provides for cash or physical settlement) must notify the company and CONSOB whenever such "overall long position" reaches, exceeds or falls below the following percentage thresholds: 10, 20, 30 and 50. If shares can be acquired as a consequence of the exercise of conversion rights or warrants, such shares are included in the relevant holding only if the purchase can take place within 60 days. Notification should be made (except in certain circumstances) promptly and, in any case, within five trading days from the relevant transaction (irrespective of the settlement date). In the case of "loyalty shares," disclosure of the significant shareholding pursuant to the above shall be given promptly or, in any case, within five trading days following the periodic disclosure given by the relevant issuer on the overall number of exercisable voting rights.

Disclosure obligations also apply to listed companies whenever they hold, directly or through subsidiaries, their own shares and whenever their holdings exceed or fall below the relevant thresholds.

Cross ownership between listed companies may not exceed 2% of their respective voting shares, or 5% in case of "small or medium size companies". If the relevant threshold is exceeded, the company which is the latter to exceed such threshold may not exercise the voting rights attributable to the shares in excess of the threshold and must sell the excess shares within a period of twelve months. If the company does not sell the excess shares within twelve months, it may not exercise the voting rights in respect of its entire shareholding. If it is not possible to ascertain which is the later company to exceed the threshold, subject to any different agreement between the two companies, the limitation on voting rights and the obligation to sell the excess shares will apply to both of the companies concerned. The 2% and 5% limits for cross ownership are increased, respectively, to 5% and 10% on the condition that such limit is only exceeded by the two companies concerned following an agreement authorized in advance by an ordinary stockholders' meeting of each of the two companies. Furthermore, if a party holds an interest in excess of 2% (or 5% in the case of a "small or medium size company") of a listed company's share capital, such listed company or the party which controls the listed company may not purchase an interest above the abovementioned thresholds in a listed company controlled by the first party. In case of non-compliance, voting rights attributable to the shares held in excess may not be exercised. If it is not possible to ascertain who the later party to exceed the limit is, the limitation on voting rights will, subject to different agreement between the two parties, apply to both. Any stockholders' resolution taken in violation of the limitation on voting rights may be annulled by the relevant court if the resolution would not

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have been passed in the absence of such votes. The foregoing provisions in relation to cross ownership do not apply when the thresholds are exceeded following a public tender offer to buy or exchange at least 60% of the company's shares.

The validity of any agreement regarding the exercise of the voting rights attached to shares of a listed company or of its parent company is subject to the notification of such agreement to CONSOB and to the relevant issuer, the publication of a summary of such agreement in the press and the filing of the agreement with the Register of Enterprises within five days of the date of the agreement. These disclosure obligations shall not apply to agreements regarding shareholdings representing less than 2% of the voting shares of the listed company (or 5% in the case of a "small or medium size company"). Failure to comply with the foregoing requirements will render the agreement null and void and the voting rights of the relative shares cannot be exercised. Any stockholders' resolution taken in violation of such limitation on voting rights may be annulled by the relevant court if the resolution would not have been passed in the absence of such votes.

The agreements subject to the above include those which (i) regulate prior consultation for the exercise of voting rights in a listed company or its controlling company, (ii) contain limitations on the transfer of shares or securities which grant the right to purchase or subscribe for shares, (iii) provide for the purchase of shares or securities mentioned in (ii), (iv) have as their object or effect the exercise (including joint exercise) of a dominant influence over the company or (v) aim to encourage or frustrate a takeover bid or equity swap, including commitments relating to non-participations in a takeover bid.

Any agreement of the nature described above can have a legal maximum term of three years (and may be renewed for an additional three-year term at its expiration) and if executed for a longer term shall otherwise expire three years after its execution. Any such agreement executed for an unlimited term can be terminated by a party upon six months' prior notice. In the case of a public tender offer, stockholders who intend to participate in the tender offer may withdraw from the agreement without notice. CONSOB Regulation 11971/99 contains provisions which govern the method and content of the notification and publication of the agreements as well as any subsequent amendments thereto.

Those holding an interest in a listed company below the general disclosure thresholds of 2% (or 5% in the case of a "small or medium size company") and being parties to a shareholders' agreement that: (i) provides for prior consultation for the exercise of voting rights in the listed company or its controlling company; or (ii) relates to the exercise (including joint exercise) of a dominant influence over the company, shall nonetheless disclose their interest if the aggregate interests held by same and by the other parties to such shareholders' agreement exceed: 5%, 10%, 15%, 20%, 25%, 30%, 50% and 66.6%.

Pursuant to EU Regulation no. 236/2012, anyone holding a short position with respect to shares listed on an EU market shall give notice to the relevant national authority (in the case of the Company, to CONSOB), whenever such position crosses or falls below the 0.2% threshold, as well as for further increases of 0.1%. Moreover, if the short position crosses or falls below the 0.5% threshold (and for further increases of 0.1%), the relevant holder shall give disclosure to the public. In both cases, disclosure shall be provided by 3:30 p.m. of the trading day following the one on which the relevant threshold has been crossed.

### *General Meetings*

Meetings of the stockholders may be held at our executive offices in Italy, in any country in the European Union or in the United States, following publication of notice of the meeting, including the agenda, on the Company's website and, if required by law, in the form of an excerpt in one or more of the following daily newspapers: "Il Sole 24Ore," "Corriere della Sera" or "la Repubblica", at least 30 days before the date fixed for the meeting. The notice shall contain a list of the subject matters to be dealt with at the meeting, a description of the procedures to be complied with in order to attend, and vote in, such meeting, and the deadline to submit questions to the Board or to ask for additions to the agenda. Within

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the same time period, the Board of Directors shall also publish (i) reports describing the subject matters to be dealt with at the meeting, by making them available both at the company's registered office and on its website, (ii) all of the documents that will be submitted to the stockholders during the meeting and (iii) the forms that stockholders may use for the appointment of proxies and information about the company's share capital, by making these materials available on the company's website.

Deutsche Bank Trust Company Americas will mail to all record holders of ADRs a notice containing a summary of the information contained in any notice of a stockholders' meeting received by Deutsche Bank Trust Company Americas. See " Documents on Display."

Meetings of stockholders may be either ordinary meetings or extraordinary meetings. Stockholders' meetings may be called by the Board of Directors or the Board of Statutory Auditors. In the case of a listed company in Italy, stockholders' meetings must be promptly convened upon the request of holders representing at least 1/20th of the share capital, provided that the request contains a summary of the matters to be discussed. If the Board of Directors, upon the request of the stockholders as mentioned above, resolves not to convene a meeting, the competent court, on appeal by the stockholders who have asked for such meeting, can order by decree that such meeting be convened, after having conferred with the Board of Directors and the Board of Statutory Auditors and having ascertained that the Board of Directors' refusal to convene the meeting is unfounded. Stockholders' meetings may not be convened upon the request of stockholders whenever the matter to be dealt with at such meeting requires a proposal, a presentation document or a report by the Board of Directors.

Holders of ordinary shares are entitled to attend and vote at ordinary and extraordinary stockholders' meetings. Each holder of shares of the Company is entitled to cast one vote for each ordinary share held. Votes may be cast personally or by proxy, in accordance with applicable Italian regulation. However, the voting rights of ordinary shares held in breach of applicable law may in some cases not be exercised.

Ordinary stockholders' meetings must be convened at least once a year to approve the annual financial statements of Luxottica Group S.p.A. Our By-laws provide that the meeting for the approval of the financial statements can be convened within the time specified by the law in force from time to time. The drafts of the statutory financial statements and consolidated financial statements, together with the opinions of the auditors, shall be filed and published within four months from the end of the fiscal year. Financial statements shall be published and filed at least 21 days before the meeting called to approve them.

At ordinary stockholders' meetings, stockholders vote upon dividend distributions, if any, appoint the Directors, Statutory Auditors and external auditors, determine their remuneration and vote on business matters submitted by the Directors.

Ordinary stockholders' meetings of Luxottica Group S.p.A. can be convened only in one call and there are no minimum quorum requirements. Resolutions may be adopted by a simple majority of ordinary shares represented at such meeting.

To the extent provided by law, within ten days from the publication of the agenda, stockholders who represent at least 1/40th of the share capital may request a supplement of the agenda, indicating the additional subject matters such stockholders wish to be dealt with at the meeting or submitting different voting proposals with respect to items already included on the agenda. Within the same time period, the stockholders requesting the supplement of the agenda shall prepare and deliver to the Board of Directors a report on the additional matters to be discussed. Stockholders may not request to supplement the agenda with items that require resolution by the General Meeting on the basis of a proposal or a report by the board (e.g. with respect to the approval of yearly financial statements and the approval of capital increases or mergers).

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Stockholders may present questions with regard to the subject matters listed in the agenda, to which the Company shall reply no later than during the meeting. The notice of call must specify the deadline for submitting such questions, which shall not be earlier than: (i) three days before the date of the meeting, if replies will be provided at the meeting; or (ii) five days before the date of the meeting, if replies will be provided before the meeting (in which case, replies shall be provided at least two days before the meeting).

The Board of Directors, composed, in accordance with the By-laws, of not less than five and not more than 15 directors, shall be appointed by the stockholders at the ordinary meeting on the basis of lists presented by stockholders pursuant to the procedures indicated below.

A list for the appointment of directors can be presented only by those stockholders who, alone or jointly with other presenting stockholders, at the time of the presentation of the list, hold an aggregate interest at least equal to the percentage established by CONSOB pursuant to article 147-ter, subparagraph 1, Decree no. 58/98. For 2015, the year in which the current Board of Directors was appointed, the percentage established by CONSOB for Luxottica was equal to 0.5%. Each stockholder may not submit or contribute to submitting, by means of trust or proxy, more than one list. The lists shall set forth not more than fifteen candidates, listed in descending numerical order.

The lists shall be submitted to the Company at least 25 days before the date of the stockholders' meeting convened to appoint the directors and published by the Company at least 21 days before the date of such meeting.

The lists shall be signed by the stockholder or stockholders submitting them and presented together with the professional resumes of the candidates and the written statements of the candidates in which they declare that they accept the office and confirm, under their own responsibility, that there are no grounds under any law or regulation for their ineligibility or incompatibility and that they meet any requirements prescribed in the respective lists.

Pursuant to article 147-ter, subparagraph 4, of Decree no. 58/98, at least one director or, in the event the Board of Directors is composed of more than seven members, then at least two directors, must fulfill the necessary requirements to be considered "independent" in accordance with article 147-ter (hereinafter "147-ter Independent Director").

Each list shall contain, and expressly name within the first seven candidates named in the list, at least one 147-ter Independent Director, and if the list is composed of more than seven candidates, such list shall contain and expressly name a second 147-ter Independent Director. If appropriate, each list may also expressly name directors having the requirements of independence as provided for by the codes of conduct established by companies managing regulated markets or industry associations.

No candidate may appear on more than one list. At the end of voting, the candidates from the two lists that have obtained the highest number of votes will be elected, according to the following criteria:

- (a) All members of the Board of Directors, up to the number of members of the Board of Directors previously determined by the ordinary meeting less one, will be elected from the list which obtains the most votes (hereinafter, the "Majority List").  
Such candidates will be appointed in the numerical order they appear on the list.
- (b) One director shall be the candidate listed first on the list that has obtained the second highest number of votes and who is not related to or affiliated with, directly or indirectly, the stockholders who have presented or voted for the Majority List (hereinafter, the "Minority List"). However, if, for a Board of Directors composed of no more than seven members, a 147-ter Independent Director is not elected from the Majority List or, in the event the Board of Directors is composed of more than seven members, only one 147-ter Independent Director has been

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appointed, then the first 147-ter Independent Director indicated in the Minority List shall be elected instead of the first candidate indicated in the Minority List.

The lists that do not obtain a percentage of votes at least equal to half of that required for the presentation of the list of candidates shall not be considered.

The first candidate listed on the Majority List will be appointed as Chairman of the Board of Directors.

In the event of a tie with respect to the top two lists, the ordinary meeting will proceed to take a new vote on only the top two lists.

Pursuant to Decree no. 58/98, the by-laws of listed companies shall provide that at least one-third of the directors belong to the less-represented gender (for the first board of directors to be appointed following August 2012 including with respect to the board of directors of Luxottica Group S.p.A., which was appointed in 2015 the minimum threshold set forth by the law is temporarily reduced to one-fifth). For this reason, the By-laws of Luxottica Group S.p.A. provide for mechanisms to comply with the requirements for gender equality. In particular, the By-laws provide that, in case the threshold is not complied with at the end of the voting procedure, the last candidate appointed from the Majority List shall be replaced by the first non-appointed candidate of the same list belonging to the less-represented gender, in order starting from the bottom of the Majority List. Should this substitution not be enough to comply with the abovementioned threshold, the stockholders' meeting shall appoint a number of Directors belonging to the less-represented gender, in substitution for the last candidates appointed by the Majority List and belonging to the more-represented gender, so as to reach the abovementioned threshold.

If only one list is submitted, the ordinary meeting will cast its votes on it and, if the list receives a simple majority of votes, the candidates listed in descending numerical order will be elected as directors, until the requisite number, as determined by the ordinary meeting, is reached, subject to the obligation of the ordinary meeting to appoint a minimum number of 147-ter Independent Directors and to comply with the requirements for gender equality. The candidate listed first on the Majority List will be elected as Chairman of the Board of Directors.

If there are no lists, the Board of Directors will be appointed by the ordinary meeting with such majorities as required by law, subject to the obligation to comply with the requirements for gender equality.

The Board of Statutory Auditors, composed, in accordance with the By-laws, of three regular Statutory Auditors and two alternate Statutory Auditors, shall be appointed by the stockholders at the ordinary meeting on the basis of lists presented by stockholders pursuant to the procedures indicated below. The appointment of one regular Statutory Auditor, as Chairman, and of one alternate Statutory Auditor shall be reserved for the stockholders who presented or voted the Minority List, who must not be related, directly or indirectly, to the stockholders who presented or voted the Majority List.

Pursuant to article 27 of our By-laws a list for the appointment of Statutory Auditors can be presented only by those stockholders who, alone or jointly with other presenting stockholders, at the time of the presentation of the list, hold an aggregate interest at least equal to the one established by CONSOB pursuant to article 147-ter, subparagraph 1, of Decree no. 58/98. For 2015, the year in which the current Board of Statutory Auditors was appointed, the percentage established by CONSOB for Luxottica was equal to 0.5%. The lists shall be filed at the registered office of the Company at least 25 days prior to the stockholders' meeting called for the appointment of the Statutory Auditors and published by the Company at least 21 days before the date of such meeting.

The lists shall indicate the name of one or more candidates to be appointed as regular Statutory Auditors and alternate Statutory Auditors.

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Pursuant to Decree no. 58/98, at least one-third of regular Statutory Auditors shall belong to the less-represented gender. Additionally, the minimum threshold required by law was temporarily reduced to one-fifth for the first appointments made after August 2012 and such threshold was applicable to the Board of Statutory Auditors of Luxottica Group S.p.A. appointed in April 2015. Consequently, the By-laws of the Luxottica Group S.p.A. provide for mechanisms to comply with the requirements for gender equality. In particular, the By-laws provide that each list containing at least three candidates shall include a number of candidates of the less-represented gender equal to at least the minimum number required by law.

The name of each candidate shall be marked in a descending numerical order in each section (section of regular Auditors and section of alternate Auditors) and the candidates listed shall not be more than the members of the body to be appointed.

The lists shall also include the following:

- (i) information related to the identity of the stockholders who have filed the list, indicating the percentage of their combined shareholding;
- (ii) representations of stockholders different from the ones who hold, separately or jointly, a controlling interest or a simple majority interest in the share capital of the Company, stating the lack of affiliation as per section 144-quinquies of the CONSOB regulations; and
- (iii) detailed information on personal and professional qualifications of each candidate as well as a declaration by the candidate confirming the existence of the qualifications required by law, the acceptance of the office together with such candidate's administration and control offices held in other companies.

In the event that only one list is submitted or that only related-party stockholders, as determined by applicable law, have submitted lists as of the last day provided for the presentation of such lists, it is possible to present a list until the fourth day following such date, or such other time period provided by law. In such case, the above share interest thresholds providing for the presentation of the lists shall be reduced by half.

A stockholder cannot submit and vote for more than one list, including through third parties or by means of trust companies. Stockholders belonging to the same group and stockholders signing a stockholders' agreement regarding the shares of the listed company shall not present or vote for more than one list including through third parties or by means of trust companies. Each candidate shall present only one list subject to ineligibility.

The appointment of the statutory auditors shall occur according to the following criteria:

- (i) two regular auditors and one alternate auditor shall be taken from the list which has obtained the highest number of votes (hereinafter the "Majority List"), on the basis of the descending numerical order by which the candidates are listed; and
- (ii) one regular auditor, who will also be the Chairman of the Board of the Statutory Auditors (hereinafter the "Minority Statutory Auditor"), and one alternate auditor (hereinafter the "Alternate Minority Statutory Auditor") shall be taken from the list which has obtained the second highest number of votes and which shall not be related to or connected with, in any manner, the stockholders who have presented or voted for the Majority List pursuant to applicable law (hereinafter the "Minority List") on the basis of the descending numerical order by which the candidates are listed.

In case of an equal number of votes among the lists, the list presented by the stockholders holding the higher shareholding interests at the time of filing, or in second instance, the list presented by the stockholders who owned the higher number of stockholders' interests shall prevail.

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In case the abovementioned requirements for gender equality are not complied with at the end of the voting procedure, the last candidate appointed from the Majority List shall be replaced by the first non-appointed candidate of the same list belonging to the less-represented gender. If there are no candidates on that list belonging to the less-represented gender, the stockholders' meeting shall appoint a regular Statutory Auditor belonging to the less-represented gender in substitution for the last candidate appointed from the Majority List.

If only one list is submitted, the ordinary meeting shall vote on it and, if the same list obtains the majority of the voting persons, without including those abstaining from voting, all the candidates included in such list shall be appointed. In such case the Chairman of the Board of the Statutory Auditors shall be the first regular statutory auditor.

Extraordinary stockholders' meetings may be convened in one call. Extraordinary meetings of stockholders may be called to vote upon, among other things, proposed amendments to the By-laws, capital increases, mergers, spin-offs, issuance of convertible debentures, appointment of receivers and similar extraordinary actions. Extraordinary stockholders' meetings are properly convened when at least one-fifth of the share capital is represented at the meeting and resolutions are adopted with the affirmative vote of at least two-thirds of the share capital represented at the meeting.

Pursuant to our By-laws, subject to the concurrent competence of the extraordinary meeting of stockholders, the Board of Directors also has the authority over resolutions in connection with mergers and demergers in accordance with articles 2505 and 2505-bis and 2506-ter of the Civil Code, the establishment or termination of branches, the determination of which directors shall be authorized to represent the Company, the reduction of the issued capital stock in the event of withdrawal of a stockholder, the amendment of the By-laws to comply with legal requirements, or the transfer of the principal place of business within the national territory.

The meeting notice period of 30 days is (i) increased to 40 days for meetings convened to appoint directors and Statutory Auditors and (ii) reduced to, respectively, 21 days for meetings convened to resolve upon the company's dissolution or upon the resolutions following a reduction of the company's share capital below the mandatory minimum threshold provided by law, and 15 days for meetings convened pending a public tender offer launched with respect to our ordinary shares.

A meeting will be deemed duly convened if stockholders representing 100% of Luxottica Group S.p.A.'s share capital, together with a majority of the members of the Board of Directors and the Board of Statutory Auditors, are present at the meeting. In this case, any participant can object to the discussion and resolution of any item for which it is deemed to have been insufficiently informed.

The right to attend, and to vote in, a meeting is certified by a statement issued by the intermediary where the relevant stockholder holds the account to which the Company's shares are registered. The above-mentioned rights may be exercised by those holding Luxottica Group S.p.A. shares at the end of the seventh business day preceding the date of the meeting. The intermediary's statement shall be delivered to the Company within three business days prior to the date of the meeting.

The Company updates the stockholders' register on the basis of the statements sent by the intermediaries, within 30 days from their receipt. Information contained in the stockholders' register shall be made available to all stockholders upon their request.

Stockholders may appoint proxies. A proxy may also be granted by electronic means, by providing an electronic document with electronic signature in compliance with applicable Italian law. Electronic notice of the proxy may be given, pursuant to the procedure set forth in the call notice, either by using a specific section of the Company's website, or, if contemplated in the call notice, by sending the document to the certified electronic mail address of the Company. If the representatives deliver or send a copy of the proxy, they shall certify under their responsibility the identity of the proxy and that the proxy conforms to the original.



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Proxies may be appointed even though they have a conflict of interest, provided that they have informed the stockholder about such conflict of interest and have received specific instructions on the votes to be exercised for each subject matter in the agenda.

Proxies who do not have a conflict of interest may express votes that are inconsistent with the instructions received by the relevant stockholder if, and only if, new and relevant circumstances arise during the meeting and it is reasonable to believe that the stockholder would have changed its mind in light of said circumstances. In this case, proxies must declare that they are expressing votes that are inconsistent with the instructions received and explain the reasons for doing so.

Unless the By-laws specifically provide otherwise, the company shall indicate in the notice of the meeting an individual to whom stockholders may grant proxies for one or more of the subject matters listed in the agenda.

Solicitation of proxies is possible, but if the solicitation is addressed to more than 200 stockholders and concerns specific voting proposals or contains recommendations or other declarations that might influence the exercise of voting rights, it is subject to the provisions of Decree no. 58/98; in particular, the stockholder(s) making the solicitation shall publish a prospectus and a proxy form.

Proxies may be collected by a stockholders' association provided that such association has been formed by certified private agreement, does not carry out business activities and is made up of at least 50 individuals each of whom owns no more than 0.1% of our voting capital.

Proxies may be revoked and can be appointed only for a single stockholders' meeting already convened. Proxies can be appointed also for a single subject matter listed in the agenda or with regard to a single voting proposal in the case of a solicitation.

Our By-laws do not contain any limitations on the voting rights in respect of ordinary shares held by any stockholder. Resolutions adopted at a stockholders' meeting are binding on all stockholders. However, absent, dissenting or abstaining stockholders representing 1/1000th of the share capital (as well as Directors or Statutory Auditors) has the right, under Italian law, to ask a court to annul resolutions taken in violation of applicable laws or the By-laws. In addition, in a limited number of cases (including the merger of a listed company with, and its incorporation into, an unlisted company) applicable law grants dissenting and absent stockholders the right to obtain the redemption of their shares by the issuer at the average market price of the shares during the previous six-month period. Shares for which the redemption right has been exercised are offered to the other stockholders or, in case not all of the offered shares are sold in this way, to third parties in the market. If, after the sale offer, there are still remaining shares for which the redemption right has been exercised, the company shall purchase such shares using its available reserves (in which case the shares may be held and registered in the name of the issuer) or, if there are no available reserves, the share capital of the issuer shall be reduced.

Within five days from each stockholders' meeting, a brief report on the votes expressed at the meeting shall be published on the Company's website. Within 30 days from each stockholders' meeting, the minutes of such meeting shall be made available on the Company's website.

*Option Rights*

Pursuant to Italian law, holders of ordinary shares are entitled to subscribe for issuances of shares, debentures convertible into shares and rights to subscribe for shares in proportion to their holdings, unless such option rights are waived or limited by a stockholders' resolution and such waiver or limitation is in the interest of Luxottica Group S.p.A. Particular Italian regulations set forth the procedures to be followed by Italian listed companies in such circumstances.

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It is likely that the option rights generally available to holders of ordinary shares may not be fully available to holders of ADRs. See " Description of American Depositary Receipts Share Dividends and Other Distributions."

Pursuant to Italian law, such option rights may be excluded in certain other cases, including contributions in kind.

*Preferential Shares*

Under Italian law, a company such as ours may issue shares that have a preference over ordinary shares with respect to the distribution of dividends or surplus assets. At present, we have no such preferential shares outstanding and any issuance of such shares would be subject to approval by a majority of stockholders at an extraordinary meeting.

*Rights on Liquidation*

On a liquidation or winding-up of the company, subject to the preferential rights of holders of any outstanding preferential shares, holders of ordinary shares will be entitled to participate in any surplus assets remaining after payment of the creditors. Shares rank *pari passu* among themselves in liquidation.

*Purchase of Shares by Luxottica Group S.p.A.*

We and our subsidiaries may purchase up to an aggregate of 1/5th of our ordinary shares, subject to certain conditions and limitations provided by Italian law, including that the purchase be approved by stockholders. Shares may only be purchased out of profits available for dividends and distributable reserves as appearing in the latest stockholder-approved unconsolidated financial statements. Further, we may only repurchase fully paid shares. As long as such shares are owned by us, they would not be entitled to dividends nor to subscribe for new ordinary shares in the case of capital increases; such rights would be proportionately attributed to the other stockholders and the voting rights attached to the treasury shares would be suspended. A corresponding reserve must be created in our balance sheet which is not available for distribution. Decree no. 58/98 provides that the purchase by a listed company of its own shares and the purchase of shares of a listed company by its subsidiary must take place by way of a public offer or on the market in a manner agreed with Borsa Italiana S.p.A. which must ensure the equality of treatment among stockholders, subject to certain limitations. The foregoing does not apply to shares being purchased by a listed company from its employees or employees of its parent company or of subsidiaries under certain circumstances.

See Item 16E "Purchases of Equity Securities by the Issuer and Affiliated Purchasers."

*Minority Stockholders' Rights*

Absent, abstaining or dissenting stockholders (representing 1/1000th of the share capital of the Company) may, within 90 days, ask a court to annul stockholders' resolutions taken in violation of applicable laws or our By- laws. Any stockholder may bring to the attention of the Board of Statutory Auditors facts or acts which are deemed wrongful. If the stockholder (or stockholders) that has submitted the complaint to the Board of Statutory Auditors represents more than 1/50th of our share capital, the Board of Statutory Auditors must investigate without delay and report its findings and recommendations at the stockholders' meeting.

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Stockholders representing more than 1/20th of our share capital have the right to report major irregularities to the relevant court. In addition, stockholders representing at least 1/40th of our share capital may initiate a liability suit against the directors, Statutory Auditors and general managers of Luxottica Group S.p.A. We may waive or settle a liability suit against Directors only if less than 1/20th of the stockholders vote against such waiver or settlement. We will reimburse the legal costs of such action in the event that the claim of such stockholders is successful and (i) the court does not award such costs against the relevant directors, Statutory Auditors or general managers, or (ii) such costs cannot be recovered from such directors, Statutory Auditors or general managers. In compliance with Decree no. 58/98, our By-laws give minority stockholders the right to appoint directors and one Statutory Auditor as chairman and one Alternate Auditor to the Board of Statutory Auditors. See Item 6 "Directors, Senior Management and Employees Directors and Senior Management."

*Italian Tender Offer Rules*

Under Decree no. 58/98, a public tender offer is required to be launched by any person that through share purchases holds more than: (i) 25% of the voting stock of an Italian listed large size company (such as Luxottica Group S.p.A.), provided that there is no other shareholder holding a bigger interest in the same company; or (ii) 30% of the voting stock of a listed company. In the event that a company has issued loyalty shares, a public tender offer shall be launched in case the relevant threshold is crossed as a result of the increase over time of the voting rights exercisable for each share. The public tender offer must cover the whole voting stock of the company. Similarly, under CONSOB rules, a public tender for the entire voting stock of a listed company must be made by any person owning an interest or, if loyalty shares are issued, voting rights, above said thresholds (but does not exercise majority voting rights at an ordinary stockholders' meeting) and purchases or acquires, directly or indirectly, also through the exercise of subscription or conversion rights, during a 12-month period more than 5% of the ordinary capital with voting rights or, if loyalty shares are issued, of the overall voting rights. For the purpose of calculating the above thresholds, the following are taken into account (i) shares directly or indirectly purchased and (ii) in certain cases, derivative instruments (either physically or cash settled) whose underlying shares are part of the voting stock of an Italian listed company.

The offer must be launched within 20 days from the date on which the relevant threshold was exceeded, and must be made at a price for each class of securities at least equal to the highest price paid by the offeror, and/or by parties acting in concert with the offeror, for the purchase of the relevant class of the target company's securities over a 12-month period preceding the announcement of the mandatory tender offer. If no purchases for value of the relevant class of securities have been made in the relevant period, the offer price will be equal to the weighted average market price of the target securities over the previous 12 months (or, if a market price for the relevant class of securities has not been available for the whole of this period, over such shorter period for which a market price has been available). In a case where the relevant thresholds are reached through derivative instruments, the reference price of the underlying shares and any consideration paid by the holder shall be taken into account in calculating the offer price.

CONSOB regulates these provisions in greater detail through a number of exemptions from the duty to launch a tender offer. Such exemptions include, among others, (i) when another person or persons jointly hold the majority of voting rights that can be exercised at the general meeting; and (ii) when the relevant thresholds are reached as a result of the recapitalization of a company that is in a situation of financial crisis or as a result of the exercise of options, or conversion or subscription rights.

Decree no. 58/98 further provides that, should the abovementioned thresholds be crossed, the obligation to launch a 100% tender offer will not be triggered if the person concerned has exceeded the relevant threshold as a result of a public tender offer launched on 60% or more of the voting stock of the company. This provision is available only (i) if the tender offer is conditional on the acceptance by a majority of the stockholders of the company (excluding, for the purpose of calculating such majority, the

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offeror or any stockholder that holds an absolute or relative majority shareholding exceeding 10% as well as persons acting in concert), (ii) if the offeror (including the persons acting in concert with the offeror) has not acquired more than 1% of the voting stock of the company in the 12 months preceding the announcement of the offer and during the offer period and (iii) upon receipt of an exemption granted by CONSOB provided that the terms of (i) and (ii) above are met.

After the offer has been completed, the offeror nevertheless becomes subject to the duty to launch an offer for 100% of the voting stock if, in the course of the subsequent 12 months, (i) it (including the persons or entities acting in concert with the offeror) has purchased more than 1% of the voting stock of the company, or (ii) the company has approved a merger or spin-off. Finally, anyone holding 90% or more of the voting stock of a company must grant to all other stockholders the right to sell off their remaining shares, unless an adequate distribution of the shares is resumed so as to ensure proper trading within a period of three months. Moreover, any person who, following a tender offer for 100% of the voting stock, purchases more than 95% of the voting stock (i) must grant to all other stockholders the right to sell their voting shares or (ii) alternatively, and provided that it has stated its intention to do so in the offering documentation, is entitled to acquire all remaining voting shares of the company (squeeze-out) within three months following the conclusion of the tender offer.

"Persons acting in concert" with the offeror shall mean persons cooperating on the basis of a specific or tacit agreement, verbal or in writing, regardless of whether such agreement is invalid or without effect, for the purpose of acquiring, maintaining or strengthening control over the issuer or to defend against a public tender offer (including, in any case, the offeror's subsidiaries, controlling persons and related companies, those that are parties to a stockholders' agreement together with the offeror, the offeror's directors, members of the management board, or supervisory board or general managers). CONSOB has further identified cases in which the "action in concert" is presumed, although rebuttal is possible (for example, in the case of a person and his or her relatives), as well as cases not amounting *per se* to an "action in concert" (such as, for example, the agreement between stockholders for the submission of a slate to appoint minority directors).

Shares held in breach of the obligations to launch a mandatory tender offer cannot be voted and must be sold within 12 months.

*Derivative Suits*

Under Italian law, action against members of the Board of Directors, members of the Board of Statutory Auditors and general managers of a company may be brought on behalf of the company if authorized by a resolution adopted at an ordinary meeting of stockholders. In respect of listed companies, Italian law provides for a form of stockholders' action against members of the Board of Directors, which may be brought by holders of at least 1/40th of the issued shares. We are allowed not to commence, or to settle, the suit provided that stockholders representing at least 1/20th of the issued and outstanding shares do not vote against a resolution to this effect. We will reimburse the legal costs of such action in the event that the claim of such stockholders is successful and (i) the court does not award these costs as part of the judgment against the relevant directors, Statutory Auditors or general managers or (ii) these costs cannot be recovered from such directors, Statutory Auditors or general managers. In addition, Italian law permits a stockholder acting alone to bring an action against members of the Board of Directors in the event that such stockholder has suffered damages directly related to negligence or willful misconduct.

*No Limitation of Ownership*

Neither Italian law nor any of our constituent documents impose any limitations on the right of non-resident or foreign stockholders to hold or exercise voting rights on our ordinary shares or the ADRs.

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**DESCRIPTION OF AMERICAN DEPOSITARY RECEIPTS**

The following is a summary of certain provisions of the Amended and Restated Deposit Agreement (the "Deposit Agreement"), dated as of March 30, 2006, among Deutsche Bank Trust Company Americas, as depositary, the owners and holders from time to time of ADRs issued thereunder and us. This summary does not purport to be complete and is qualified in its entirety by reference to the Deposit Agreement, a copy of which has been filed as an exhibit to this Form 20-F. For more complete information, the entire agreement should be read. Copies of the Deposit Agreement are available for inspection at the principal Corporate Trust Office of Deutsche Bank Trust Company Americas at 60 Wall Street, New York, New York 10005.

ADRs are issued by Deutsche Bank Trust Company Americas. Each ADR evidences an ownership interest in a number of American Depositary Shares, each of which represents one ordinary share deposited with Deutsche Bank Milan, as custodian under the Deposit Agreement. Each ADR will also represent securities, cash or other property deposited with Deutsche Bank Trust Company Americas but not distributed to ADR holders. Deutsche Bank Trust Company Americas' Corporate Trust Office is located at 60 Wall Street, New York, New York 10005, and its principal executive office is located at 60 Wall Street, New York, New York 10005.

*Share Dividends and Other Distributions*

Deutsche Bank Trust Company Americas has agreed to pay to ADR holders the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses.

*Cash*

Deutsche Bank Trust Company Americas converts any cash dividend or other cash distribution we pay on the ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If it is not possible for Deutsche Bank Trust Company Americas to convert foreign currency in whole or in part into U.S. dollars, or if any approval or license of any government is needed and cannot be obtained, Deutsche Bank Trust Company Americas may distribute the foreign currency to, or in its discretion may hold the foreign currency uninvested and without liability for interest for the accounts of, ADR holders entitled to receive the same.

*Shares*

Deutsche Bank Trust Company Americas will, unless otherwise requested by us, distribute new ADRs representing any shares we may distribute as a dividend or free distribution. Deutsche Bank Trust Company Americas will only distribute whole ADRs. It will sell shares which would require it to issue a fractional ADR and distribute the net proceeds in the same way as it does with dividends or distributions of cash. If Deutsche Bank Trust Company Americas does not distribute additional ADRs, each ADR will also represent the additional deposited shares.

*Rights to Receive Additional Shares*

If we offer holders of our ordinary shares any rights to subscribe for additional ordinary shares or any other rights, Deutsche Bank Trust Company Americas may make these rights available to ADR holders. We must first instruct Deutsche Bank Trust Company Americas to do so and furnish it with satisfactory evidence that it is legal to do so. If we do not furnish this evidence and/or give these instructions, or if Deutsche Bank Trust Company Americas determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain owners, Deutsche Bank Trust Company Americas may sell the rights and allocate the net proceeds to holders' accounts. Deutsche

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Bank Trust Company Americas may allow rights that are not distributed or sold to lapse. In that case, ADR holders will receive no value for them.

If Deutsche Bank Trust Company Americas makes rights available to ADR holders, upon instruction from such holders it will exercise the rights and purchase the shares on behalf of the ADR holders.

*Deposit, Withdrawal and Cancellation*

ADRs may be turned in at the Corporate Trust Office of Deutsche Bank Trust Company Americas. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, Deutsche Bank Trust Company Americas will deliver the deposited securities underlying the ADRs at the office of the custodian, except that Deutsche Bank Trust Company Americas may deliver at its Corporate Trust Office any dividends or distributions with respect to the deposited securities represented by the ADRs, or any proceeds from the sale of any dividends, distributions or rights, which may be held by Deutsche Bank Trust Company Americas. Alternatively, at the request, risk and expense of the applicable ADR holder, Deutsche Bank Trust Company Americas will deliver the deposited securities at its Corporate Trust Office.

*Voting Rights*

ADR holders may instruct Deutsche Bank Trust Company Americas to vote the shares underlying ADRs but only if we ask Deutsche Bank Trust Company Americas to ask for such instructions. Otherwise, ADR holders will not be able to exercise their right to vote unless such holders withdraw the ordinary shares underlying the ADRs. However, an ADR holder may not know about a meeting at which such holder may be entitled to vote enough in advance to withdraw the shares.

If we ask for instructions of an ADR holder, Deutsche Bank Trust Company Americas will notify the ADR holder of the upcoming vote and arrange to deliver voting materials. The materials will (i) describe the matters to be voted on and (ii) explain how ADR holders, on a certain date, may instruct Deutsche Bank Trust Company Americas to vote the shares or other deposited securities underlying the ADRs as directed. For instructions to be valid, Deutsche Bank Trust Company Americas must receive them on or before the date specified. Deutsche Bank Trust Company Americas will try, as far as practical, subject to Italian law and the provisions of our articles of association, to vote or to have its agents vote the shares or other deposited securities as instructed by the ADR holder. Deutsche Bank Trust Company Americas will only vote or attempt to vote as instructed by the ADR holder and will not vote any of such holder's shares or other deposited securities except in accordance with such instructions.

Deutsche Bank Trust Company Americas shall fix a record date whenever:

any cash dividend or distribution shall become payable;

any distribution other than cash shall be made;

rights shall be issued with respect to the deposited securities;

Deutsche Bank Trust Company Americas, for any reason, causes a change in the number of ordinary shares that are represented by each ADS; or

Deutsche Bank Trust Company Americas receives notice of any meeting of holders of ordinary shares or other deposited securities.

The purpose of fixing a record date is to determine which ADR holders are:

entitled to receive such dividend, distribution or rights;

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entitled to receive the net proceeds from the sale of such dividend, distribution or rights; and

entitled to give instructions for the exercise of voting rights at any such meeting.

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**MATERIAL CONTRACTS**

The contracts described below have been entered into by Luxottica Group S.p.A. and/or its subsidiaries since April 30, 2014 and, as of the date of this Form 20-F, contain provisions under which we or one or more of our subsidiaries has an obligation or entitlement which is or may be material to us. This discussion is not complete and should be read in conjunction with the agreements described below, each of which has been filed with the SEC as an exhibit to this Form 20-F.

*Contracts Relating to the Company's Indebtedness*

On February 27, 2015, the Group terminated its Euro 500 million multicurrency (Euro/U.S. dollars) revolving credit facility. As of the date of termination, the facility was undrawn.

On July 1, 2015, the Series B Notes issued in a private placement by U.S. Holdings matured and were fully repaid in the amount of U.S. \$127 million.

On November 10, 2015, the Group repaid the Euro 500 million senior unsecured guaranteed notes due 2015 in full.

**ITALIAN EXCHANGE CONTROLS**

The following is a summary of relevant Italian laws in force as of the date of this Form 20-F but does not purport to be a comprehensive description of all exchange control considerations that may be relevant.

There are no exchange controls in Italy. Residents and non-residents of Italy may effect any investments, disinvestments and other transactions that entail a transfer of assets to or from Italy, subject only to the reporting, record-keeping and disclosure requirements described below. In particular, residents of Italy may hold foreign currency and foreign securities of any kind, within and outside Italy, while non-residents may invest in Italian securities without restriction and may export from Italy cash, instruments of credit or payment and securities, whether in foreign currency or Euro, representing interest, dividends, other asset distributions and the proceeds of dispositions. Regulations concerning updated reporting, record-keeping and restrictions on the use of, among other things, cash and bearer instruments are to be found in legislative decree no. 231 dated November 21, 2007, as amended and supplemented from time to time ("decree 231/2007"), which implemented in Italy the Anti-Money Laundering Directives nos. 2005/60/CE and 2006/70 CE.

At the date hereof, Article 49 of decree 231/2007 provides that the transfer of cash, bearer bank or postal passbooks and bearer instruments in Euro or foreign currency, effected for any reason between different parties (resident or non-resident) (a "Transfer"), is forbidden when the total amount is equal to or greater than Euro 3,000 (Euro 1,000 for money remittances provided for by Article 1, Paragraph 1, Letter b, n. 6, of Legislative Decree n. 11/2010). A Transfer is also forbidden when carried out through multiple payments each lower than the Euro 3,000 threshold that appear designed to circumvent such prohibition. A Transfer may only be executed through banks, electronic money institutions, "Poste Italiane S.p.A." (Italian Mail) and payment institutions (the latter subject to certain conditions) (collectively, the "Authorized Operators"). Within 30 days of their knowledge, the Authorized Operators must promptly notify the Ministry of Finance of any breach of the provisions set out in article 49 of decree 231/2007. The Ministry of Finance must immediately notify the Italian Tax Police ("*Guardia di Finanza*") of the abovementioned breaches. The latter may, in turn, inform the Italian Tax Agency ("*Agenzia delle Entrate*"), so as to allow the Italian Tax Agency to carry out proper tax investigations (if any).

In addition, when the total amount of a Transfer is equal to or greater than Euro 15,000, the Authorized Operators are required to (i) duly identify the customer and the relevant beneficial owner on the basis of documents, data or information deriving from an independent and reliable source, (ii) set up a "Data Processing Archive" ("*Archivio Unico Informatico*") which contains a copy of any document



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required for the customer's and beneficial owner's identification, (iii) notify the Financial Intelligence Unit ("Unità di Informazione Finanziaria") of the Bank of Italy of any suspicious operation, where possible, before carrying out the Transfer and (iv) keep record of the information under point (i) above for ten years following the Transfer. Sanctions are provided for, among other things: (i) breach of customer identification obligations and recording duties (administrative sanctions); (ii) breach of the requirement to disclose the fact that a suspicious transaction was reported (criminal sanctions); and (iii) failure to set up the Data Processing Archive and to report suspicious transactions to the Financial Intelligence Unit (administrative sanctions).

The Financial Intelligence Unit keeps records of all reports (including those without merit), for ten years and may use them, directly or through other government offices, to police money laundering, tax evasion and any other crime or violation.

Moreover, pursuant to Decree No. 1990/167 concerning reporting requirements for tax purposes of cross-border transfers of means of payment, credit institutions and other financial intermediaries in Italy intervening in transfers to or from foreign countries of means of payment provided for by Article 1, paragraph 2, letter i, of Decree 231/2007 (including cash, bank and postal checks, banker's drafts and similar instruments, postal money orders, credit transfers and payment orders, credit cards and other payment cards, transferable insurance policies, pawn tickets and every other instrument available to transfer, move or acquire, including by electronic means, funds, valuables or financial balances), in an amount equal to or greater than Euro 15,000 on behalf of or in favor of individuals, non-commercial entities and certain partnerships, are required to report such transactions to the Italian Revenue Agency.

Individuals, non-profit entities and certain partnerships that are resident in Italy for tax purposes and hold or beneficially own investments abroad or foreign financial assets are required to disclose on their annual tax declarations all investments held or beneficially owned outside Italy and foreign financial assets held or beneficially owned during each taxable period through which income taxable in Italy may be derived. The same disclosure shall also be made in case, during the considered taxable period, the foreign investments have been completely disposed of. No such disclosure is required in respect of securities deposited for management with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, provided that the items of income derived from such foreign financial assets and contracts are collected through the intervention of the same intermediaries and such intermediaries apply withholding or substitute tax thereon. In addition, no disclosure is required for bank deposits and accounts of amount not exceeding Euro 15,000 in the tax period. Corporations and commercial partnerships resident in Italy are exempt from such disclosure requirements with respect to their annual tax declarations because this information is required to be disclosed in their financial statements.

There can be no assurance that the present regulatory environment in or outside Italy will continue or that particular policies presently in effect will be maintained, although Italy is required to maintain certain regulations and policies by virtue of its membership in the European Union and other international organizations and its adherence to various bilateral and multilateral international agreements.

**TAXATION**

The following summary contains a description of the principal U.S. federal and Italian income tax consequences of the ownership and disposition of ADSs or ordinary shares by U.S. holders (as defined below) resident in the United States for tax purposes. The following description does not purport to be a complete analysis of all possible tax considerations that may be relevant to a U.S. tax resident holder of ADSs or ordinary shares, and U.S. tax resident holders are advised to consult their advisors as to the overall consequences of their individual circumstances. In particular, this discussion does not address

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all material tax consequences of owning ordinary shares or ADSs that may apply to special classes of holders, some of whom may be subject to different rules, including:

partnerships and other pass-through entities;

tax-exempt entities;

certain banks, financial institutions and insurance companies;

broker-dealers;

traders in securities that elect to mark to market;

investors liable for alternative minimum tax;

investors that actually or constructively own 10% or more of the voting stock of Luxottica Group S.p.A.;

investors that hold ordinary shares or ADSs as part of a straddle or a hedging or conversion transaction;

investors whose functional currency is not the U.S. dollar; or

investors who do not hold the ordinary shares or ADSs as capital assets within the meaning of the Internal Revenue Code of 1986, as amended (the "Code").

In addition, the following summary does not discuss the tax treatment of ordinary shares or ADSs that are held in connection with a permanent establishment or fixed base through which a U.S. holder carries on business or performs personal services in Italy and does not deal with the impact of application in Italy of the U.S. FATCA legislation (and of any rules or agreements implementing the U.S. FATCA legislation in Italy) and of any provisions implementing EU Directive No. 2014/107 on mandatory automatic exchange of information in the field of taxation and the Common Reporting Standard released by the OECD in February 2014 (including Italian Ministerial Decree of December 28, 2015). Furthermore, certain persons that may not be U.S. holders but who may otherwise be subject to U.S. federal income tax liability will also be subject to U.S. federal as well as Italian tax consequences due to their ownership and disposition of ADSs or ordinary shares. Such investors should consult with their own advisors as to the particular consequences associated with their investment.

This discussion is based on the tax laws of Italy and of the United States, including the Code, its legislative history, existing and proposed regulations, and published rulings and court decisions, as well as on the applicable Convention Between the United States of America and Italy for the Avoidance of Double Taxation with respect to Taxes on Income and the Prevention of Fraud or Fiscal Evasion and Protocol Between the United States and Italy (collectively, the "Treaty") and the Convention Between the United States of America and the Italian Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Estates and Inheritances (the "Estate Tax Convention"), each as in effect on the date of this Form 20-F. These laws are subject to change, possibly on a retroactive basis that could affect the tax consequences described below. Neither the Company nor any other entity belonging to the Group will update the following summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded. The Treaty was signed on August 25, 1999, ratified by Italy pursuant to Law 3 March 2009, no. 20, and entered into force on December 16, 2009, replacing the previously applicable tax treaty and protocol between the United States and Italy. The Treaty includes an anti-abuse provision and a provision limiting treaty benefits to individuals, qualified governmental entities, companies that are publicly traded or that satisfy certain share ownership requirements, certain pension plans and other tax-exempt entities, and certain other persons meeting prescribed anti-treaty shopping requirements.



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The Treaty also clarifies the availability of treaty benefits to entities that are treated as fiscally transparent under U.S. or Italian law.

In addition, this section is based in part upon the representations of the depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

This discussion addresses only Italian income taxation, gift and inheritance taxation, capital gains taxation, stamp duty and financial transaction tax and U.S. federal income and estate taxation.

For purposes of the Treaty, the Estate Tax Convention and the Code, U.S. holders of ADSs will be treated as the owners of the underlying ordinary shares represented by such ADSs. Exchanges of ordinary shares for ADSs and ADSs for ordinary shares generally will not be subject to Italian income tax or U.S. federal income tax.

*Italian Tax Law*

*Withholding or Substitute Tax on Dividends.* In general, dividends paid by Italian corporations to non-Italian resident beneficial owners without a permanent establishment in Italy to which ordinary shares or ADSs are effectively connected, are subject to final Italian withholding tax (or substitute tax, in the case of dividends on underlying shares listed on the Milan Stock Exchange) at the rate of 26%, unless reduced by an applicable double taxation treaty or under the Italian domestic legislation. Reduced rates (normally 15%) of withholding tax (or substitute tax) on dividends apply to non-Italian resident beneficial owners of ordinary shares or ADSs who are entitled to and timely comply with procedures for claiming benefits under an applicable income tax treaty entered into by Italy. Italy has concluded income tax treaties with over 60 foreign countries, including all European Union member states, Argentina, Australia, Brazil, Canada, Japan, New Zealand, Norway, Switzerland, the United States and some countries in Africa, the Middle East and East Asia. It should be noted that in general the income tax treaties are not applicable if the beneficial owner is a tax-exempt entity or, with a few exceptions, a partnership or a trust. Under the Treaty, Italian withholding tax (or substitute tax) at a reduced rate of 15% will generally apply to dividends paid by an Italian corporation to a U.S. resident entitled to Treaty benefits who timely complies with the procedures for claiming such benefits, provided the dividends are not effectively connected with a permanent establishment in Italy through which the U.S. resident carries on a business or with a fixed base in Italy through which the U.S. resident performs independent personal services.

The Italian legislation provides for the application of a reduced 1.375% (1.20% starting from January 1, 2017) withholding tax or substitute tax on dividends paid by an Italian corporation out of profits accrued from January 1, 2008 (for entities ending their tax year on December 31) to non-resident beneficiary entities (i) subject to corporate taxation and (ii) resident in an EU Member State or in other states (excluding the United States) which adhere to the "Accordo sullo spazio economico europeo," which are included in an *ad hoc* "white list." At the date hereof, reference is to be made to the "white list" provided by Ministerial decree dated September 4, 1996, which reports the list of countries allowing an adequate exchange of information with the Italian tax authority.

The currently applicable Italian domestic legislation provides for the application of a reduced 11% withholding tax or substitute tax on dividends paid by an Italian corporation to non-Italian resident pension funds established in an EU Member State or in other countries (excluding the United States) which adhere to the "Accordo sullo Spazio Economico Europeo," which are included in the above-mentioned "white list" of countries allowing an adequate exchange of information with the Italian tax authority.

Under Italian law, in general, shares of Italian companies listed on the Milan Stock Exchange have to be registered in the centralized deposit system managed by *Monte Titoli*. Dividends paid on shares held

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in the *Monte Titoli* system (including our shares and our ADSs) to non-Italian beneficial owners without a permanent establishment in Italy to which the shares (or ADSs) are effectively connected are subject to a substitute tax on the same conditions and at the same rate as the withholding tax mentioned above, but which may be reduced under an applicable double-taxation treaty. This substitute tax will be levied by the Italian authorized intermediary that participates in the *Monte Titoli* system and with which the securities are deposited, as well as by non-Italian authorized intermediaries participating in the *Monte Titoli* system (directly or through a non-Italian centralized deposit system participating in the *Monte Titoli* system), through a fiscal representative to be appointed in Italy.

Since the ordinary shares of Luxottica Group S.p.A. are registered in the centralized deposit system managed by *Monte Titoli*, the substitute tax regime will apply to dividends paid by Luxottica Group S.p.A., instead of the withholding tax regime.

For a non-Italian resident beneficial owner of the ordinary shares or ADSs to obtain a reduced rate of substitute tax on dividends pursuant to an applicable income tax treaty entered into by Italy, including the Treaty, the following procedure must be followed. The intermediary with whom the shares are deposited must timely receive:

a declaration by the beneficial owner of ordinary shares or ADSs that contains all the data identifying this person as the beneficial owner and indicates the existence of all the conditions necessary for the application of the relevant income tax treaty, as well as the elements that are necessary to determine the applicable treaty substitute tax rate; and

a certification by the tax authorities of the beneficial owner's country of residence that the beneficial owner of the ordinary shares or ADSs is a resident of that country for the purposes of the applicable income tax treaty. The time for processing requests for certification by the applicable authorities will vary. The time normally required by the U.S. Internal Revenue Service (the "IRS") is six to eight weeks.

The above declaration and certification should be made in line with forms approved by the Italian Revenue Agency with provision dated July 10, 2013. The intermediary must keep the foregoing documentation for the entire period in which the Italian tax authorities are entitled to issue an assessment with respect to the tax year in which the dividends are paid and, if an assessment is issued, until the assessment is settled. If the intermediary with which the shares are deposited is not resident in Italy, the aforesaid duties and obligations must be carried out by (i) a bank or an investment services company that is a resident in Italy or (ii) a permanent establishment in Italy of a non-resident bank or investment services company, appointed by the foreign intermediary as its fiscal representative in Italy.

A non-Italian resident beneficial owner of ordinary shares or ADSs can obtain application of substitute tax on dividends of Italian source at a reduced rate of 1.375% (1.20% starting from January 1, 2017) or 11%, as applicable, from the intermediary with which the shares are deposited by promptly submitting *ad hoc* request, together with proper documentation attesting to the residence and status of the beneficial owner (including a certificate of tax residence from the competent foreign tax authorities).

As an alternative to the application of the more favorable treaty rate of substitute tax on dividends or where an income tax treaty does not apply, and except for entities that benefit from the above-mentioned 1.375% (1.20% starting from January 1, 2017) or 11% substitute tax, under domestic Italian law non-resident stockholders can claim a refund of an amount up to 11/26ths of the 26% substitute tax on dividend income from Italian tax authorities provided that (i) they implement an *ad hoc* refund procedure in accordance with the terms and conditions established by law, and (ii) they provide evidence that this dividend income was subject to income tax in their country of residence in an amount at least equal to the total refund claimed. Beneficial owners of ordinary shares or ADSs should contact their tax advisors concerning the possible availability of these refunds, the payment of which is normally subject to extensive delays.

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Distributions of newly issued ordinary shares to beneficial owners with respect to their shares or ADSs that are made as part of a *pro rata* distribution to all stockholders based on a gratuitous increase of the share capital through transfer of reserves or other provisions to share capital generally will not be subject to Italian tax. However, distributions of dividends in kind may be subject to withholding tax.

*Tax on Capital Gains.* Upon disposal of ordinary shares or ADSs of an Italian resident corporation, capital gains realized by non-Italian resident individuals and foreign corporations without a permanent establishment in Italy to which the ordinary shares or ADSs are effectively connected may be subject to taxation in Italy. However, the tax regime depends on whether the interest (ordinary shares, ADSs and/or rights) disposed of is "qualified" or "non-qualified." The disposal of a "qualified" shareholding in a corporation the stock of which is listed on a regulated market (such as Luxottica Group S.p.A.) is defined to occur when a stockholder (i) owns shares, ADSs and/or rights through which shares may be acquired representing in the aggregate more than 5% of the share capital or 2% of the shares with voting rights at an ordinary stockholders' meeting of the corporation and (ii) in any twelve-month period following the date the ownership test under (i) is met, such stockholder engages in the disposal of shares, ADSs and/or of rights through which shares may be acquired that individually or in the aggregate exceed the percentages indicated under (i) above. Capital gains realized by non-Italian resident stockholders upon disposal of a "non-qualified" shareholding, are in principle subject in Italy to a capital gain tax ("CGT") at 26%. However, an exemption from CGT is provided for gains realized by non-Italian resident stockholders without a permanent establishment in Italy to which the ordinary shares or ADSs are effectively connected on the disposal of "non-qualified" shareholdings in Italian resident corporations the stock of which is listed on a regulated market (such as Luxottica Group S.p.A.) even when such shareholdings are held in Italy. Non-Italian residents who dispose of shares or ADSs may be required to timely provide a self-declaration that they are not resident in Italy for tax purposes, in order to benefit from this exemption, in the case that the "risparmio amministrato" (non-discretionary investment portfolio) or "risparmio gestito" (discretionary investment portfolio) regime, respectively, provided for by articles 6 and 7 of Italian legislative decree November 21, 1997, no. 461 applies to them. Upon disposal of a "qualified" shareholding, non-Italian resident stockholders are in principle subject to Italian ordinary taxation on 49.72% of the capital gain realized (pursuant to law 28 December 2015, No. 208, such percentage is proposed to be redetermined by Ministerial Decree in connection with the provided reduction of Italian Corporate Income Tax that is proposed to be effective starting from January 1, 2017).

The above is subject to any provisions of an applicable income tax treaty entered into by the Republic of Italy, if the income tax treaty provisions are more favorable. The majority of double tax treaties entered into by Italy, in accordance with the OECD Model tax convention, provide that capital gains realized from the disposition of Italian securities are subject to taxation only in the country of residence of the seller. Therefore, the capital gains realized by a non-Italian resident entitled to the benefits of a treaty entered into by Italy in accordance with the OECD Model in respect of taxation of capital gains from the disposition of Italian securities will not be subject to Italian taxation, regardless of whether the shareholding disposed of is qualified or non-qualified. Non-Italian residents who dispose of shares or ADSs may be required to timely provide appropriate documentation establishing that the conditions of non-taxability of capital gains realized pursuant to the applicable income tax treaties have been satisfied (including a certificate of tax residence issued by the competent foreign tax authorities), in the case that the "risparmio amministrato" (non-discretionary investment portfolio) or "risparmio gestito" (discretionary investment portfolio) regime, respectively, provided for by articles 6 and 7 of Italian legislative decree November 21, 1997, no. 461 applies to them.

Under the Treaty, a person who is considered a U.S. resident for purposes of the Treaty and is fully entitled to benefits under the Treaty will not incur Italian capital gains tax on disposal of ordinary shares or ADSs, unless the ordinary shares or ADSs form part of a business property of a permanent establishment of the holder in Italy or pertain to a fixed base available to a holder in Italy for the purpose of performing independent personal services. In order to benefit from this exemption, U.S. residents who

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sell ordinary shares or ADSs may be required to timely produce appropriate documentation establishing that the above-mentioned conditions for non-taxability of capital gains under the Treaty have been satisfied (including a certificate of tax residence issued by the competent U.S. tax authorities).

*Inheritance and Gift Tax.* Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of ordinary shares and/or ADSs of an Italian resident corporation by reason of death or donation, regardless of the residence of the deceased or donor and regardless of whether the ordinary shares or ADSs are held outside Italy.

In particular, subject to certain exceptions, transfers of assets and rights (including ordinary shares and/or ADSs) on death or by gift are generally subject to Italian inheritance and gift tax:

- (i) at a rate of 4% in the case of transfers made to the spouse or relatives in direct line, on the portion of the global net value of the transferred assets (including ordinary shares and ADSs), if any, exceeding, for each beneficiary, Euro 1,000,000;
- (ii) at a rate of 6%, in the case of transfers made to relatives within the fourth degree or relatives-in-law within the third degree (in the case of transfers to brothers or sisters, the 6% rate is applicable only on the portion of the global net value of the transferred assets (including ordinary shares and ADSs), if any, exceeding, for each beneficiary, Euro 100,000); and
- (iii) subject to certain exceptions, at a rate of 8%, in any other case.

Inheritance taxes paid in a jurisdiction outside of Italy relating to the same estate on assets (including ordinary shares and ADSs) existing in that jurisdiction are deductible, in whole or in part, from the Italian inheritance tax due with respect to the estate.

The above-described regime may be superseded by the provisions of the double taxation treaties in respect of taxes on estates and inheritances entered into by Italy, if more favorable and where applicable.

Subject to certain limitations, the Estate Tax Convention between the United States and Italy generally affords a credit for inheritance tax imposed by Italy on ordinary shares or ADSs of an Italian resident corporation that is applicable to any U.S. federal estate tax imposed on the same ordinary shares or ADSs. This credit is available only to the estate of a deceased person who, at the time of death, was a national of or domiciled in the United States. There is currently no gift tax convention between Italy and the United States.

*Stamp duty.* Pursuant to Article 19(1) of Decree No. 201 of December 6, 2011, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by an Italian financial intermediary to a holder of securities deposited with such financial intermediary. The stamp duty applies at a rate of 0.2 per cent and for taxpayers other than individuals cannot exceed Euro 14,000 per year. In the absence of specific guidelines, the stamp duty may apply both to Italian resident and non-Italian resident security holders, to the extent that securities are held with an Italian-based financial intermediary.

*Financial transaction tax.* Law No. 228 of December 24, 2012 introduced a "financial transaction tax" (*imposta sulle transazioni finanziarie*), inspired by the proposed European transaction tax (as included in the draft of European Directive no. 2011/0261). Subject to certain exceptions, the Italian financial transaction tax shall generally apply to, among other things, (a) transfers of the ownership of shares issued by companies resident in Italy and (b) transfers of the ownership of financial instruments representing shares indicated under (a) above. In relation to such transfers, financial transaction tax shall be applicable at the rate of 0.2 per cent. For transactions occurring in regulated markets or multilateral trading facilities established in EU Member States or in qualified States (excluding the United States) adhering to the "Accordo sullo spazio economico europeo," the ordinary rate is reduced to

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0.1 per cent. High-frequency trading transactions occurred in the Italian financial market relating, among others, to the same types of securities mentioned above are subject to high-frequency trading tax at a rate of 0.02%.

*United States Federal Taxation*

For purposes of this section, a U.S. holder is an individual or entity which is a beneficial owner of shares or ADSs and is:

a citizen or resident of the United States;

a corporation or other entity taxable as a corporation organized under the laws of the United States or any state thereof;

an estate whose income is subject to U.S. federal income tax regardless of its source; or

a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

If a partnership, or an entity treated for U.S. tax purposes as a partnership, holds ordinary shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Persons who are partners in partnerships holding ordinary shares or ADSs should consult their tax advisors.

*Taxation of Dividends.* Under U.S. federal income tax laws, a U.S. holder must include as gross income the gross amount of any dividend paid by Luxottica Group S.p.A. out of its current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. Such holder must also include any Italian tax withheld from the dividend payment in this gross amount even though the holder does not in fact receive such amounts withheld. The dividend is ordinary income that must be included in income when the U.S. holder, in the case of ordinary shares, or the depositary, in the case of ADSs, receives the dividend, actually or constructively. The dividend will not be eligible for the dividends received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. The amount of the dividend distribution that must be included in income for a U.S. holder will be the U.S. dollar value of the Euro payments made, determined at the spot Euro/U.S. dollar rate on the date the dividend distribution is includible in income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the U.S. holder includes the dividend payment in income to the date he converts the payment into U.S. dollars will be treated as ordinary income or loss. The gain or loss generally will be income from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a return of capital to the extent of the U.S. holder's basis in the shares or ADSs and thereafter as capital gain.

Subject to certain generally applicable limitations, the Italian withholding or substitute tax imposed on dividends in accordance with the Treaty and paid over to Italy will be creditable against a U.S. holder's U.S. federal income tax liability. To the extent a refund of the tax withheld is available to the U.S. holder under Italian law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against such holder's U.S. federal income tax liability. See " Italian Tax Law Withholding or Substitute Tax on Dividends" for the procedures for obtaining a tax refund.

Dividends paid by foreign corporations generally constitute income from sources outside the United States, but generally will be "passive income" which is treated separately from other types of income for purposes of computing the foreign tax credit allowable. The rules governing the foreign tax credit are complex. U.S. holders should consult their tax advisors regarding the availability of a foreign tax credit for Italian withholding taxes imposed on dividends paid on ordinary shares or ADSs.



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Certain dividends received by non-corporate U.S. holders in taxable years beginning before January 1, 2013 in respect of ordinary shares or ADSs will be taxed at the rate applicable to long-term capital gains (generally at a maximum income tax rate of 15%) if the dividends are "qualified dividends." For taxable years beginning on or after January 1, 2013, the maximum tax rate for qualified dividends is 20% for a non-corporate U.S. holder with taxable income exceeding \$400,000 (\$450,000 for married individuals filing a joint return). This reduced income tax rate is only applicable to dividends paid by U.S. corporations and "qualified foreign corporations" and only with respect to shares held by a qualified U.S. holder (that is, a non-corporate stockholder such as an individual) for a minimum holding period (generally, more than 60 days during the 121-day period beginning 60 days before the ex-dividend date). We believe that we are a "qualified foreign corporation" and that dividends paid by us to individual U.S. holders of ordinary shares or ADSs held for the minimum holding period should thus be eligible for the reduced income tax rate. See "Passive Foreign Investment Company Considerations" for a discussion of certain restrictions on "qualified foreign corporation" status. *Non-corporate U.S. holders are urged to consult their own tax advisors to determine whether they are subject to any special rules that limit their ability to be taxed at this favorable rate.*

*Taxation of Capital Gains.* If a U.S. holder sells or otherwise disposes of ordinary shares or ADSs and such shares constitute a capital asset in the hands of the U.S. holder, such holder will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount realized and the tax basis, determined in U.S. dollars, in the ordinary shares or ADSs. The deductibility of capital losses is subject to limitations. Capital gain of a non-corporate U.S. holder, recognized in taxable years which begin before January 1, 2013, is generally taxed at a maximum rate of 15% for property held more than one year. For taxable years beginning on or after January 1, 2013, the maximum tax rate for long-term capital gains is 20% for a non-corporate U.S. holder with taxable income exceeding \$400,000 (\$450,000 for married individuals filing a joint return). Additionally, gain or loss will generally be from sources within the United States for foreign tax credit limitation purposes.

*Medicare Tax on Unearned Income.* Legislation enacted in 2010 requires certain U.S. holders that are individuals, estates or trusts to pay a 3.8% Medicare contribution tax on, among other things, dividends on, and capital gains from the sale or other taxable disposition of, ordinary shares or ADSs for taxable years beginning after December 31, 2012.

*Passive Foreign Investment Company Considerations.* A corporation organized outside the U.S. generally will be classified as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes in any taxable year in which either (a) at least 75% of its gross income is "passive income," or (b) the average percentage of the gross value of its assets that produce "passive income" or are held for the production of passive income is at least 50%. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Under a special "look-through" rule, in determining whether it is a PFIC, a foreign corporation is required to take into account a *pro rata* portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest. Based on our audited financial statements, we strongly believe that we are not a PFIC for U.S. federal income tax purposes for 2015. Based on our audited financial statements and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not expect to become a PFIC for U.S. federal income tax purposes for future years. Nonetheless, given that our PFIC status will be determined by reference to the assets and income tests applied annually, with the assets test being applied by reference to the average of the fair market value of our assets at the end of each quarter, and the income test being applied by reference to our income at the end of the taxable year, we cannot provide complete assurance that we will not be a PFIC for either the current taxable year or for any subsequent taxable year. If we are classified as a PFIC in any year that a U.S. holder is a stockholder, we generally will continue to be treated as a PFIC for that U.S. holder in all succeeding years, regardless of whether we continue to meet the income or asset test described above.

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If we are classified as a PFIC in any year, certain materially adverse consequences could result for U.S. holders of ordinary shares or ADSs. Such adverse consequences could, however, be materially lessened if the U.S. holders timely file either a qualified electing fund or a mark-to-market election. In addition, if we were classified as a PFIC, in a taxable year in which we pay a dividend or the prior taxable year, we would not be a qualified foreign corporation (as described in "Taxation of Dividends"), and our dividends would not be eligible for the reduced U.S. income tax rate applicable to qualified dividends.

*Although, as stated above, we strongly believe that we are not, and we do not expect to become, a PFIC, we suggest that all existing and potential U.S. holders consult their own tax advisors regarding the potential tax impact if we were determined to be a PFIC.*

**Backup Withholding and Information Reporting.** In general, dividend payments or other taxable distributions made within the United States to a U.S. holder will be subject to information reporting requirements and backup withholding tax at the rate of 28% if such U.S. holder is a non-corporate U.S. person and such holder:

fails to provide an accurate taxpayer identification number;

is notified by the IRS that he has failed to report all interest or dividends required to be shown on his federal income tax returns and the payor of the interest or dividends is notified by the IRS of the underreporting; or

in certain circumstances, fails to comply with applicable certification requirements.

A U.S. holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed his, her or its income tax liability by filing a timely refund claim with the IRS.

Persons who are not U.S. persons may be required to establish their exemption from information reporting and backup withholding by certifying their status on Internal Revenue Service Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY.

The payment of proceeds from the sale of ordinary shares or ADSs to or through a U.S. office of a broker is also subject to these U.S. backup withholding and information reporting rules unless the seller certifies, under penalties of perjury, that such seller is a non-U.S. person (or otherwise establishes an exemption). Special rules apply where ordinary shares or ADSs are sold through a non-U.S. office of a non-U.S. broker and the sale proceeds are paid outside the United States. Under legislation enacted in 2010, for taxable years beginning after March 18, 2010, certain U.S. holders who are individuals holding ordinary shares or ADSs other than in an account at a U.S. financial institution may be subject to additional information reporting requirements.

**Estate Tax Convention.** Under the Estate Tax Convention between the United States and Italy, the ordinary shares or ADSs will be deemed situated in Italy. Subject to certain limitations, the Estate Tax Convention affords a credit for estate or inheritance tax imposed by Italy on ordinary shares or ADSs that is applicable against U.S. federal estate tax imposed on ordinary shares or ADSs. This credit is available only to the estate of a deceased person who, at the time of death, was a national of or domiciled in the United States.

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**DOCUMENTS ON DISPLAY**

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), applicable to foreign private issuers, and in accordance therewith we file reports and other information with the SEC. Reports and other information filed by us may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for more information on the Public Reference Room. In addition, such material may also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The public may also view our annual reports and other documents filed with the SEC on the internet at *www.sec.gov*.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

**INTEREST RATE SENSITIVITY**

At December 31, 2015, we did not have any instruments subject to interest rate sensitivity.

**FOREIGN EXCHANGE SENSITIVITY**

Our manufacturing subsidiaries are mainly located in Italy and our sales and distribution facilities are maintained worldwide. We also have a manufacturing facility in the United States that distributes Oakley products worldwide. As such, we are vulnerable to foreign currency exchange rate fluctuations in two principal areas:

1. We incur most of our manufacturing costs in Euro or Chinese Yuan and we receive a significant portion of our revenues in other currencies (which we refer to as Economic Risk); and
2. Differences between the functional currency of certain subsidiaries and the Euro as the reporting currency (which we refer to as Translation Risk).

*Economic Risk.* A strengthening of the Euro relative to other currencies in which we receive revenues could negatively impact the demand for our products manufactured in Italy and/or reduce our gross margins. However, our Oakley manufacturing facility in the United States offsets the reduced margins of our Italy-manufactured products, the costs of which are in Euro, as we expand Oakley's sales in Euro-denominated countries. We expect that the weakening of the Euro will have the reverse effect. In addition, to the extent that our receivables and payables are denominated in different currencies, exchange rate fluctuations could further impact our reported results of operations. However, our production cycles are relatively short and our receivables and payables are generally short-term in nature. As a result, we do not believe that we currently have significant exposure in this area. We will, if we believe it is necessary, enter into foreign exchange contracts to hedge certain of these transactions, which could include sales, receivables and/or payables balances.

IAS 39 requires that all derivatives, whether designated as a hedging relationship or not, be recorded on the balance sheet at fair value regardless of the purpose or intent for holding them. If a derivative is designated as a fair-value hedge, changes in the fair value of the derivative and the related change in the hedge item are recognized in operations. If a derivative is designated as a cash-flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income in the consolidated statement of changes in equity and are recognized in the consolidated statements of income when the hedged item affects operations. For a derivative that does not qualify as a hedge, changes in fair value are recognized in operations.

From time to time, we use derivative financial instruments, principally currency forward agreements, as part of our risk management policy to reduce our exposure to market risks from changes in foreign exchange rates. As of December 31, 2015, we had several currency forward derivatives and option structures replicating forward contracts (zero cost collar) with a maturity no longer than 180 days. We

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may enter into other foreign exchange derivative financial instruments when we assess that the risk can be hedged effectively.

*Translation Risk.* A substantial portion of revenues and costs are denominated in various currencies other than Euro. The following table provides information about our revenues and costs denominated in various currencies for the years ended December 31, 2015 and 2014, and is not meant to be a tabular disclosure of market risk:

<b>2015</b>	<b>U.S. Dollars</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
Revenues	55.1%	16.6%	28.3%	100.0%
Costs and operating expenses	51.5%	21.7%	26.8%	100.0%

<b>2014</b>	<b>U.S. Dollars</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
Revenues	55.3%	19.5%	25.2%	100.0%
Costs and operating expenses	52.9%	23.4%	23.7%	100.0%

Because a large portion of our revenues and expenses are denominated in U.S. dollars, translation risk resulting from fluctuations in the exchange rate between the U.S. dollar and the Euro, our reporting currency, could have a material effect on our reported financial position and results of operations. The effect of a 10% weakening of the U.S. dollar against the Euro as compared to the actual 2015 and 2014 average exchange rate between the U.S. dollar and Euro would have been a decrease in income before taxes of Euro 99.4 million and Euro 76.9 million, respectively. In addition, a significant change in the mix of revenues or expenses between or among geographic or operating segments could increase or decrease our exposure to other currency exchange rate fluctuations. We will continue to monitor our exposure to exchange rate fluctuations and enter into hedging arrangements if and to the extent we believe it to be appropriate.

## **ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Persons depositing shares in our deposit facility with Deutsche Bank Trust Company Americas are charged a fee for each issuance of ADSs, including issuances resulting from distributions of shares, share dividends, share splits, bonus and rights distributions and other property, and for each surrender of ADSs in exchange for deposited shares. Persons depositing shares also may be charged for the following expenses:

- Expenses incurred by the depositary, the custodian or their respective agents in connection with inspections of the relevant share register maintained by the local registrar and/or performing due diligence on the central securities depository for Italy: an annual fee of U.S. \$1.00 per 100 ADSs (such fee to be assessed against holders of record as at the date or dates set by the depositary as it sees fit and collected at the discretion of the depositary, subject to the Company's prior consent, by billing such holders for such fee or by deducting such fee from one or more cash dividends or other cash distributions);
- Taxes and other governmental charges incurred by the depositary or the custodian on any ADS or ordinary shares underlying an ADS, including any applicable interest and penalties thereon, and any share transfer or other taxes and other governmental charges;
- Cable, telex, electronic transmission and delivery expenses;
- Transfer or registration fees for deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities including those of a central depository for securities (where applicable);

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5. Expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars;6. Fees and expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to the shares, deposited securities and ADSs;

7. U.S. \$5.00 or less per 100 ADSs (or portion thereof) to the Depositary for the execution and delivery of ADRs (including in connection with the deposit of Luxottica ordinary shares or the exercising of rights) and the surrender of ADRs as well as for the distribution of other securities;

8. A maximum aggregate service fee of U.S. \$2.00 per 100 ADSs (or portion thereof) per calendar year to the Depositary for the services performed by the Depositary in administering the ADR program, including for processing any cash dividends and other cash distributions; and

9. Any other fees, charges, costs or expenses that may be incurred by the depositary from time to time.

If any tax or other governmental charge is payable by the holders and/or beneficial owners of ADSs to the depositary, the depositary, the custodian or the Company may withhold or deduct from any distributions made in respect of deposited securities and may sell for the account of the holder and/or beneficial owner any or all of the deposited securities and apply such distributions and sale proceeds in payment of such taxes (including applicable interest and penalties) or charges, with the holder and the beneficial owner thereof remaining fully liable for any deficiency.

These charges are described more fully in Section 5.9 of the Deposit Agreement incorporated by reference as Exhibit 2.1 to this Form 20-F.

Since January 1, 2015, we received the following direct and indirect payments from Deutsche Bank Trust Company Americas in the aggregate amount of U.S. \$252,650.74 for expenses relating to the ADR program, including NYSE listing fees in relation to the listing of the ADRs and expenses related to road shows.

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PART II

**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

None.

**ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

None.

**ITEM 15. CONTROLS AND PROCEDURES**

**DISCLOSURE CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports that we furnish or file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officers and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our principal executive officers and our principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2015. Based upon that evaluation, our principal executive officers and our principal financial officer have concluded that, as of December 31, 2015, our disclosure controls and procedures are effective.

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

As required by the SEC rules and regulations for the implementation of Section 404 of the Sarbanes-Oxley Act, our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive officers and principal financial officer, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on our evaluation under the framework in *Internal Control Integrated Framework*, our management has concluded that our internal control over financial reporting was effective as of December 31, 2015.

The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by our independent registered public accounting firm, PricewaterhouseCoopers S.p.A., as stated in their report, which appears in Item 18 of this Form 20-F.

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**CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

During the period covered by this Form 20-F, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 16. [RESERVED]**

**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our Board of Directors has determined that a member of our Board of Statutory Auditors, Alberto Giussani, qualifies as an "audit committee financial expert," as defined in the SEC rules, and is "independent," as defined in such rules. The Board of Statutory Auditors has been designated by our Board of Directors as the appropriate body to act as our "Audit Committee," as defined in the Sarbanes-Oxley Act, SEC regulations and the NYSE listing standards. See Item 16G "Corporate Governance Summary of the Significant Differences Between Our Corporate Governance Practices and the Corporate Governance Standards of the New York Stock Exchange Board Committees."

**ITEM 16B. CODE OF ETHICS**

The Board of Directors adopted a Code of Ethics, as may be amended from time to time, that applies to our executive chairman, chief executive officer, chief financial officer and all of our directors, members of management bodies, any other employees, and that is addressed to those who directly or indirectly permanently or temporarily have relationships and dealings with the Company. We will provide a copy of our Code of Ethics without charge upon a written request sent to our registered office at Piazzale L. Cadorna 3, 20123 Milan, Italy. You may also obtain a copy of our Code of Ethics on our website at *www.luxottica.com*.

In accordance with Italian law, we adopted a Procedure for Handling Privileged Information in order to ensure that material non-public information is promptly and adequately disclosed to the public and in compliance with the fundamental principles of transparency and truthfulness. We also adopted an Internal Dealing Procedure in order to comply with certain regulatory amendments. The procedure governs the disclosure obligations and the limitations concerning transactions carried out on the Company's shares and other financial instruments by a "significant" person (including directors, the main stockholders of the company and the persons closely related to them).

**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

PricewaterhouseCoopers S.p.A. ("PricewaterhouseCoopers") was engaged as our independent registered public accounting firm to audit our Consolidated Financial Statements for the years ended December 31, 2015 and 2014. Due to the nature of our operations, some PricewaterhouseCoopers entities and affiliates perform other audit-related, tax and other services for the Group around the world. The Board of Statutory Auditors is responsible for the approval of all audit services for the annual audit of Luxottica Group S.p.A.'s own financial statements and for the audit of the Consolidated Financial Statements of Luxottica Group S.p.A. and its subsidiaries, and to pre-approve all audit-related and

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non-audit services permissible for all entities in the Group. The following table sets forth the aggregate fees for professional services rendered by PricewaterhouseCoopers in 2015 and 2014:

<b>(Amounts in thousands of Euro)</b>	<b>2015 Fees</b>	<b>2014 Fees</b>
Audit fees (including annual financial statement audit, semi-annual reviews and Sarbanes-Oxley audit)	8,594	7,258
Audit-related fees (including benefit plan audits and acquisition due diligence)	86	295
Tax fees (including compliance and planning)	888	672
All other fees	70	
<b>Total fees</b>	<b>9,637</b>	<b>8,225</b>

Our Board of Statutory Auditors has approved all of the audit and non-audit fees of PricewaterhouseCoopers for the year 2015 in accordance with the pre-approval policy set forth above.

**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

We rely on the exemption from the listing standards for audit committees set forth in Exchange Act Rule 10A-3(c)(3). We believe that such reliance will not materially adversely affect the ability of our Board of Statutory Auditors to act independently and to satisfy the other requirements of the SEC rules.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

At the Stockholder's Meeting held on April 24, 2015, the Company was authorized to purchase, in one or more tranches, up to a maximum of 10 million ordinary shares during the period ending on the date of the next general meeting of stockholders convened to approve the statutory financial statements, provided that such authorization will not extend beyond a maximum of 18 months from the date the resolution was adopted. Pursuant to such authorization, on June 25, 2015, the Company signed an agreement to enhance the market liquidity of Luxottica Group shares in compliance with CONSOB's market practices permitted under resolution no. 16839 adopted on March 19, 2009 regarding activity to support market liquidity (the "Liquidity Agreement"). From January 1, 2015 to December 31, 2015, pursuant to the Liquidity Agreement, the Company made the following purchases of our ordinary shares



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along with purchases of our affiliate, Delfin S.à r.l., an entity established and controlled by Mr. Leonardo Del Vecchio:

<b>Purchases of our Ordinary Shares by Month</b>	<b>Total Number of Ordinary Shares Purchased</b>	<b>Average Price Paid per Ordinary Share (in Euro)</b>	<b>Total Number of Ordinary Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum number (or approximate value) of Ordinary Shares that may be purchased under Plans or Programs</b>
May 2015	380,000	57.47		
June 2015	344,628	61.56	62,628	9,937,372
July 2015	154,007	60.92	154,007	9,783,365
August 2015	918,865	60.29	266,865	9,516,500
September 2015	180,203	59.51	180,203	9,336,297
October 2015	204,261	61.92	204,261	9,132,036
November 2015	256,147	62.34	256,147	8,875,889
December 2015	312,342	60.62	312,342	8,563,547
<b>Total year ended December 31, 2015</b>	<b>2,750,453</b>	<b>60.39</b>	<b>1,436,453</b>	<b>8,563,547</b>

A total of 1,314,000 ordinary shares were purchased by our affiliate, Delfin S.à r.l., an entity established and controlled by Mr. Leonardo Del Vecchio, at an average price of Euro 59.38 per share. These transactions were made through off-market purchases and purchases on the MTA.

For additional information, see Item 7 "Major Shareholders and Related Party Transactions."

**ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

Not applicable.

**ITEM 16G. CORPORATE GOVERNANCE****SUMMARY OF THE SIGNIFICANT DIFFERENCES BETWEEN OUR CORPORATE GOVERNANCE PRACTICES AND THE CORPORATE GOVERNANCE STANDARDS OF THE NEW YORK STOCK EXCHANGE***Overview*

On November 4, 2003, the New York Stock Exchange (the "NYSE") established new corporate governance rules for listed companies. Under these NYSE rules, we are permitted, as a listed foreign private issuer, to adhere to the corporate governance standards of our home country in lieu of certain NYSE corporate governance rules, so long as we disclose the significant ways in which our corporate governance practices differ from those followed by U.S. companies under the NYSE listing standards.

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Our corporate governance practices are governed principally by the rules and regulations of CONSOB and by the Code of Corporate Governance that was issued by Borsa Italiana in March 2006 (the "Code of Corporate Governance" and, collectively with the abovementioned rules and regulations, the "Italian Corporate Governance Policies").

The Italian Code of Corporate Governance is a code of conduct that companies listed on the market regulated by Borsa Italiana can apply on a "comply-or-explain" basis.

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The Code was updated in December 2011, in 2014 and again in 2015. Information about the implementation of the Code of Corporate Governance is included in our Corporate Governance Report, which was made publicly available on April 6, 2016.

The following is a brief summary of the significant differences between our corporate governance practices in accordance with the Italian Corporate Governance Policies and those followed by U.S. companies under the NYSE listing standards.

*Composition of Board of Directors; Independence*

The NYSE listing standards provide that the board of directors of a U.S. listed company must consist of a majority of independent directors and that certain committees must consist solely of independent directors. A director qualifies as independent only if the board affirmatively determines that the director has no material relationship with the company, either directly or indirectly. The listing standards enumerate a number of relationships that preclude independence. In addition, non-management directors of a U.S. listed company are required to meet at regularly scheduled executive sessions without management.

The Code of Corporate Governance recommends that an "adequate number" of non-executive and independent directors serve on the board of directors of an Italian company, but does not require the board of directors to consist of a majority of independent directors. Italian law requires that at least one director or, in the event the board of directors is composed of more than seven members, at least two directors must fulfill the requirements to be independent. In addition, the Code of Corporate Governance recommends that, for companies included in the FTSE MIB Index (such as Luxottica), at least  $\frac{1}{3}$  of the Board of Directors shall be composed of independent directors.

The standards for determining director independence under the Code of Corporate Governance are substantially similar to the NYSE listing standards for U.S. listed companies. The Code of Corporate Governance recommends that our independent directors meet at executive sessions without management once per year or else we have to disclose the reason they did not meet in our Annual Report on Corporate Governance.

Pursuant to the Code of Corporate Governance, our Board of Directors has evaluated that nine directors are independent: Messrs. Feola, Salzburger, Santel, Veronesi and Zappia and Ms. Brogi, Magistretti, Pierdicchi and Scocchia. This number of independent directors complies with the abovementioned provisions of law as well as with the "adequate number" of non-management directors recommended. During 2015, our lead independent director, Marina Brogi, convened one meeting of independent directors.

*Board Committees*

The NYSE listing standards require a U.S. listed company to have an audit committee, a nominating/corporate governance committee and a compensation committee. Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified in the listing standards. The NYSE listing standards contain detailed requirements for the audit committees of U.S. listed companies. Some, but not all, of these requirements also apply to non-U.S. listed companies such as us. Italian law, on the other hand, requires neither the establishment of board committees nor the adoption of written committee charters.

Italian law requires companies to appoint a Board of Statutory Auditors. The Board of Directors has designated the Board of Statutory Auditors as the appropriate body to act as the "Audit Committee," as defined in the Sarbanes-Oxley Act, SEC regulations and the NYSE listing standards. It operates in accordance with Italian law, the Company's By-laws and the "Regulations Governing the Duties of the Board of Statutory Auditors in accordance with U.S. Audit Committee Requirements." The Board of

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Statutory Auditors has acted as the Audit Committee since the annual meeting of stockholders on June 14, 2006. Additional information regarding our Board of Statutory Auditors is set forth below.

With respect to the nomination of directors and auditors, Italian law requires lists of nominees to be filed with the registered office of the Company, at least 25 days before its ordinary meeting of stockholders. The Company shall make the lists available to the public at least 21 days before the general meeting. The Code of Corporate Governance also recommends the constitution of a committee to recommend candidates for appointment to the position of director made up by (or a majority of) independent directors. The committee, among other duties, shall express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the board and submit to the Board of Directors candidates for directors to be appointed to fill any independent director vacancies on the Board of Directors. The Board of Directors of Luxottica Group has elected not to appoint such a committee.

The Code of Corporate Governance requires that, unless the reason for non-compliance is disclosed, Italian listed companies shall appoint a Compensation Committee and that its members shall all be independent directors. As an alternative, the committee shall be composed of non-executive directors, the majority of whom are independent. In such a case, the chairman of the committee shall be an independent director. Our Human Resources Committee performs the functions of a compensation committee, including the review of our officers' compensation and our remuneration plans. On April 24, 2015, the Board of Directors of the Company appointed Andrea Zappia, Chairman, Marina Brogi and Mario Notari, all non-executive directors, as members of the Human Resources Committee. Andrea Zappia and Marina Brogi are also independent directors. The Human Resources Committee reports to the Board of Directors at least twice a year.

For more information on the resolution adopted by the Company to comply with the provisions of the Corporate Governance Policies, please see our Annual Report on Corporate Governance available on the Company website at [www.luxottica.com](http://www.luxottica.com).

*Control and Risk Committee*

The Code of Corporate Governance also requires the establishment of a Control and Risk Committee. Our Control and Risk Committee consists of three independent directors. The committee has investigative, advisory and proposal-making functions concentrating on, among other matters, the internal control system, the proper use of accounting principles in conjunction with our administration managers and auditors and the process for the identification and management of corporate risks. The committee reports to the Board of Directors at least twice a year. The members of the Control and Risk Committee, appointed by the Board of Directors on April 24, 2015, are Elisabetta Magistretti, Chairperson, Luciano Santel and Cristina Scocchia, each an independent director.

*Board of Statutory Auditors*

Our Board of Statutory Auditors consists of three regular members and two alternate members. The Board of Statutory Auditors is appointed by our stockholders and serves for a period of three years. Italian law establishes the qualifications of candidates that may be appointed as members of the Board of Statutory Auditors. The office of Member of the Board of Statutory Auditors in a listed company pursuant to Italian law may not be assumed by any individual who holds the same position in five other listed companies. Our By-laws are required to ensure that at least one member of the Board of Statutory Auditors and one Alternate Auditor may be elected by our minority stockholders. Our By-laws comply with this requirement by providing that at least one regular member, who shall serve as Chairman of the Board of Statutory Auditors, and one alternate member may be elected by our minority stockholders in accordance with Italian law.

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The Board of Statutory Auditors oversees our compliance with our By-laws and applicable laws and the adequacy of our internal control system and accounting and administrative system. See Item 6 "Directors, Senior Management and Employees" for further details. The Board of Statutory Auditors is required to attend all meetings of our stockholders and the meetings of our Board of Directors. The Board of Statutory Auditors is also required to notify CONSOB if we fail to comply with our By-laws or any applicable laws.

*Code of Business Conduct and Ethics*

The NYSE listing standards require each U.S. listed company to adopt, and post on its website, a code of business conduct and ethics for its directors, officers and employees. Under SEC rules, all companies required to submit periodic reports to the SEC, including us, must disclose in their annual reports whether they have adopted a code of ethics for their chief executive officer and senior financial officers. In addition, they must file a copy of the code with the SEC, post the text of the code on their website or undertake to provide a copy upon request to any person without charge. There is significant, though not complete, overlap between the code of business conduct and ethics required by the NYSE listing standards and the code of ethics for the chief financial officer and senior financial officers required by the SEC's rules.

In accordance with SEC rules, we have adopted a Code of Ethics, which contains provisions in compliance with SEC requirements. Our Code of Ethics is available on our website at [www.luxottica.com](http://www.luxottica.com).

*Stockholder Approval of Equity Compensation Plans*

The NYSE listing standards require U.S. listed companies to seek stockholder approval for certain equity compensation plans. Italian law requires Italian listed companies to submit any incentive plans based on securities and reserved to directors of the company or its subsidiaries or to employees and capital increases of shares reserved for issuance under their equity compensation plans to stockholders for their approval at the meeting of stockholders. In accordance with Italian law, our stockholders approved capital increases of shares reserved for issuance under our existing stock option plans. In accordance with Italian law, our stockholders also approved our 2008 PSP Plan and our 2013-2017 PSP Plan.

*Corporate Governance Guidelines; Certification*

The NYSE listing standards require U.S. listed companies to adopt, and post on their websites, a set of corporate governance guidelines. The guidelines must address, among other things, director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation of the Board of Directors. In addition, the chief executive officer of a U.S. listed company must certify to the NYSE annually that he or she is not aware of any violations by the company of the NYSE's corporate governance listing standards. The certification must be disclosed in the company's annual report to stockholders.

Italian law requires that listed companies annually report to their stockholders on their corporate governance system. Our Company complies with such requirement. You may find our Annual Report on Corporate Governance on our website at [www.luxottica.com](http://www.luxottica.com).

*Related Party Transactions Procedure*

In 2010, the Board of Directors adopted a procedure governing the approval of related party transactions in order to comply with new Italian regulations. "Related Party Transactions" are transactions in which there is a transfer of resources, services or obligations between "Related Parties"

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(as defined in the procedure), regardless of whether consideration has been given. An updated procedure was adopted on February 16, 2015.

The procedure shall not be applied to, among others, "Small Amount Transactions," which are transactions in which the foreseeable maximum consideration or value does not exceed (i) Euro 250,000 per year for remuneration of a member of management or control body or managers in strategic roles or (ii) Euro 1.0 million for other Related Party Transactions. The procedure shall not be applied to related party transactions with or between our controlled companies.

The procedure provides that an appropriate board committee shall provide its opinion with respect to Related Party Transactions. The opinion of the committee is considered non-binding for certain smaller transactions but will be deemed to be binding for more significant transactions. The Board of Directors resolved, as authorized based on, among other things, the interested parties involved in each individual transaction, that (i) the Human Resources Committee shall be involved and consulted regarding transactions for the remuneration and economic benefits of the members of the management and control bodies and managers in strategic roles and (ii) the Control and Risk Committee shall be involved and consulted regarding other transactions with related parties. Our Related Party Transactions Procedure is available on our website at [www.luxottica.com](http://www.luxottica.com).

**ITEM 16H. MINE SAFETY DISCLOSURE.**

Not applicable.

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PART III

**ITEM 17. FINANCIAL STATEMENTS**

Not applicable.

**ITEM 18. FINANCIAL STATEMENTS**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-1</u>
<u>Consolidated Statements of Financial Position as of December 31, 2015 and 2014</u>	<u>F-2</u>
<u>Consolidated Statements of Income for the Years Ended December 31, 2015, 2014 and 2013</u>	<u>F-3</u>
<u>Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015, 2014 and 2013</u>	<u>F-4</u>
<u>Consolidated Statements of Changes in Equity for the Years Ended December 31, 2015, 2014 and 2013</u>	<u>F-5</u>
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014 and 2013</u>	<u>F-6</u>
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Luxottica Group S.p.A.

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows present fairly, in all material respects, the financial position of Luxottica Group S.p.A. and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing in Item 15 of this Annual Report on Form 20-F. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers S.p.A.

Milan, Italy  
April 21, 2016



Table of Contents**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS OF DECEMBER 31, 2015 AND 2014**

(Amounts in thousands of Euro)	Note reference	2015	2014
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash and cash equivalents	6	864,852	1,453,587
Accounts receivable	7	858,053	754,306
Inventories	8	833,272	728,404
Other assets	9	272,932	231,397
<b>Total current assets</b>		<b>2,829,109</b>	<b>3,167,695</b>
NON-CURRENT ASSETS:			
Property, plant and equipment	10	1,435,524	1,317,617
Goodwill	11	3,596,983	3,351,263
Intangible assets	11	1,442,148	1,384,501
Investments	12	65,378	61,176
Other assets	13	105,574	123,848
Deferred tax assets	14	174,433	188,199
<b>Total non-current assets</b>		<b>6,820,040</b>	<b>6,426,603</b>
<b>TOTAL ASSETS</b>		<b>9,649,148</b>	<b>9,594,297</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
CURRENT LIABILITIES:			
Short-term borrowings	15	110,450	151,303
Current portion of long-term debt	16	44,882	626,788
Accounts payable	17	927,186	744,272
Income taxes payable	18	34,179	42,603
Short-term provisions for risks and other charges	19	118,779	187,719
Other liabilities	20	671,424	636,055
<b>Total current liabilities</b>		<b>1,906,900</b>	<b>2,388,740</b>
NON-CURRENT LIABILITIES:			
Long-term debt	21	1,715,104	1,688,415
Employee benefits	22	136,200	138,475
Deferred tax liabilities	14	277,327	266,896
Long-term provisions for risks and other charges	23	104,508	99,223
Other liabilities	24	91,391	83,770
<b>Total non-current liabilities</b>		<b>2,324,529</b>	<b>2,276,778</b>
STOCKHOLDERS' EQUITY:			
Capital stock	25	29,019	28,900
Legal reserve	25	5,784	5,735
Reserves	25	4,642,238	4,318,124
Treasury shares	25	(68,636)	(73,875)

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Net income	25	804,119	642,596
Luxottica Group stockholders' equity	25	5,412,524	4,921,479
Non-controlling interests	26	5,196	7,300
<b>Total stockholders' equity</b>		<b>5,417,719</b>	<b>4,928,779</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>9,649,148</b>	<b>9,594,297</b>

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Table of Contents**CONSOLIDATED STATEMENTS OF INCOME****FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**

(Amounts in thousands of Euro)	Note reference	2015	2014	2013
<b>Net sales</b>	5	8,836,578	7,652,317	7,312,611
Cost of sales		2,835,426	2,574,685	2,524,006
<b>Gross profit</b>		<b>6,001,152</b>	<b>5,077,632</b>	<b>4,788,605</b>
Selling and advertising		3,537,224	3,013,399	2,866,307
General and administrative		1,087,484	906,620	866,624
<b>Total operating expenses</b>		<b>4,624,708</b>	<b>3,920,019</b>	<b>3,732,931</b>
<b>Income from operations</b>	5	<b>1,376,445</b>	<b>1,157,613</b>	<b>1,055,673</b>
<b>Other income/(expense)</b>				
Interest income	27	11,190	11,672	10,072
Interest expense	27	(106,439)	(109,659)	(102,132)
Other net	27	(3,281)	455	(7,247)
<b>Income before provision for income taxes</b>		<b>1,277,914</b>	<b>1,060,080</b>	<b>956,366</b>
Provision for income taxes	27	(471,042)	(414,066)	(407,505)
<b>Net income</b>		<b>806,873</b>	<b>646,014</b>	<b>548,861</b>
Of which attributable to:				
<b>Luxottica Group stockholders</b>		<b>804,119</b>	<b>642,596</b>	<b>544,696</b>
Non-controlling interests		2,753	3,417	4,165
<b>NET INCOME</b>		<b>806,873</b>	<b>646,014</b>	<b>548,861</b>
Weighted average number of shares outstanding:				
Basic	30	479,553,693	475,947,763	472,057,274
Diluted	30	482,073,361	479,247,190	476,272,565
EPS (in Euro):				
Basic	30	1.68	1.35	1.15
Diluted	30	1.67	1.34	1.14

Table of Contents**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**

(Amounts in thousands of Euro)	Note Reference	2015	2014	2013
<b>Net income</b>		<b>806,873</b>	<b>646,014</b>	<b>548,861</b>
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Cash flow hedge	31			438
Related tax effect				(120)
Currency translation differences	25	267,546	392,527	(286,602)
<i>Total items that may be reclassified subsequently to profit or loss:</i>		267,546	392,527	(286,284)
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial (loss)/gain on defined benefit plans	22	14,167	(84,187)	103,111
Related tax effect		(3,994)	31,626	(39,894)
<i>Total items that will not be reclassified to profit or loss:</i>		10,173	(52,561)	63,217
Total other comprehensive income/(loss) net of tax		277,720	339,966	(223,067)
Total comprehensive income for the period		1,084,592	985,980	325,794
Attributable to:				
Luxottica Group stockholders' equity		1,080,968	982,119	325,007
Non-controlling interests		3,624	3,861	787
Total comprehensive income for the period		1,084,592	985,980	325,794

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## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(Amounts in thousands of Euro)	Capital stock				Retained earnings	Stock options reserve	Translation of foreign operations and other	Treasury shares	Stockholders' equity	Non-controlling interests
	Number of shares	Amount	Legal reserve	Additional paid-in capital						
<b>Balance as of January 1, 2013</b>	<b>473,238,197</b>	<b>28,394</b>	<b>5,623</b>	<b>328,742</b>	<b>3,633,481</b>	<b>241,286</b>	<b>(164,224)</b>	<b>(91,929)</b>	<b>3,981,372</b>	<b>11,868</b>
<b>Total Comprehensive Income as of December 31, 2013</b>					<b>608,230</b>		<b>(283,223)</b>		<b>325,007</b>	<b>787</b>
Exercise of stock options	4,322,476	259		75,007					75,266	
Non-cash stock-based compensation						27,547			27,547	
Excess tax benefit on stock options				8,314					8,314	
Granting of treasury shares to employees					(8,869)			8,869		
Change in the consolidation perimeter					(989)				(989)	(2,051)
Dividends (Euro 0.49 per ordinary share)					(273,689)				(273,689)	(3,497)
Allocation of legal reserve			88		(88)					
<b>Balance as of December 31, 2013</b>	<b>477,560,673</b>	<b>28,653</b>	<b>5,711</b>	<b>412,063</b>	<b>3,958,076</b>	<b>268,833</b>	<b>(447,447)</b>	<b>(83,060)</b>	<b>4,142,828</b>	<b>7,107</b>

<b>Total Comprehensive Income as of December 31, 2014</b>					<b>590,036</b>	<b>392,083</b>	<b>982,119</b>	<b>3,861</b>		
Exercise of stock options	4,110,910	247	69,740				69,987			
Non-cash stock-based compensation					31,826		31,826			
Excess tax benefit on stock options			3,062				3,062			
Granting of treasury shares to employees					(9,185)	9,185				
Dividends (Euro 0.65 per ordinary share)					(308,343)		(308,343)	(3,668)		
Allocation of legal reserve			24		(24)					
<b>Balance as of December 31, 2014</b>	<b>481,671,583</b>	<b>28,900</b>	<b>5,735</b>	<b>484,865</b>	<b>4,230,560</b>	<b>300,659</b>	<b>(55,364)</b>	<b>(73,875)</b>	<b>4,921,479</b>	<b>7,300</b>

<b>Total Comprehensive Income as of December 31, 2015</b>					<b>814,292</b>	<b>266,675</b>	<b>1,080,968</b>	<b>3,624</b>
Exercise of stock options	1,981,750	119	47,560				47,679	
Non-cash stock-based compensation					49,692		49,692	
Excess tax benefit on stock options			17,525				17,525	
Increase in treasury shares							(6,879)	(6,879)
					(12,118)		12,118	

Granting of treasury shares to employees										
Contributions from Delfin S.á .r.l.				7,171					7,171	
Change in the consolidation perimeter				(15,397)					(15,397)	(3,594)
Dividends (Euro 1.44 per ordinary share)				(689,714)					(689,714)	(2,135)
Allocation of legal reserve		49		(49)						
<b>Balance as of December 31, 2015</b>	<b>483,653,333</b>	<b>29,019</b>	<b>5,784</b>	<b>549,950</b>	<b>4,334,745</b>	<b>350,531</b>	<b>211,311</b>	<b>(68,636)</b>	<b>5,412,524</b>	<b>5,196</b>

Table of Contents**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**

(Amounts in thousands of Euro)	Note Reference	2015	2014	2013
<b>Income before provision for income taxes</b>		<b>1,277,914</b>	<b>1,060,080</b>	<b>956,366</b>
Stock-based compensation	32	49,692	31,826	28,078
Depreciation and amortization	10/11	476,888	383,996	366,653
Net loss on disposals of fixed assets and intangible assets	10/11	22,877	16,339	15,609
Financial expenses		106,439	109,659	100,392
Other non-cash items <sup>(*)</sup>		(4,770)	(1,295)	
Changes in accounts receivable		(108,648)	(41,254)	(16,827)
Changes in inventories		(85,217)	7,326	11,785
Changes in accounts payable		115,635	24,578	12,538
Changes in other assets/liabilities		(7,827)	21,194	(30,433)
<b>Total adjustments</b>		<b>565,069</b>	<b>552,369</b>	<b>487,794</b>
<b>Cash provided by operating activities</b>		<b>1,842,983</b>	<b>1,612,449</b>	<b>1,444,160</b>
Interest paid		(79,752)	(93,135)	(94,456)
Taxes paid		(565,940)	(349,196)	(427,857)
<b>Net cash provided by operating activities</b>		<b>1,197,291</b>	<b>1,170,118</b>	<b>921,847</b>
Additions of property, plant and equipment	10	(319,817)	(280,779)	(274,114)
Disposals of property plant and equipment	10			2,366
Purchases of businesses net of cash acquired <sup>(3*)</sup>	4	(21,017)	(41,091)	(73,015)
Sales of businesses				13,553
Investments in equity investees <sup>(***)</sup>	12	1,502	1,161	(47,507)
Additions to intangible assets	11	(143,987)	(138,547)	(101,085)
<b>Net cash used in investing activities</b>		<b>(483,319)</b>	<b>(459,256)</b>	<b>(479,801)</b>
Long-term debt:				
Proceeds	21	4,082	497,104	4,504
Repayments	21	(649,310)	(318,500)	(327,068)
Increase in short-term lines of credit			135,686	
(Decrease) in short-term lines of credit	15	(39,022)		(44,303)
Exercise of stock options		47,678	69,989	75,266
Purchase of treasury shares	25	(6,879)		
Purchase of non-controlling interests <sup>(****)</sup>		(18,990)		
Dividends	33	(691,849)	(312,012)	(277,186)
<b>Net cash provided by (used in) financing activities</b>		<b>(1,354,291)</b>	<b>72,267</b>	<b>(568,787)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(640,319)</b>	<b>783,129</b>	<b>(126,742)</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>1,453,587</b>	<b>617,995</b>	<b>790,093</b>
Effect of exchange rate changes on cash and cash equivalents		51,582	52,464	(45,355)
<b>Cash and cash equivalents, end of the period</b>		<b>864,852</b>	<b>1,453,587</b>	<b>617,995</b>

(\*)



Other non-cash items in 2015 and 2014 included the adjustment to investments measured using the equity method.

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- (\*\*)  
Purchases of businesses net of cash acquired in 2015 included the purchase of the remaining 49% of Luxottica Nederland B.V. for Euro (19.0) million and Sunglass Warehouse for Euro 21.0 million.
- Purchases of businesses net of cash acquired in 2014 included the purchase of glasses.com for Euro (30.1) million and other minor acquisitions in the retail segment for Euro (11.0) million.
- Purchases of businesses net of cash acquired in 2013 included the purchase of Alain Mikli International S.A. for Euro (71.9) million.
- (\*\*\*)  
The change in investment in 2013 relates to the purchase of 36.33% of the share capital of Salmoiraghi & Viganò.
- (\*\*\*\*)  
Purchase of non-controlling interests included the acquisition of the remaining 49% of Luxottica Nederland B.V. for Euro (19.0) million.

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**Luxottica Group S.p.A.**

Registered office at Piazzale L. Cadorna 3 20123 Milan

**Share capital € 29,019,199.98**

Authorized and issued

**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS  
As of DECEMBER 31, 2015**

**GENERAL INFORMATION**

Luxottica Group S.p.A. (the "Company") is a corporation with a registered office in Milan, Italy, at Piazzale L. Cadorna 3.

The Company and its subsidiaries (collectively, the "Group") operate in two segments: (1) manufacturing and wholesale distribution; and (2) retail distribution.

Through its manufacturing and wholesale distribution operations, the Group is engaged in the design, manufacturing, wholesale distribution and marketing of proprietary brands and designer lines of mid- to premium-priced prescription frames and sunglasses, as well as of performance optics products.

Through its retail operations, as of December 31, 2015, the Company owned and operated 6,589 retail locations worldwide and franchised an additional 676 locations principally through its subsidiaries Luxottica Retail North America, Inc., Sunglass Hut Trading, LLC, OPSM Group Limited, Oakley Inc. ("Oakley") and Multiópticas Internacional S.L.

Through 2014, the retail division's fiscal year was a 52- or 53-week period ending on the Saturday nearest December 31. In 2015, the retail subsidiaries of the Group that did not previously report on a calendar-year basis modified their respective reporting calendars in order to align with those of Luxottica Group S.p.A. and other subsidiaries in the consolidated Group that report on a calendar-year basis. Had such retail subsidiaries of the Group continued to use a 52/53-week calendar in 2015, there would not have been a material impact on the consolidated results of the Group.

The Company is controlled by Delfin S.à r.l., a company subject to Luxembourg law.

These consolidated financial statements were authorized to be issued by the Board of Directors of the Company at its meeting on March 1, 2016.

**BASIS OF PREPARATION**

The consolidated financial statements as of December 31, 2015 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as of the date of approval of these consolidated financial statements by the Board of Directors of the Company.

IFRS are all the international accounting standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously named the Standing Interpretation Committee ("SIC").

The principles and standards utilized in preparing these consolidated financial statements have been consistently applied through all periods presented.

These consolidated financial statements are composed of a consolidated statement of income, a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of cash flows, a consolidated statement of changes in equity and related notes to the Consolidated Financial Statements.

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

The Company's reporting currency for the presentation of the consolidated financial statements is the Euro. Unless otherwise specified, the figures in the statements and within these Notes to the Consolidated Financial Statements are expressed in thousands of Euro.

The Company presents its consolidated statement of income using the function of expense method. The Company presents current and non-current assets and current and non-current liabilities as separate classifications in its consolidated statements of financial position. This presentation of the consolidated statement of income and of the consolidated statement of financial position is believed to provide the most relevant information. The consolidated statement of cash flows was prepared and presented utilizing the indirect method.

The financial statements were prepared using the historical cost convention, with the exception of certain financial assets and liabilities for which measurement at fair value is required.

The consolidated financial statements have been prepared on a going concern basis. Management believes that there are no financial or other indicators presenting material uncertainties that may cast significant doubt upon the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

**1. CONSOLIDATION PRINCIPLES, COMPOSITION OF THE GROUP AND SIGNIFICANT ACCOUNTING POLICIES**

**CONSOLIDATION PRINCIPLES**

*Subsidiaries*

Subsidiaries are any entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is generally presumed with an ownership of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at either fair value or the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the Group makes a new assessment of the net assets acquired and any residual difference is recognized directly in the consolidated statement of income.

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In business combinations achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognizes the resulting gain or loss in the consolidated statement of income.

Inter-company transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The individual financial statements used in the preparation of the consolidated financial statements are prepared and approved by the administrative bodies of the individual companies.

*Transactions with equity owners*

Transactions such as contributions from owners in their capacity as owners of the entity are recorded in equity.

Transactions with non-controlling interests are treated as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss.

*Associates*

Associates are any entities over which the Group has significant influence but not control, generally with ownership of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in associates are tested for impairment in case there are indicators that their recoverable amount is lower than their carrying value.

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**1. CONSOLIDATION PRINCIPLES, COMPOSITION OF THE GROUP AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

*Other companies*

Investments in entities in which the Group does not have either control or significant influence, generally with ownership of less than 20%, are originally recorded at cost and subsequently measured at fair value. Changes in fair value are recorded in the consolidated statement of comprehensive income.

*Translation of the financial statements of foreign companies*

The Group records transactions denominated in foreign currency in accordance with IAS 21 *The Effect of Changes in Foreign Exchange Rates*.

The results and financial position of all the Group entities (none of which have the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- (b) income and expenses for each consolidated statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The exchange rates used in translating the results of foreign operations are reported in the *Exchange Rates Attachment* to the Notes to the Consolidated Financial Statements.

**COMPOSITION OF THE GROUP**

During 2015, the composition of the Group changed due to the acquisition of the remaining 49% of Luxottica Nederland B.V. ("Luxottica Netherlands").

Please refer to Note 4 "Business Combinations," and Note 11 "Goodwill and Intangible Assets" for a description of the primary changes to the composition of the Group.

**SIGNIFICANT ACCOUNTING POLICIES**

*Cash and cash equivalents*

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments qualify as cash equivalents only when they have a maturity of three months or less from the date of the acquisition.

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*Accounts receivable and other receivables*

Accounts receivable and other receivables are carried at amortized cost. Losses on receivables are measured as the difference between the receivables' carrying amount and the present value of estimated future cash flows discounted at the receivables' original effective interest rate computed at the time of initial recognition. The carrying amount of the receivables is reduced through an allowance for doubtful accounts. The amount of the losses on written-off accounts is recorded in the consolidated statement of income within selling expenses.

Subsequent collections of previously written-off receivables are recorded in the consolidated statement of income as a reduction of selling expenses.

*Inventories*

Inventories are stated at the lower of the cost determined by using the average annual cost method by product line, which approximates the weighted average cost, and the net realizable value. The net realizable value represents the estimated sales price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for write-downs for raw materials, work in process and finished goods which are considered obsolete or slow moving are computed taking into account their expected future utilization and their net realizable value. The Group also considers other reasons that the cost of inventories may not be recoverable such as damage, declines in selling price, increased costs of completion and increased costs to be incurred to make the sale. In addition, when the Group performs its assessment of the net realizable value at the end of each reporting period, it considers whether the circumstances that previously caused inventories to be written down no longer exist or whether there is clear evidence of an increase in net realizable value because of changed economic circumstances and, if necessary, reverses the amount of the write-down so that the new carrying amount is the lower of the cost and the revised net realizable value.

*Property, plant and equipment*

Property, plant and equipment are measured at historical cost. Historical cost includes expenditures that are directly attributable to the acquisition of the items. After initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of the items of property, plant and equipment, measured as the difference between

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their cost and their residual value, is allocated on a straight-line basis over their estimated useful lives as follows:

Buildings	From 10 to 40 years
Machinery and equipment	From 3 to 20 years
Aircraft	20 years
Other equipment	From 2 to 10 years
Leasehold Improvements	The lower of useful life and the residual duration of the lease contract

Depreciation ceases when property, plant and equipment is classified as held for sale, in compliance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repair and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying item of property, plant and equipment are capitalized as part of the cost of that asset.

The net carrying amount of the qualifying items of property, plant and equipment is assessed, in the case of impairment indicators, at each balance sheet date. The Group would record a write-down of the net carrying amount if it is lower than the recoverable amount. Assets' useful lives are assessed at each balance sheet date.

Upon disposal or when no future economic benefits are expected from the use of an item of property, plant and equipment, its carrying amount is derecognized. The gain or loss arising from derecognition is included in profit and loss.

***Finance and operating leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of income on a straight-line basis over the lease term.

Leases where lessees bear substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each finance lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in "long-term debt" in the



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consolidated statement of financial position. The interest element of the finance cost is charged to the consolidated statement of income over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

***Intangible assets***

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) *Trademarks and other intangible assets*

Separately acquired trademarks and licenses are shown at historical cost. Trademarks, licenses and other intangible assets, including distribution networks and franchisee agreements, acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized over the expected life of the customer relationship.

All intangible assets are subject to impairment tests, as required by IAS 36 *Impairment of Assets*, if there are indications that the assets may be impaired.

Trademarks are amortized on a straight-line basis over periods ranging between 15 and 25 years. Distributor network, customer relation contracts and lists are amortized on a straight-line basis or on an accelerated basis (projecting diminishing cash flows) over periods ranging between 20 and 23 years. Other intangible assets are amortized on a straight-line basis over periods ranging between 3 and 7 years.

***Impairment of assets***

Intangible assets with an indefinite useful life, for example goodwill, are not subject to amortization and are tested at least annually for impairment.

All other assets within the scope of IAS 36 are tested for impairment whenever there are indicators that those assets may be impaired. If such indicators exist, the assets' net carrying amount is compared to their estimated recoverable amount. An impairment loss is recognized if the carrying amount is lower than the recoverable amount.

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Tangible assets and intangible assets with a definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, tangible and intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Intangible assets with a definite useful life are reviewed at each reporting date to assess whether there is an indication that an impairment loss recognized in prior periods may no longer exist or has decreased. If such an indication exists, the loss is reversed and the carrying amount of the asset is increased to its recoverable amount, which may not exceed the carrying amount that would have been determined if no impairment loss had been recorded. The reversal of an impairment loss is recorded in the consolidated statement of income.

***Financial assets***

The financial assets of the Group fall into the following categories:

(a) *Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current or non-current assets based on their maturity and are initially recognized at fair value.

Transaction costs are immediately recognized in the consolidated statement of income.

After initial recognition, financial assets at fair value through profit and loss are measured at their fair value each reporting period. Gains and losses deriving from changes in fair value are recorded in the consolidated statement of income in the period in which they occur. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of income as part of other income when the Group's right to receive payments is established.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or which are not expected to be repaid within 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are comprised of trade and other receivables. Loans and receivables are initially measured at their fair value plus transaction costs. After initial recognition, loans and receivables are measured at amortized cost, using the effective interest method.

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(c) *Financial assets available for sale*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Financial assets available for sale are initially measured at their fair value plus transaction costs. After initial recognition, financial assets available for sale are carried at fair value. Any changes in fair value are recognized in other comprehensive income. Dividend income from financial assets held for sale is recognized in the consolidated statement of income as part of other income when the Group's right to receive payments is established.

A regular way purchase or sale of financial assets is recognized using the settlement date.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The fair value of listed financial instruments is based on the quoted price on an active market. If the market for a financial asset is not active (or if it refers to non-listed securities), the Group defines the fair value by utilizing valuation techniques. These techniques include using recent arms-length market transactions between knowledgeable willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flows analysis, and pricing models based on observable market inputs, which are consistent with the instruments under valuation.

The valuation techniques are primarily based on observable market data as opposed to internal sources of information.

At each reporting date, the Group assesses whether there is objective evidence that a financial asset is impaired. In the case of investments classified as financial assets held for sale, a prolonged or significant decline in the fair value of the investment below its cost is also considered an indicator that the asset is impaired. If any such evidence exists for an available-for-sale financial asset, the cumulative loss, measured as the difference between the cost of acquisition and the current fair value, net any impairment loss previously recognized in the consolidated statement of income, is removed from equity and recognized in the consolidated statement of income.

Any impairment loss recognized on an investment classified as an available-for-sale financial asset is not reversed.

***Derivative financial instruments***

Derivative financial instruments are accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

At the date the derivative contract is entered into, derivative instruments are accounted for at their fair value and, if they are not designated as hedging instruments, any changes in fair value after initial recognition are recognized as components of net income for the year. If, on the other hand, derivative instruments meet the requirements for being classified as hedging instruments, any subsequent changes in fair value are recognized according to the following criteria, as illustrated below.

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The Group designates certain derivatives as instruments for hedging specific risks associated with highly probable transactions (cash flow hedges).

For each derivative financial instrument designated as a hedging instrument, the Group documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives, the hedging strategy and the methodology to measure the hedging effectiveness. The hedging effectiveness of the instruments is assessed both at the hedge inception date and on an ongoing basis. A hedging instrument is considered highly effective when both at the inception date and during the life of the instrument, any changes in fair value of the derivative instrument offset the changes in fair value or cash flows attributable to the hedged items.

If the derivative instruments are eligible for hedge accounting, the following accounting criteria are applicable:

*Fair value hedge* when a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability ("hedged item"), both the changes in fair value of the derivative instrument as well as changes in the hedged item are recorded in the consolidated statement of income. The gain or loss related to the ineffective portion of the derivative instrument is recognized as financial income/expense.

*Cash flow hedge* when a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of recognized assets or liabilities or highly probable forecasted transactions ("cash flow hedge"), the effective portion of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income ("OCI"). The cumulative gain or loss is removed from OCI and recognized in the consolidated statement of income at the same time as the economic effect arising from the hedged item affects income. The gain or loss related to the ineffective portion of the derivative instrument is recognized in the consolidated statement of income. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income. When a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time remains in equity, and is recognized when the economic effect arising from the hedged item affects income. The Group utilizes derivative financial instruments, primarily Interest Rate Swap and Currency Swap contracts, as part of its risk management policy in order to reduce its exposure to interest rate and exchange rate fluctuations. Despite the fact that certain currency swap contracts are used as an economic hedge of the exchange rate risk, these instruments do not fully meet the criteria for hedge accounting pursuant to IAS 39 and are marked to market at the end of each reporting period, with changes in fair value recognized in the consolidated statement of income.

***Accounts payable and other payables***

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities.

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Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

***Short-and long-term debt***

Short- and long-term debt is initially recorded at fair value, less directly attributable transaction costs, and subsequently measured at its amortized cost by applying the effective interest method. If there is a change in expected cash flows, the carrying amount of the long term debt is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. Long-term debt is classified under non-current liabilities when the Group retains the unconditional right to defer the payment for at least 12 months after the balance sheet date and under current liabilities when payment is due within 12 months from the balance sheet date. Short-term debt and cash are offset when the Group has a legal right to set off the recognized amounts and intends to do so.

Short- and long-term debt is removed from the statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged, canceled or expires.

***Current and deferred taxes***

The tax expense for the period comprises current and deferred tax.

Tax expenses are recognized in the consolidated statement of income, except to the extent that they relate to items recognized in OCI or directly in equity. In this case, tax is also recognized in OCI or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Interest and penalties associated with these positions are included in "provision for income taxes" within the consolidated statement of income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities

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and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

*Employee benefits*

The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Actuarial gains and losses due to changes in actuarial assumptions or to changes in the plan's conditions are recognized as incurred in the consolidated statement of comprehensive income.

Prior periods service costs are immediately recognized in the consolidated statements of income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefits expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

*Provisions for risks*

Provisions for risks are recognized when:

the Group has a present obligation, legal or constructive, as a result of a past event;

it is probable that the outflow of resources will be required; and

the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Risks that are possible are disclosed in the notes. Risks that are remote are not disclosed or provided for. Restructuring costs are recorded when the general criteria for recording a provision are met. The Group has a constructive obligation when (i) a detailed formal plan identifies at least the business or part of the business impacted, the principal locations affected and the

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location, function and approximate number of employees who will be compensated for terminating their services and (ii) a valid expectation that the restructuring will be carried out has been raised by the Group in those affected by the restructuring.

***Share-based payments***

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options or units). The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options or units granted.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting and performance conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of income, with a corresponding adjustment to equity.

***Recognition of revenues***

Revenue is recognized in accordance with IAS 18 *Revenue*. Revenue includes: (i) sales of goods (both wholesale and retail); (ii) rendering of services such as insurance and administrative fees associated with the Group's managed vision care business, eye exams and related professional services; and (iii) sales of goods to franchisees along with other revenues from franchisees such as royalties based on sales and initial franchise fee revenues.

Revenue from sales of goods is recognized when all of the following conditions have been satisfied:

the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

the Group retains neither continuing managerial involvement to the degree usually associated with ownership of the goods nor effective control over the goods sold;

the amount of revenue can be measured reliably;

it is probable that the economic benefits associated with the transaction will flow to the Group; and

the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services are recognized by reference to the stage of completion of the transaction involving the rendering of services at the reporting date and when the outcome of the transaction can be estimated reliably. In particular when all of the following conditions have been satisfied:

the amount of revenues can be measured reliably;

it is probable that the economic benefits associated with the transaction will flow to the Group;

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the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Wholesale segment revenues are recognized at the time goods are delivered to the customer. The Group records an accrual for the estimated amounts to be returned against revenue. This estimate is based on the Group's right of return policies and practices along with historical data and sales trends. There are no other post-shipment obligations other than the product warranty, if required by the law. Revenues received for the shipping and handling of goods are included in sales and the costs associated with shipments to customers are included in operating expenses.

Retail segment revenues are recognized upon receipt of the goods by the customer at the retail location. In some countries, the Group allows retail customers to return goods for a period of time and, as such, the Group records an accrual for the estimated amounts to be returned against revenue. This accrual is based on the historical return rate as a percentage of net sales and the timing of the returns from the original transaction date, and is periodically reassessed. There are no other post-shipment obligations other than the product warranty, if required by the law. Additionally, the retail segment enters into discount programs and similar relationships with third parties that have terms of twelve or more months. Customers who present a valid membership card typically receive a fixed percentage discount off the retail prices for a specified range of product and/or services. Revenues under these arrangements are recognized upon receipt of the products or services by the customer at the retail location. Advance payments and deposits from customers are not recorded as revenues until the product is delivered. The retail segment also includes managed vision care revenues consisting of both fixed fee and fee for service managed vision care plans. For fixed fee plans, the plan sponsor pays the Group a monthly premium for each enrolled subscriber. Premium revenue is recognized as earned during the benefit coverage period. Premiums are generally billed in the month of benefit coverage. Any unearned premium revenue is deferred and recorded within other current liabilities on the consolidated statement of financial position. For fee for service plans, the plan sponsor pays the Company a fee to process its claims. Revenue is recognized as the services are rendered. For these programs, the plan sponsor is responsible for funding the cost of claims. Accruals are established for amounts due under these relationships estimated to be uncollectible.

Franchise revenues based on sales by unconsolidated franchisees (such as royalties) are accrued and recognized as earned. Initial franchise fees are recorded as revenue when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied by the Group and when the related store begins operations. Allowances are established for amounts due under these relationships when they are determined to be uncollectible.

The Group licenses to third parties the rights to certain intellectual property and other proprietary information and recognizes royalty revenues when earned.

Free frames given to customers as part of a promotional offer are recorded in cost of sales at the time they are delivered to the customer. Trade discounts and coupons tendered by customers are recorded as a reduction of revenue at the date of sale.

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**1. CONSOLIDATION PRINCIPLES, COMPOSITION OF THE GROUP AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

*Use of accounting estimates*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions which influence the value of assets and liabilities as well as revenues and costs reported in the consolidated statement of financial position and in the consolidated statement of income, respectively or the disclosures included in the notes to the consolidated financial statements in relation to potential assets and liabilities existing as of the date the consolidated financial statements were authorized for issue.

Estimates are based on historical experience and other factors. The resulting accounting estimates could differ from the related actual results. Estimates are periodically reviewed and the effects of each change are reflected in the consolidated statement of income in the period in which the change occurs.

The most significant accounting principles which require a higher degree of judgment from management are illustrated below.

(a) *Valuation of receivables.* Receivables from customers are adjusted by the related allowance for doubtful accounts in order to take into account their recoverable amount. The determination of the amount of write-downs requires judgment from management based on available documentation and information, as well as the solvency of the customer, and based on past experience and historical trends;

(b) *Valuation of inventories.* Inventories which are obsolete and slow moving are periodically evaluated and written down in the case that their net realizable value is lower than their carrying amount. Write-downs are calculated on the basis of management assumptions and estimates which are derived from experience and historical results;

(c) *Valuation of deferred tax assets.* The valuation of deferred tax assets is based on forecasted results which depend upon factors that could vary over time and could have significant effects on the valuation of deferred tax assets;

(d) *Income taxes.* The Group is subject to different tax jurisdictions. The determination of tax liabilities for the Group requires the use of assumptions with respect to transactions whose fiscal consequences are not yet certain at the end of the reporting period. The Group recognizes liabilities which could result from future inspections by the fiscal authorities on the basis of an estimate of the amounts expected to be paid to the taxation authorities. If the result of the abovementioned inspections differs from that estimated by Group management, there could be significant effects on both current and deferred taxes;

(e) *Valuation of goodwill.* Goodwill is subject to an annual impairment test. This calculation requires management's judgment based on information available within the Group and the market, as well as on past experience;

(f) *Valuation of intangible assets with a definite useful life (trademarks and other intangibles).* The useful lives and the amortization method of these intangible assets are assessed for appropriateness on an annual basis;

(g) *Benefit plans.* The Group participates in benefit plans in various countries. The present value of pension liabilities is determined using actuarial techniques and certain assumptions. These

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**Notes to the  
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As of DECEMBER 31, 2015**

**1. CONSOLIDATION PRINCIPLES, COMPOSITION OF THE GROUP AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

assumptions include the discount rate, the expected return on plan assets, the rates of future compensation increases and rates relative to mortality and resignations. Any change in the abovementioned assumptions could result in significant effects on the employee benefit liabilities, and

(h) *Valuation of provision for risks.* The determination of the amount of the accruals requires judgment by management based on available documentation and information on potential liabilities.

***Earnings per share***

The Company determines earnings per share and earnings per diluted share in accordance with IAS 33 *Earnings per Share*. Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of shares outstanding during the period. For the purpose of calculating the diluted earnings per share, the Company adjusts the profit and loss attributable to ordinary equity holders, and the weighted average number of shares outstanding, for the effect of all dilutive potential ordinary shares.

***Treasury Shares***

Treasury shares are recorded as a reduction of stockholders' equity. The original cost of treasury shares, as well as gains or losses on the purchase, sale or cancellation of treasury shares, are recorded in the consolidated statement of changes in equity.

**2. NEW ACCOUNTING PRINCIPLES**

New and amended accounting standards and interpretations, if not early adopted, must be adopted in the financial statements issued after the applicable effective date.

***New standards and amendments that are effective for reporting periods beginning on January 1, 2015.***

The adoption of the following amendments did not have any impact on the consolidated financial statements of the Group.

***Annual Improvements to IFRSs 2011-2013 Cycle.*** The amendments adopted impact: (i) IFRS 3, clarifying that IFRS 3 is not applicable to detect the accounting effects related to the formation of a joint venture or joint arrangement (as defined by IFRS 11) in the financial statements of the joint venture or joint arrangement; (ii) IFRS 13, clarifying that the provisions contained in IFRS 13 whereby it is possible to measure fair value of a group of financial assets and liabilities on a net basis apply to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9; and (iii) IAS 40, clarifying that, to determine when buying an investment property constitutes a business combination, reference must be made to the provisions of IFRS 3.

***Annual Improvements to IFRSs 2010-2012 Cycle.*** The amendments adopted impact: (i) IFRS 2, clarifying the definition of "vesting condition" and introducing the definitions of conditions of service and results; (ii) IFRS 3, clarifying that obligations that correspond to contingent considerations, other than those covered by the definition of equity instrument, are measured at fair value at each balance sheet date, with changes recognized in the income statement; (iii) IFRS 8, requiring information

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**Notes to the  
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**2. NEW ACCOUNTING PRINCIPLES (Continued)**

to be disclosed regarding the judgments made by management in the aggregation of operating segments that describes how the segments have been aggregated and the economic indicators that have been evaluated in order to determine that the aggregated segments have similar economic characteristics; (iv) IAS 16 and IAS 38, clarifying the procedures for determining the gross carrying amount of assets when a revaluation is determined as a result of the revaluation model; and (v) IAS 24, establishing the disclosures to be provided when there is a related party entity that provides key management personnel services to the reporting entity.

**Amendments to IAS 19 Defined Benefit Plans: Employee Contributions.** The amendment reduces current services costs for the period by contributions paid by employees or by third parties during the period that are not related to the number of years of service, instead of allocating these contributions over the period when the services are rendered.

*New standards and amendments that are effective for reporting periods beginning after January 1, 2015 and not early adopted.*

The Group is assessing the impact of the following accounting principles and amendments on its consolidated financial statements.

**Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations.** The amendments advise on how to account for acquisitions of interests in joint operations. The amendments are applicable to periods beginning on or after January 1, 2016.

**Amendments to IAS 1 Disclosure Initiative.** The amendments concern the materiality, the aggregation of items, the structure of the notes, the information about the accounting policies and the presentation of other comprehensive income arising from the measurement of equity method investments. The amendments are applicable to periods beginning on or after January 1, 2016.

**Amendments to IAS 16 and 38 Clarification of Acceptable Methods of Depreciation and Amortization.** The amendments clarify the use of the "revenue-based methods" to calculate the depreciation of a building. The amendments are applicable to periods beginning on or after January 1, 2016.

**Amendments to IAS 27 Equity Method in Separate Financial Statements.** The amendments clarify that an entity can apply the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applicable to periods beginning on or after January 1, 2016.

**Annual Improvements to IFRSs 2012-2014 Cycle.** The provisions modify (i) IFRS 5, clarifying that the reclassification of an asset (or disposal group) from held for sale to held for distribution (or vice versa) should not be considered as a change in the original disposal plan, (ii) IFRS 7, clarifying that the offsetting disclosures are not applicable to condensed interim financial statements unless they provide a significant update to the disclosure included in the most recent annual financial statements, and excluding the presumption that the right to earn a fee for servicing a financial asset is generally continuing involvement and specifying that the entity should define the nature of the fee in accordance with the guidance of IFRS 7, (iii) IAS 19, clarifying that the depth of the market for high-quality corporate bonds should be assessed based on the currency in which the bond is denominated as opposed to the

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**Notes to the  
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**2. NEW ACCOUNTING PRINCIPLES (Continued)**

country in which the bond is located (in case a deep market of high-quality corporate bonds in a specific currency does not exist, corporate bonds should be considered), and (iv) IAS 34, clarifying that the required disclosures should be included either in the interim financial report or by cross-reference to other sections of the interim report (i.e. the management report). The disclosure included in the interim report should be available at the same time as the interim financial report. The amendments are applicable to periods beginning on or after January 1, 2016.

**Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception.** The amendments provide clarification of the application of the exception to consolidation of investment entities. The amendments are applicable to periods beginning on or after January 1, 2016.

**Amendments to IAS 12 Recognition of Deferred Tax Assets on Unrealized Losses.** The amendments provide clarifications on the recognition of deferred tax assets on debt instruments measured at fair value. The amendments are applicable to periods beginning on or after January 1, 2017.

**Amendments to IAS 7 Disclosure Initiative.** The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendments are applicable to periods beginning on or after January 1, 2017.

**IFRS 15 Revenue from Contracts with Customers.** This standard was issued on May 28, 2014. The new standard will be effective for the first interim period within the annual reporting periods beginning on or after January 1, 2018. This standard replaces IAS 18 *Revenues*, IAS 11 *Construction Contracts*, IFRIC 13 *Customer Loyalty Programs*, IFRIC 15 *Agreements for Constructions of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC 31 *Revenue Barter Transactions Involving Advertising Services*. Revenue is recognized when the customer obtains control over goods or services and, therefore, when it has the ability to direct the use of and obtain the benefit from them. If an entity agrees to provide goods or services for consideration that varies upon certain future events occurring or not occurring, an estimate of this variable consideration is included in the transaction price only if highly probable. The consideration in multiple element transactions is allocated based on the price an entity would charge a customer on a stand-alone basis for each good or service. Entities sometimes incur costs, such as sales commissions, to obtain or fulfill a contract. Contract costs that meet certain criteria are capitalized as an asset and amortized as revenue is recognized. The standard also specifies that an entity should adjust the transaction price for the time value of money in case the contract includes a significant financing component.

**IFRS 9 Financial Instruments.** This standard was issued in July 2014. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets. The new standard reduces to three the number of categories of financial assets pursuant to IAS 39 and requires that all financial assets be: (i) classified on the basis of the model which a company has adopted in order to manage its financial activities and on the basis of the cash flows from financing activities; (ii) initially measured at fair value plus any transaction costs in the case of financial assets not measured at fair value through profit and loss; and (iii) subsequently measured at their fair value or at the amortized cost. IFRS 9 also provides

**Notes to the  
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**2. NEW ACCOUNTING PRINCIPLES (Continued)**

that embedded derivatives which fall within the scope of IFRS 9 must no longer be separated from the primary contract which contains them and states that a company may decide to directly record within the consolidated statement of comprehensive income any changes in the fair value of investments which fall within the scope of IFRS 9. The new model introduced by IFRS 9 eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognized, and requires an entity to recognize expected credit losses at all times and to update the amount of expected credit losses at each reporting date to reflect changes in the credit risk of the financial instrument. IFRS 9 contains a three-stage approach to account for credit losses. Each stage dictates how an entity measures impairment losses. IFRS 9 aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The new standard enables an entity to use information produced internally as a basis for hedge accounting. The standard is not applicable until January 1, 2018, but is available for early adoption. IFRS 9 is applicable to periods beginning on or after January 1, 2018.

**IFRS 16 Leases.** The standard replaces IAS 17 Leases and requires all leases to be recorded on the balance sheet as assets and liabilities. The standard will be applicable for periods starting on or after January 1, 2019. An entity can apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from contracts with customers.

**Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.** These amendments clarify the accounting treatment in relation to profits or losses arising from transactions with joint ventures or associates accounted for using the equity method. The amendments are applicable to periods beginning on or after January 1, 2016.

**3. FINANCIAL RISKS**

The assets of the Group are exposed to different types of financial risk: market risk (which includes exchange rate risks, interest rate risk relative to fair value variability and cash flow uncertainty), credit risk and liquidity risk. The risk management strategy of the Group aims to stabilize the results of the Group by minimizing the potential effects due to volatility in financial markets. The Group uses derivative financial instruments, principally interest rate and currency swap agreements, as part of its risk management strategy.

Financial risk management is centralized within the Treasury department which identifies, evaluates and implements financial risk hedging activities, in compliance with the Financial Risk Management Policy guidelines approved by the Board of Directors, and in accordance with the Group operational units. The Policy defines the guidelines for any kind of risk, such as the exchange rate risk, the interest rate risk, credit risk and the utilization of derivative and non-derivative instruments. The Policy also specifies the management activities, the permitted instruments, the limits and proxies for responsibilities.

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**3. FINANCIAL RISKS (Continued)**

*(a) Exchange rate risk*

The Group operates at the international level and is therefore exposed to exchange rate risk related to the various currencies with which the Group operates. The Group only manages transaction risk. The transaction exchange rate risk derives from commercial and financial transactions in currencies other than the functional currency of the Group, i.e., the Euro.

The primary exchange rate to which the Group is exposed is the Euro/USD exchange rate.

The exchange rate risk management policy defined by the Group's management states that transaction exchange rate risk must be hedged for a percentage between 50% and 100% by trading forward currency contracts or permitted option structures with third parties.

This exchange rate risk management policy is applied to all subsidiaries, including companies which have been recently acquired.

If the Euro/USD exchange rate increases by 10% as compared to the actual 2015 and 2014 average exchange rates and all other variables remain constant, the impact on income before taxes would have been a decrease of Euro 99.4 million and Euro 76.9 million in 2015 and 2014, respectively. If the Euro/USD exchange rate decreases by 10% as compared to the actual 2015 and 2014 average exchange rates and all other variables remain constant, the impact on income before taxes would have been an increase of Euro 99.4 million and Euro 76.94 million in 2015 and 2014, respectively. Even if exchange rate derivative contracts are stipulated to hedge future commercial transactions as well as assets and liabilities previously recorded in the financial statements in foreign currency, these contracts, for accounting purposes, may not be accounted for as hedging instruments.

*(b) Price risk*

The Group is generally exposed to price risk associated with investments in bond securities which are classified as assets at fair value through profit and loss. As of December 31, 2015 and 2014, the Group investment portfolio was fully divested. As a result, there was no exposure to price risk on such dates.

*(c) Credit risk*

Credit risk exists in relation to accounts receivable, cash, financial instruments and deposits in banks and other financial institutions.

c1) The credit risk related to commercial counterparties is locally managed and monitored by a group credit control department for all entities included in the Wholesale distribution segment. Credit risk which originates within the retail segment is locally managed by the companies included in the retail segment.

Losses on receivables are recorded in the financial statements if there are indicators that a specific risk exists or as soon as risks of potential insolvency arise, by determining an adequate accrual for doubtful accounts.

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**Notes to the  
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**3. FINANCIAL RISKS (Continued)**

The allowance for doubtful accounts used for the Wholesale segment and in accordance with the credit policy of the Group is determined by assigning a rating to customers according to the following categories:

"GOOD" (active customers), for which no accrual for doubtful accounts is recorded for accounts receivable overdue for less than 90 days. Beyond 90 days overdue a specific accrual is made in accordance with the customer's credit worthiness (customers "GOOD UNDER CONTROL"); and

"RISK" (no longer active customers), for which the outstanding accounts receivable are fully provided. The following are examples of events that may fall into the definition of RISK:

- a. Significant financial difficulties of the customers;
- b. A material contract violation, such as a general breach or default in paying interest or principal;
- c. The customer declares bankruptcy or is subject to other insolvency proceedings; and
- d. All cases in which there is documented proof certifying the non-recoverability of the receivables (i.e., the inability to trace the debtor, seizures).

Furthermore, the assessment of the losses incurred in previous years is taken into consideration in order to determine the balance of the bad debt provision.

The Group does not have significant concentrations of credit risk. In any case, there are proper procedures in place to ensure that the sales of products and services are made to reliable customers on the basis of their financial position as well as past experience. Credit limits are defined according to internal and external evaluations that are based on thresholds approved by the Board of Directors. The utilization of credit limits is regularly monitored through automated controls.

Moreover, the Group has entered into an agreement with an insurance company in order to cover the credit risk associated with customers of Luxottica Trading and Finance Ltd. in those countries where the Group does not have a direct presence. Starting from October 2015, the business in those countries was transferred to different entities within the Group. Until the transfer, accounts receivable were regularly covered by the above insurance. A new global insurance agreement has not yet been finalized.

c2) With regards to credit risk related to the management of financial resources and cash availabilities, the risk is managed and monitored by the Group Treasury Department through financial guidelines to ensure that all the Group subsidiaries maintain relations with primary bank counterparties. Credit limits with respect to the primary financial counterparties are based on evaluations and analyses that are implemented by the Group Treasury Department.

Within the Group there are various shared guidelines governing the relations with the bank counterparties, and all the companies of the Group comply with the "Financial Risk Policy" directives.

Usually, the bank counterparties are selected by the Group Treasury Department and cash availabilities can be deposited, over a certain limit, only with counterparties with elevated credit ratings, as defined in the Financial Risk Policy.

Operations with derivatives are limited to counterparties with solid and proven experience in the trading and execution of derivatives and with elevated credit ratings, as defined in the policy, in addition





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As of DECEMBER 31, 2015**

**3. FINANCIAL RISKS (Continued)**

to being subordinate to the undersigning of an ISDA (International Swaps and Derivatives Association) Master Agreement. In particular, counterparty risk of derivatives is mitigated through the diversification of the counterparty banks with which the Group deals. In this way, the exposure with respect to each bank is never greater than 25% of the total notional amount of the derivatives portfolio of the Group.

During the course of the year, there were no situations in which credit limits were exceeded. Based on the information available to the Group, there were no potential losses deriving from the inability of the abovementioned counterparties to meet their contractual obligations.

*(d) Liquidity risk*

The management of the liquidity risk which originates from the normal operations of the Group involves the maintenance of an adequate level of cash availabilities as well as financial availabilities through an adequate amount of committed credit lines.

With regards to the policies and actions that are used to mitigate liquidity risks, the Group takes adequate actions in order to meet its obligations. In particular, the Group:

utilizes debt instruments or other credit lines in order to meet liquidity requirements;

utilizes different sources of financing and, as of December 31, 2015, had unused lines of credit of approximately Euro 632.0 million;

is not subject to significant concentrations of liquidity risk, both from the perspective of financial assets as well as in terms of financing sources;

utilizes different sources of bank financing but also a liquidity reserve in order to promptly meet any cash requirements;

implements systems to concentrate and manage the cash liquidity (Cash Pooling) in order to more efficiently manage the Group financial flows, thereby avoiding the dispersal of liquid funds and minimizing financial charges; and

monitors, through the Treasury Department, forecasts on the utilization of liquidity reserves of the Group based on expected cash flows.

The following tables include a summary, by maturity date, of assets and liabilities at December 31, 2015 and December 31, 2014. The reported balances are contractual and undiscounted figures. With regards to forward foreign currency contracts, the tables relating to assets report the flows relative to receivables only. These amounts will be counterbalanced by payables, as reported in the tables relating to liabilities.

<b>(Amounts in thousands of Euro)</b>	<b>Less than 1 year</b>	<b>From 1 to 3 years</b>	<b>From 3 to 5 years</b>	<b>Beyond 5 years</b>
<b>As of December 31, 2015</b>				
Cash and cash equivalents	864,852			

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Derivatives receivable	2,055
Accounts receivable	858,053
Other current assets	93,316

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**Notes to the  
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As of DECEMBER 31, 2015**

**3. FINANCIAL RISKS (Continued)**

(Amounts in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
<b>As of December 31, 2014</b>				
Cash and cash equivalents	1,453,587			
Derivatives receivable	1,008			
Accounts receivable	754,306			
Other current assets	89,882			

(Amounts in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
<b>As of December 31, 2015</b>				
Debt owed to banks and other financial institutions	44,882	226,556	672,588	825,153 <sup>(*)</sup>
Derivatives payable	2,173			
Accounts payable	927,186			
Other current liabilities	601,572			

(Amounts in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
<b>As of December 31, 2014</b>				
Debt owed to banks and other financial institutions	626,788	115,027	683,884	889,504
Derivatives payable	4,376			
Accounts payable	744,272			
Other current liabilities	572,962			

(\*) Excludes the balance of the amortized costs of Euro (9.2) million.

*(e) Interest rate risk*

The interest rate risk to which the Group is exposed primarily originates from long-term debt. Such debt accrues interest at both fixed and floating rates.

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With regard to the risk arising from fixed-rate debt, the Group does not apply specific hedging policies since it does not deem the risk to be material.

Floating-rate debt exposes the Group to a risk from the volatility of the interest rates (cash flow risk). In relation to this risk, and for the purposes of the related hedging, the Group utilized derivative contracts, specifically Interest Rate Swap (IRS) agreements, which exchange the floating rate for a fixed rate, thereby reducing the risk from interest rate volatility.

On the basis of various scenarios, the Group calculates the impact of rate changes on the consolidated statement of income. For each scenario, the same interest rate change is utilized for all currencies. The various scenarios only include those liabilities at floating rates that are not hedged with fixed interest rate swaps. As of December 31, 2015, there was no floating-rate debt outstanding. On the basis of these scenarios, the impact as of December 31, 2014 and net of tax effect of an increase/decrease of 100 basis points on net income, in a situation with all other variables unchanged, would have been a maximum decrease of Euro 2.0 million or a maximum increase of Euro 2.0 million.

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**3. FINANCIAL RISKS (Continued)**

All IRS agreements expired as of May 29, 2013.

For the purposes of fully disclosing information about financial risks, a reconciliation between classes of financial assets and liabilities and the types of financial assets and liabilities identified on the basis of IFRS 7 requirements is reported below (in thousands of Euro):

	<b>Financial assets at fair value through profit and loss</b>	<b>Loans and receivables</b>	<b>Investments held until maturity</b>	<b>for sale</b>	<b>Financial liabilities at fair value through profit and loss</b>	<b>Hedging derivatives</b>	<b>Total</b>	<b>Note(*)</b>
<b>December 31, 2015</b>								
Cash and cash equivalents			864,852				864,852	6
Accounts receivable			858,053				858,053	7
Other current assets	2,055		93,316				95,372	9
Other non-current assets			84,800				84,800	13
Short-term borrowings			110,450				110,450	15
Current portion of long-term debt			44,882				44,882	16
Accounts payable			927,186				927,186	17
Other current liabilities			601,572		2,173		603,745	20
Long-term debt			1,715,104				1,715,104	21
Other non-current liabilities			91,391				91,391	24

	<b>Financial assets at fair value through profit and loss</b>	<b>Loans and receivables</b>	<b>Investments held until maturity</b>	<b>for sale</b>	<b>Financial liabilities at fair value through profit and loss</b>	<b>Hedging derivatives</b>	<b>Total</b>	<b>Note(*)</b>
<b>December 31, 2014</b>								
			1,453,587				1,453,587	6

Cash and cash equivalents					
Accounts receivable		754,306	754,306	7	
Other current assets	1,008	89,882	90,890	9	
Other non-current assets		83,739	83,739	13	
Short-term borrowings		151,303	151,303	15	
Current portion of long-term debt		626,788	626,788	16	
Accounts payable		744,272	744,272	17	
Other current liabilities		572,962	4,376	577,338	20
Long-term debt		1,688,415	1,688,415	21	
Other non-current liabilities		83,770	83,770	24	

\*

The notes reported above refer to the paragraphs within these notes to the consolidated financial statements in which the financial assets and liabilities are further explained.

(f) *Default risk: negative pledges and financial covenants*

The financing agreements of the Group (see Note 21) require compliance with negative pledges and financial covenants, as set forth in the respective agreements, with the exception of the Group's bond issues dated March 19, 2012 and February 10, 2014, which require compliance only with negative pledges.

With regards to negative pledges, in general, the clauses prohibit the Company and its subsidiaries from granting any liens or security interests on any of their assets in favor of third parties without the consent of the lenders over a threshold equal to 20% of the Group consolidated stockholders' equity. In addition, the sale of assets of the Company and its subsidiaries is limited to a maximum threshold of 10% of consolidated assets.

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**3. FINANCIAL RISKS (Continued)**

Default with respect to the abovementioned clauses and following a grace period during which the default can be remedied, would be considered a material breach of the contractual obligations pursuant to the financing agreements of the Group.

Financial covenants require the Group to comply with specific levels of financial ratios. The most significant covenants establish a threshold for the ratio of net debt of the Group to EBITDA (Earnings before interest, taxes, depreciation and amortization) as well as EBITDA to financial charges and priority debt to share equity. The covenants are reported in the following table:

Net Financial Position/Pro Forma EBITDA	<3.5
EBITDA/Financial Charges	>5
Priority Debt/Share Equity	<20%

An explanation of the covenants referenced above is provided as follows:

*"Net Financial Position/Pro forma EBITDA"* is an indicator of the prospective sustainability of debt repayments; the lower the absolute value, the greater a company's ability to repay the debt (as indicated by the Net Financial Position) through the generation of gross cash flows from ordinary operations (as indicated by the amount of EBITDA);

*"EBITDA/Financial Charges"* is an indicator of financial leverage; the higher the value, the greater a company's ability to produce adequate resources to cover finance-related expenses; and

*"Priority Debt/Share Equity"* is an indicator of the ability to achieve financial equilibrium between internal and third-party sources of funding; the lower the ratio, the greater a company's ability to fund itself.

In the case of a failure to comply with the abovementioned ratios, the Group may be called upon to pay the outstanding debt if it does not correct such default within the period indicated in the loan agreement.

Compliance with these covenants is monitored by the Group at the end of each quarter and, as of December 31, 2015, the Group was fully in compliance with these covenants. The Group also analyzes the trend of these covenants in order to monitor its compliance and, as of today, the analysis indicates that the ratios of the Group are below the thresholds which would result in default.

*(g) Fair value*

In order to determine the fair value of financial instruments, the Group utilizes valuation techniques which are based on observable market prices (Mark to Model). These techniques therefore fall within Level 2 of the hierarchy of Fair Values identified by IFRS 13 *Fair Value*.

IFRS 13 refer to valuation hierarchy techniques that are based on three levels:

Level 1: Inputs are quoted prices in an active market for identical assets or liabilities;

Level 2: Inputs used in the valuations, other than the prices listed in Level 1, are observable for each financial asset or liability, both directly (prices) and indirectly (derived from prices); and





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As of DECEMBER 31, 2015**

**3. FINANCIAL RISKS (Continued)**

Level 3: Unobservable inputs used when observable inputs are not available in situations where there is little, if any, market activity for the asset or liability.

In order to select the appropriate valuation techniques to utilize, the Group uses the above valuation hierarchy.

As of December 31, 2014, the Group did not have any Level 3 fair value measurements.

The Group determined the fair value of the derivatives existing on December 31, 2015 through valuation techniques which are commonly used for instruments similar to those traded by the Group. The models applied to value the instruments are based on a calculation obtained from the Bloomberg information service. The input data used in these models are based on observable market prices (the Euro and USD interest rate curves as well as official exchange rates on the date of valuation) obtained from Bloomberg.

The following table summarizes the financial assets and liabilities of the Group valued at fair value (in thousands of Euro):

Description	Classification within the Consolidated Statement of Financial Position	Fair Value Measurements at Reporting Date Using:			
		December 31, 2015	Level 1	Level 2	Level 3
Foreign Exchange Contracts	Other current assets	2,055		2,055	
Assets held for sale	Other current assets	19,289			19,289*
Foreign Exchange Contracts	Other current liabilities	2,173		2,173	

Description	Classification within the Consolidated Statement of Financial Position	Fair Value Measurements at Reporting Date Using:			
		December 31, 2014	Level 1	Level 2	Level 3
Foreign Exchange Contracts	Other current assets	1,008		1,008	
Foreign Exchange Contracts	Other current liabilities	4,376		4,376	

(\*)

Assets held for sale include the aircraft owned by the Group and sold during January 2016. The fair value was determined based on the selling price agreed upon by the parties.

The Group maintains policies and procedures with the aim of valuing the fair value of assets and liabilities using valuation techniques based on observable market data.

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**3. FINANCIAL RISKS (Continued)**

The Group portfolio of foreign exchange derivatives includes only forward foreign exchange contracts on the most traded currency pairs with maturity less than one year. The fair value of the portfolio is valued using internal models that use observable market inputs including Yield Curves and Spot and Forward prices.

**4. BUSINESS COMBINATIONS**

On April 16, 2015, the Group acquired the remaining 49% of Luxottica Netherlands for a total purchase price of Euro 19.0 million. The difference between the consideration paid and the net assets acquired, equal to Euro 15.4 million, was recorded as a reduction of the Group's stockholders' equity.

On November 1, 2015, the Group acquired certain assets from Sunglass Warehouse, Inc. ("SGW"). Management determined the transaction to be a business combination in accordance with IFRS 3. The final purchase price paid by Sunglass Hut was approximately USD 23.3 million (Euro 21.0 million). The difference between the consideration paid and the net assets acquired was provisionally recorded as goodwill of Euro 18.3 million. The goodwill is tax deductible and primarily reflects the synergies that the Group estimates it will derive from the acquisition.

At December 31, 2015, the valuation was concluded. The following table summarizes the consideration paid and the fair value of the assets acquired and liabilities assumed at the acquisition date for SGW (in thousands of Euro):

<b>Total consideration</b>	<b>21,017</b>
<b>Recognized amount of identifiable assets and liabilities assumed</b>	
Inventory	1,877
Fixed assets	826
<b>Total net identifiable assets</b>	<b>2,703</b>
Goodwill	18,314
<b>Total</b>	<b>21,017</b>

On an unaudited pro forma basis, had the acquisition occurred at the beginning of the year, net sales contributed by SGW would have been Euro 14.8 million.

On January 31, 2014, the Company completed the acquisition of glasses.com. The consideration for the acquisition was USD 40 million (approximately Euro 30.1 million). The difference between the consideration paid and the net assets acquired was recorded as goodwill of Euro 12.6 million and intangible assets of Euro 10.0 million. Net sales of glasses.com from the acquisition date were Euro 7.3 million.

On an unaudited pro forma basis, had the acquisition occurred at the beginning of the year, net sales contributed by glasses.com would have been Euro 8.2 million.

The goodwill is tax deductible and primarily reflects the synergies that the Group estimates it will derive from the acquisition. Acquisition-related costs were approximately Euro 0.3 million and were expensed as incurred.



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**Notes to the  
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**4. BUSINESS COMBINATIONS (Continued)**

At December 31, 2014, the valuation was concluded. The following table summarizes the consideration paid and the fair value of the assets acquired and liabilities assumed at the acquisition date for glasses.com (in thousands of Euro):

<b>Total consideration</b>	<b>30,058</b>
<b>Recognized amount of identifiable assets and liabilities assumed</b>	
Inventory	3,158
Other current receivables	295
Fixed assets	5,334
Intangible assets	9,962
Other current liabilities	(1,304)
<b>Total net identifiable assets</b>	<b>17,444</b>
Goodwill	12,614
<b>Total</b>	<b>30,058</b>

During 2014, the Group completed other minor acquisitions in the retail segment in Spain, Macao and Australia for total consideration of Euro 11.0 million. The difference between the consideration paid and the net assets acquired was recorded as goodwill, determined based on the future expected economic benefits.

On January 23, 2013, the Company completed the acquisition of Alain Mikli, a French luxury and contemporary eyewear company. The consideration for the acquisition was Euro 85.2 million. The purchase price paid in 2013, including the assumption of approximately Euro 15.0 million of Alain Mikli's debt, totaled Euro 91.0 million, excluding advance payments made in 2012 and receivables from Alain Mikli. Net sales generated by Alain Mikli International in 2012 were approximately Euro 55.5 million. The acquisition furthers the Group's strategy of continually strengthening of its brand portfolio.

The valuation process to calculate the fair value of the acquired Alain Mikli net assets was concluded as of the date these financial statements were authorized for issue.

The difference between the consideration paid and the net assets acquired was recorded as goodwill and intangible assets of Euro 58.7 million and Euro 33.5 million, respectively. The goodwill is not tax-deductible and primarily reflects the synergies that the Group estimates it will derive from the acquisition.

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**4. BUSINESS COMBINATIONS (Continued)**

The following table summarizes the consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date (in thousands of Euro):

Consideration	85,179
Cash and cash equivalents acquired	(3,771)
Debt acquired	18,304
<b>Total consideration</b>	<b>99,712</b>

<b>Recognized amount of net identifiable assets</b>	
Accounts receivable net	9,975
Inventory	11,397
Other current receivables	4,156
Fixed assets	3,470
Trademarks and other intangible assets	33,800
Investments	113
Other long-term receivables	6,642
Accounts payable	(10,708)
Other current liabilities	(5,590)
Income tax payable	(231)
Deferred tax liabilities	(9,014)
Other long-term liabilities	(2,996)
<b>Total net identifiable assets</b>	<b>41,012</b>

Goodwill	58,700
<b>Total</b>	<b>99,712</b>

Transaction-related costs of approximately Euro 1.2 million were expensed as incurred.

On April 25, 2013, Sunglass Hut Mexico ("SGH Mexico"), a subsidiary of the Company, acquired the sun business of Grupo Devlyn S.A.P.I. de C.V. ("Devlyn"). As a result of the acquisition, the shareholders of Devlyn received a minority stake in SGH Mexico of 20% and a put option to sell the shares to the Company, while the Company was granted a call option on the minority stake. The exercise price of the options was estimated based on the expected EBITDA, net sales and net financial position at the end of the lock-up period identified in the contract. The acquisition of the Company's interest in Devlyn was accounted for as a business combination in accordance with IFRS 3. In particular, the Group recorded provisional goodwill of approximately Euro 6.0 million and a liability for the present value of the put option of approximately Euro 9.5 million. The valuation of the net assets acquired will be completed within the twelve-month period subsequent to the acquisition. The transaction furthers the Group's strategy of increasing its presence in Latin America.

**5. SEGMENT INFORMATION**

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In accordance with IFRS 8 *Operating segments*, the Group operates in two operating segments: (1) Manufacturing and Wholesale Distribution ("Wholesale") and (2) Retail Distribution ("Retail").

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**Notes to the  
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**5. SEGMENT INFORMATION (Continued)**

The criteria applied to identify the operating segments are consistent with the way the Group is managed. In particular, the disclosures are consistent with the information regularly reviewed by the Group's Chief Executive Officers, in their roles as Chief Operating Decision Makers, to make decisions about resources to be allocated to the segments and assess their performance.

Total assets and liabilities for each operating segment are no longer disclosed as they are not regularly reviewed by the CODMs.

In January 2016, our Board of Directors approved the assignment of responsibility for Markets, a role formerly held by Mr. Adil Mehboob-Khan, to Mr. Leonardo Del Vecchio, the Company's Chairman of the Board and majority shareholder, as Executive Chairman. Due to this change, the Executive Chairman is now the CODM assisted in his role by the CEO for Product and Operations. This change did not impact the operating segments as the information provided and reviewed by the CODM has not changed.

(Amounts in thousands of Euro)	Manufacturing and Wholesale Distribution	Retail Distribution	Inter-segment transactions and corporate adjustments(c)	Consolidated
<b>2015</b>				
Net sales <sup>(a)</sup>	3,592,555	5,244,023		8,836,578
Income from operations <sup>(b)</sup>	807,213	789,355	(220,123)	1,376,445
Interest income				11,190
Interest expense				(106,439)
Other-net				(3,281)
Income before provision for income taxes				1,277,914
Provision for income taxes				(471,042)
Net income				806,873
<i>Of which attributable to:</i>				
Luxottica stockholders				804,119
Non-controlling interests				2,753
Capital expenditures	211,023	302,552		513,575
Depreciation, amortization and write-down	157,081	231,056	88,751	476,888
<b>2014</b>				
Net sales <sup>(a)</sup>	3,193,757	4,458,560		7,652,317
Income from operations <sup>(b)</sup>	724,539	636,282	(203,208)	1,157,613
Interest income				11,672
Interest expense				(109,659)
Other-net				455
Income before provision for income taxes				1,060,080
Provision for income taxes				(414,066)
Net income				646,014
<i>Of which attributable to:</i>				
Luxottica stockholders				642,596
Non-controlling interests				3,417
Capital expenditures	175,573	243,360		418,933
Depreciation, amortization and write-down	123,268	181,625	79,103	383,996

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**Notes to the  
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**5. SEGMENT INFORMATION (Continued)**

(Amounts in thousands of Euro)	Manufacturing and Wholesale Distribution	Retail Distribution	Inter-segment transactions and corporate adjustments(c)	Consolidated
<b>2013</b>				
Net sales <sup>(a)</sup>	2,991,297	4,321,314		7,312,611
Income from operations <sup>(b)</sup>	649,108	585,516	(178,951)	1,055,673
Interest income				10,072
Interest expense				(102,132)
Other-net				(7,247)
Income before provision for income taxes				956,366
Provision for income taxes				(407,505)
Net income				548,861
<i>Of which attributable to:</i>				
Luxtistica stockholders				544,696
Non-controlling interests				4,165
Capital expenditures	157,165	212,547		369,711
Depreciation and amortization	108,993	172,804	84,834	366,631

(a) Net sales of both the Manufacturing and Wholesale Distribution segment and the Retail Distribution segment include sales to third-party customers only.

(b) Income from operations of the Manufacturing and Wholesale Distribution segment is related to net sales to third-party customers only, excluding the "manufacturing profit" generated on the inter-company sales to the Retail Distribution segment. Income from operations of the Retail Distribution segment is related to retail sales, considering the cost of goods acquired from the Manufacturing and Wholesale Distribution segment at manufacturing cost, thus including the relevant "manufacturing profit" attributable to those sales.

(c) Inter-segment transactions and corporate adjustments include corporate costs not allocated to a specific segment and amortization of acquired intangible assets not allocated to a specific segment, as well as elimination of transactions between segments.

*Information by geographic area*

The geographic segments include Europe, North America (which includes the United States of America, Canada and Caribbean islands), Asia-Pacific (which includes Australia, New Zealand, China, Hong Kong, Singapore and Japan), Latam (which includes South and Central America) and Other (which includes all other geographic locations, including the Middle East). Sales are attributed to

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**5. SEGMENT INFORMATION (Continued)**

geographic segments based on the customer's location, whereas long-lived assets, net are the result of the combination of legal entities located in the same geographic area.

<b>Years ended December 31 (Amounts in thousands of Euro)</b>	<b>Europe(1)</b>	<b>North America(2)</b>	<b>Asia- Pacific(3)</b>	<b>Latam</b>	<b>Other</b>	<b>Consolidated</b>
<b>2015</b>						
Net sales	1,625,286	5,151,178	1,177,926	542,983	339,205	8,836,578
Long-lived assets (at year end)	356,816	728,507	292,886	52,744	4,571	1,435,524
<b>2014</b>						
Net sales	1,507,101	4,286,770	1,049,907	506,010	302,529	7,652,317
Long-lived assets (at year end)	362,472	635,076	267,057	50,277	2,735	1,317,617
<b>2013</b>						
Net sales	1,442,789	4,123,783	1,004,546	470,239	271,253	7,312,611
Long-lived assets (at year end)	335,979	578,462	223,806	42,796	2,193	1,183,236

- (1) Long-lived assets located in Italy represented 22%, 25% and 26% of the Group's total fixed assets as of December 31, 2015, 2014 and 2013, respectively. Net sales recorded in Italy were Euro 0.3 billion, Euro 0.2 billion and Euro 0.3 billion in 2015, 2014 and 2013, respectively.
- (2) Long-lived assets, located in the United States represented 48%, 45% and 45% of the Group's total fixed assets as of December 31, 2015, 2014 and 2013, respectively. Net sales recorded in the United States were Euro 4.9 billion, Euro 3.9 billion and Euro 3.8 billion in 2015, 2014 and 2013, respectively.
- (3) Long-lived assets located in China represented 15%, 14% and 12% of the Group's total fixed assets as of December 31, 2015, 2014 and 2013, respectively.

**INFORMATION ON THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****CURRENT ASSETS****6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of the following items (amounts in thousands of Euro):

	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
Cash at bank	856,611	1,441,145
Checks	5,596	9,611

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Cash and cash equivalents on hand	2,645	2,831
<b>Total</b>	<b>864,852</b>	<b>1,453,587</b>

See Note 21 and the consolidated statements of cash flows for further details.

There is no restricted cash.

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**Notes to the  
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**7. ACCOUNTS RECEIVABLE**

Accounts receivable consist exclusively of trade receivables and are recognized net of allowances to adjust their carrying amount to the estimated realizable value. Accounts receivable are due within 12 months (amounts in thousands of Euro):

	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
Accounts receivable	895,555	793,210
Allowance for doubtful accounts	(37,501)	(38,904)
<b>Total accounts receivable</b>	<b>858,053</b>	<b>754,306</b>

The increase in accounts receivable is mainly due to the growth of net sales in 2015 as compared to 2014.

The following table shows the allowance for doubtful accounts roll-forward (amounts in thousands of Euro):

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Balance as of January 1	38,904	35,231	35,098
Increases	6,555	3,891	5,534
Decreases	(6,872)	(5,313)	(4,313)
Translation difference and other	(1,086)	5,095	(1,088)
<b>Balance as of December 31</b>	<b>37,501</b>	<b>38,904</b>	<b>35,231</b>

The book value of the accounts receivable approximates their fair value.

As of December 31, 2015, the gross amount of accounts receivable was equal to Euro 895.6 million (Euro 793.2 million as of December 31, 2014), including an amount of Euro 36.0 million covered by insurance and other guarantees (4% of gross receivables). The bad debt fund as of December 31, 2015 amounted to Euro 37.5 million (Euro 38.9 million as of December 31, 2014).

Write-downs of accounts receivable are determined in accordance with the Group credit policy described in Note 3 "Financial Risks."

Accruals and reversals of the allowance for doubtful accounts are recorded within selling expenses in the consolidated statement of income.

The maximum exposure to credit risk, as of the end of the reporting date, was represented by the fair value of accounts receivable which approximates their carrying amount.

The Group believes that its exposure to credit risk does not call for other guarantees or credit enhancements.

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**Notes to the  
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**7. ACCOUNTS RECEIVABLE (Continued)**

The table below summarizes the quantitative information required by IFRS 7 based on the categories of receivables pursuant to Group policies:

<b>December 31, 2015 (Amounts in thousands of Euro)</b>	<b>Gross receivables</b>	<b>Allowance for doubtful accounts</b>	<b>Maximum exposure to credit risk</b>	<b>Amount of accounts receivable overdue but not included in the allowance for doubtful accounts 0 - 30 days overdue</b>	<b>Overdue accounts receivable not included in the allowance for doubtful accounts &gt; 30 days overdue</b>	<b>Overdue accounts receivable not included in the allowance for doubtful accounts &gt; 30 days overdue</b>
Receivables of the Wholesale segment classified as GOOD	643,326	(5,785)	637,541	64,961	33,033	31,928
Receivables of the Wholesale segment classified as GOOD UNDER CONTROL	15,273	(1,055)	14,218	1,221	542	679
Receivables of the Wholesale segment classified as RISK	27,035	(23,994)	3,041	2,230	65	2,165
Receivables of the Retail segment	209,921	(6,667)	203,254	20,042	10,368	9,962
<b>Total</b>	<b>895,555</b>	<b>(37,501)</b>	<b>858,053</b>	<b>88,454</b>	<b>44,008</b>	<b>44,734</b>

<b>December 31, 2014 (Amounts in thousands of Euro)</b>	<b>Gross receivables</b>	<b>Allowance for doubtful accounts</b>	<b>Maximum exposure to credit risk</b>	<b>Amount of accounts receivable overdue but not included in the allowance for doubtful accounts 0 - 30 days overdue</b>	<b>Overdue accounts receivable not included in the allowance for doubtful accounts &gt; 30 days overdue</b>	<b>Overdue accounts receivable not included in the allowance for doubtful accounts &gt; 30 days overdue</b>
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				<b>doubtful accounts</b>	<b>overdue</b>	<b>30 days overdue</b>
Receivables of the Wholesale segment classified as GOOD	587,109	(5,516)	581,593	43,537	29,519	14,018
Receivables of the Wholesale segment classified as GOOD UNDER CONTROL	11,902	(1,590)	10,312	1,820	319	1,501
Receivables of the Wholesale segment classified as RISK	28,797	(26,016)	2,781	1,650	117	1,533
Receivables of the Retail segment	165,402	(5,782)	159,620	16,082	11,586	4,497
<b>Total</b>	<b>793,210</b>	<b>(38,904)</b>	<b>754,306</b>	<b>63,089</b>	<b>41,541</b>	<b>21,549</b>

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**7. ACCOUNTS RECEIVABLE (Continued)**

The accounts receivable in the retail division are mainly related to the insurance business of the Group.

As of December 31, 2015, the amount of overdue receivables which were not included in the bad debt fund was equal to 9.9% of gross receivables (8.0% as of December 31, 2014) and 10.3% of receivables net of the bad debt fund (8.4% as of December 31, 2014). The Group does not expect any additional losses over amounts already provided for.

**8. INVENTORIES**

Inventories are comprised of the following items (amounts in thousands of Euro):

	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
Raw materials	200,336	186,593
Work in process	51,828	47,674
Finished goods	711,009	627,300
Less: inventory obsolescence reserves	(129,901)	(133,163)
<b>Total</b>	<b>833,272</b>	<b>728,404</b>

The increase in inventories in 2015 (Euro 104.9 million) was aimed at improving the quality of the customer experience by having inventory levels in line with customer demand.

The movements in the allowance for inventories reserve are as follows:

<b>(Amounts in thousands of Euro)</b>	<b>Balance at beginning of period</b>	<b>Provision</b>	<b>Other(1)</b>	<b>Utilization</b>	<b>Balance at end of period</b>
2013	115,625	75,242	(355)	(71,249)	119,263
2014	119,263	80,142	3,042	(69,284)	133,163
2015	133,163	65,077	(505)	(67,834)	129,901

(1) Other includes translation differences for the period.



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**9. OTHER ASSETS**

Other assets comprise the following items:

(Amounts in thousands of Euro)	As of December 31	
	2015	2014
Sales taxes receivable	38,016	40,494
Prepaid expenses	1,458	1,915
Other assets	55,896	48,479
<b>Total financial assets</b>	<b>95,370</b>	<b>90,888</b>
Income tax receivable	70,038	50,356
Advances to suppliers	15,070	14,343
Prepaid expenses	72,985	44,771
Other assets	19,468	31,039
<b>Total non-financial assets</b>	<b>177,561</b>	<b>140,509</b>
<b>Total other assets</b>	<b>272,932</b>	<b>231,397</b>

The increase in income tax receivable is primarily related to an increase in the Group's U.S. subsidiaries' direct tax receivables (Euro 18.1 million).

The increase in prepaid expenses is primarily related to (i) prepaid rents for North America retail operations (Euro 10.1 million) and (ii) marketing expenses related to the 2016 Olympic Games (Euro 2.5 million).

Other financial assets include receivables from foreign currency derivatives amounting to Euro 2.0 million as of December 31, 2015 (Euro 1.0 million as of December 31, 2014), the fair value of the aircraft owned by Luxottica Leasing S.r.l. of Euro 19.3 million and classified as an asset held for sale, as well as other financial assets of the North America retail division totaling Euro 12.1 million as of December 31, 2015 (Euro 12.6 million as of December 31, 2014).

Other assets include the short-term portion of advance payments made to certain designers for future contracted minimum royalties totaling Euro 19.5 million as of December 31, 2015 (Euro 31.0 million as of December 31, 2014).

The net book value of financial assets is approximately equal to their fair value and this value also corresponds to the maximum exposure of the credit risk. The Group has no guarantees or other instruments to manage credit risk.

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**NON-CURRENT ASSETS****10. PROPERTY, PLANT AND EQUIPMENT**

Changes in items of property, plant and equipment are reported below:

<b>(Amounts in thousands of Euro)</b>	<b>Land and buildings, including leasehold improvements</b>	<b>Machinery and equipment</b>	<b>Aircraft</b>	<b>Other equipment</b>	<b>Total</b>
<b>As of January 1, 2014</b>					
Historical cost	910,968	1,107,816	38,145	612,555	2,669,485
Accumulated depreciation	(454,957)	(681,918)	(11,894)	(337,480)	(1,486,249)
<b>Total as of January 1, 2014</b>	<b>456,011</b>	<b>425,898</b>	<b>26,252</b>	<b>275,075</b>	<b>1,183,236</b>
<b>Increases</b>					
Increases	59,160	101,646	7,851	112,120	280,778
Decreases/write-downs	(3,908)	(4,508)	(2,893)	(4,164)	(15,473)
Business combinations		4,698		1,026	5,724
Translation difference and other	45,674	61,162	3,807	(22,745)	87,898
Depreciation expense	(60,625)	(101,540)	(1,763)	(60,619)	(224,547)
<b>Total balance as of December 31, 2014</b>	<b>496,313</b>	<b>487,359</b>	<b>33,253</b>	<b>300,693</b>	<b>1,317,617</b>
<b>Of which:</b>					
Historical cost	1,032,956	1,303,833	46,300	700,746	3,083,835
Accumulated depreciation	(536,643)	(816,474)	(13,047)	(400,053)	(1,766,218)
<b>Total as of December 31, 2014</b>	<b>496,313</b>	<b>487,359</b>	<b>33,253</b>	<b>300,693</b>	<b>1,317,617</b>
<b>Increases</b>					
Increases	89,892	101,950		170,633	362,475
Decreases/write-downs	(8,311)	(2,105)	(1,537)	(7,758)	(19,711)
Translation difference and other	38,714	51,795	(19,255)	(22,611)	48,643
Depreciation expense	(73,834)	(124,405)	(1,965)	(73,295)	(273,499)
<b>Total balance as of December 31, 2015</b>	<b>542,774</b>	<b>514,594</b>	<b>10,496</b>	<b>367,661</b>	<b>1,435,524</b>
<b>Of which:</b>					
Historical cost	1,160,057	1,456,077	11,362	825,695	3,453,190
Accumulated depreciation	(617,283)	(941,482)	(865)	(458,033)	(2,017,664)
<b>Total balance as of December 31, 2015</b>	<b>542,774</b>	<b>514,594</b>	<b>10,496</b>	<b>367,661</b>	<b>1,435,524</b>

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Of the total depreciation expense of Euro 273.5 million (Euro 224.5 million and Euro 212.8 million in 2014 and 2013, respectively), Euro 94.1 million (Euro 81.3 million and Euro 72.3 million in 2014 and 2013, respectively) is included in cost of sales, Euro 133.6 million (Euro 111.3 million and Euro 110.1 million in 2014 and 2013, respectively) is included in selling expenses, Euro 11.6 million (Euro 7.9 million and Euro 5.3 million in 2014 and 2013, respectively) is included in advertising expenses and Euro 34.2 million (Euro 24.0 million and Euro 25.0 million in 2014 and 2013, respectively) is included in general and administrative expenses.

Capital expenditures in 2015 and 2014 mainly relate to technology upgrades associated with manufacturing capacity, enhancements to IT infrastructure, opening of new stores and the remodeling of older stores. In 2015, increases include Euro 26.0 million related to capital additions not yet paid for as of year end.

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Other equipment includes Euro 108.5 million for assets under construction as of December 31, 2015 (Euro 62.6 million as of December 31, 2014) mainly relating to investments in manufacturing facilities in Italy and China (Euro 16.2 million and Euro 37.6 million, respectively) and to the opening and renovation of North America retail stores (Euro 30.1 million).

Leasehold improvements totaled Euro 202.9 million and Euro 169.2 million as of December 31, 2015 and December 31, 2014, respectively.

**11. GOODWILL AND INTANGIBLE ASSETS**

Changes in goodwill and intangible assets for the years ended December 31, 2014 and 2015, were as follows:

(Amounts in thousands of Euro)	Goodwill	Trade names and trademarks	Customer relations, and contracts and lists	Franchise agreements	Other	Total
<b>As of January 1, 2014</b>						
Historical cost	3,045,216	1,490,809	231,621	20,811	624,468	5,412,925
Accumulated amortization		(729,915)	(93,148)	(9,109)	(274,400)	(1,106,572)
<b>Total</b>	<b>3,045,216</b>	<b>760,894</b>	<b>138,473</b>	<b>11,702</b>	<b>350,068</b>	<b>4,306,353</b>
<b>Increases</b>						
		215			138,332	138,547
<b>Decreases</b>						
					(862)	(862)
Business combinations	22,482	5,222			7,910	35,614
Translation difference and other	283,565	72,315	15,102	1,489	43,090	415,560
Impairment and amortization expense		(64,957)	(13,938)	(1,080)	(79,474)	(159,449)
<b>Balance as of December 31, 2014</b>	<b>3,351,263</b>	<b>773,688</b>	<b>139,638</b>	<b>12,110</b>	<b>459,064</b>	<b>4,735,764</b>

(Amounts in thousands of Euro)	Goodwill	Trade names and trademarks	Customer relations, and contracts and lists	Franchise agreements	Other	Total
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Historical cost	3,351,263	1,628,250	258,145	23,639	829,944	6,091,241
Accumulated amortization		(854,562)	(118,507)	(11,529)	(370,880)	(1,355,477)
<b>Total as of December 31, 2014</b>	<b>3,351,263</b>	<b>773,688</b>	<b>139,638</b>	<b>12,110</b>	<b>459,064</b>	<b>4,735,764</b>

Increases		402			151,187	151,590
Decreases					(3,157)	(3,157)
Business combinations/disposals	18,342				1,509	19,851
Translation difference and other	227,378	62,644	9,064	1,370	38,026	338,482
Amortization expense		(72,868)	(15,638)	(1,293)	(113,590)	(203,389)
<b>Balance as of December 31, 2015</b>	<b>3,596,983</b>	<b>763,866</b>	<b>133,064</b>	<b>12,187</b>	<b>533,031</b>	<b>5,039,130</b>

Historical cost	3,596,983	1,745,004	277,266	26,362	1,020,028	6,665,643
Accumulated amortization		(981,138)	(144,202)	(14,175)	(486,997)	(1,626,512)
<b>Balance as of December 31, 2015</b>	<b>3,596,983</b>	<b>763,866</b>	<b>133,064</b>	<b>12,187</b>	<b>533,031</b>	<b>5,039,130</b>

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**Notes to the  
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**11. GOODWILL AND INTANGIBLE ASSETS (Continued)**

The 2015 and 2014 increases in goodwill and intangible assets due to business combinations were mainly due to the acquisition of SGW (Euro 18.3 million) in 2015 and glasses.com (Euro 22.6 million) in 2014. Please refer to Note 4 "Business Combinations" for further details.

Of the total amortization expense of intangible assets of Euro 203.4 million (Euro 159.4 million and Euro 153.9 million in 2014 and 2013, respectively), Euro 178.1 million (Euro 141.7 million and Euro 140.5 million in 2014 and 2013, respectively) is included in general and administrative expenses, Euro 19.0 million (Euro 13.0 million and Euro 8.5 million in 2014 and 2013, respectively) is included in selling expenses and Euro 6.3 million (Euro 4.7 million and Euro 4.9 million in 2014 and 2013, respectively) is included in cost of sales.

Other intangible assets includes internally generated assets of Euro 86.7 million (Euro 69.3 million as of December 31, 2014).

The increase in intangible assets during 2015 is primarily due to the ongoing implementation of the Group's IT infrastructure equal to Euro 146.2 million.

**Impairment of goodwill**

As of December 31, 2015 and 2014, goodwill totaled Euro 3,597.0 million and Euro 3,351.3 million, respectively. The increase is mainly due to the strengthening of the main currencies in which the Group operates (Euro 228.4 million) and the acquisition of SGW for Euro 18.3 million.

In 2015, management assessed the aggregation of cash-generating units ("CGUs") previously identified for testing the impairment of its goodwill in light of the organizational changes that occurred in the retail business during the year. As a result of the analysis, management determined that the CGUs *Retail North America*, *Retail Asia-Pacific* and *Retail Other* were no longer representative of the way the goodwill is monitored and, therefore, identified the following new CGUs: *Retail Optical*, *Retail Sun & Luxury* and *Retail Oakley*. The CGU *Wholesale* was not impacted by the change.

Pursuant to IAS 36 *Impairment of Assets*, the goodwill was reallocated to the CGUs affected by the change based on their relative fair values as of December 31, 2015. The relative fair values were determined based on the discounted cash flows that any CGU is expected to generate.

The value of goodwill allocated to each CGU is reported in the following table (amounts in thousands of Euro):

	<b>2015</b>
Wholesale	1,398,104
Retail Optical	995,864
Retail Sun & Luxury	1,021,066
Retail Oakley	181,949
<b>Total</b>	<b>3,596,983</b>

In accordance with IAS 36, before testing for impairment the new CGUs to which the goodwill was reallocated, the Group tested the old CGUs. Neither test resulted in an impairment loss of any of the CGUs identified by the Group.



**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**11. GOODWILL AND INTANGIBLE ASSETS (Continued)**

The information required by paragraph 134 of IAS 36 is provided below.

The recoverable amount of each CGU has been verified by comparing its net assets carrying amount to its value in use.

The main assumptions for determining the value in use are reported below:

Growth rate: 2.4% for all CGUs

Discount rate: 7.8% for Wholesale, 7.1% for Retail Optical, 7.2% for Retail Sun & Luxury and 7.0% for Retail Oakley

The above long-term average growth rate does not exceed the rate which is estimated for the products, industries and countries in which the Group operates.

The discount rate has been determined on the basis of market information on the cost of money and the specific risk of the industry (Weighted Average Cost of Capital, WACC). In particular, the Group used a methodology to determine the discount rate which was in line with that utilized in the previous year, considering the rates of return on long-term government bonds and the average capital structure of a group of comparable companies.

The recoverable amount of CGUs has been determined by utilizing post-tax cash flow forecasts based on the Group's 2016-2018 three-year plan approved by management, on the basis of the results attained in previous years as well as management expectations split by geographical area regarding future trends in the eyewear market for both the Wholesale and Retail distribution segments. At the end of the three-year projected cash flow period, a terminal value was estimated in order to reflect the value of the CGU in future years. The terminal values were calculated as perpetuity at the same growth rate as described above and represent the present value, in the last year of the forecast, of all future perpetual cash flows. The impairment test performed as of the balance sheet date resulted in a recoverable value greater than the carrying amount (net operating assets) of the above-mentioned CGUs. In percentage terms, the surplus of the recoverable amount of the CGU over the carrying amount was equal to 502%, 72%, 98% and 100% of the carrying amount of the *Wholesale*, *Retail Optical*, *Retail Sun & Luxury* and *Retail Oakley* CGUs, respectively. A reduction in the recoverable amount of the CGU to a value that equals its carrying amount would require either of the following: (i) an increase in the discount rate to approximately 31.7% for *Wholesale*, 10.3% for *Retail Optical*, 11.7% for *Retail Sun & Luxury* and 11.5% for *Retail Oakley*; or (ii) the utilization of a negative growth rate for all of the CGUs.

In addition, reasonable changes to the abovementioned assumptions used to determine the recoverable amount (i.e., growth rate changes of +/- 0.5 percent and discount rate changes of +/- 0.5 percent) would not significantly affect the impairment test results.



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**Notes to the  
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As of DECEMBER 31, 2015**

**12. INVESTMENTS**

Investments amounted to Euro 65.4 million (Euro 61.2 million as of December 31, 2014). The balance mainly related to the investment in Eyebiz Laboratories Pty Limited (a joint venture formed in 2010 between Luxottica and Essilor International that provides most of the Australian lab needs) for Euro 6.0 million (Euro 5.4 million as of December 31, 2014) and the acquisition of the 36.80% equity stake in Salmoiraghi & Viganò. The following tables provide a roll-forward of the Group's investment from the acquisition date as well as the assets, liabilities and net sales of Salmoiraghi & Viganò (amounts in thousands of Euro):

As of January 1, 2015	42,583
Addition	
Share of profit from associate	3,430
As of December 31, 2015	46,013

**As of  
December 31,  
2015**

Total assets	183,116
Total liabilities	136,865
Net sales	195,284
Share of profit	3,430
Percentage held	36.80%

The investment was analyzed under the applicable impairment test as of December 31, 2015 and it was determined that no loss is to be recorded in the consolidated financial statements as of December 31, 2015.

**13. OTHER NON-CURRENT ASSETS**

(Amounts in thousands of Euro)	As of December 31	
	2015	2014
Other financial assets	84,800	83,739
Other assets	20,774	40,109
<b>Total other non-current assets</b>	<b>105,574</b>	<b>123,848</b>

Other financial assets primarily include security deposits totaling Euro 38.8 million (Euro 33.7 million as of December 31, 2014).

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Other assets primarily include advance payments made to certain licensees for future contractual minimum royalties totaling Euro 20.8 million (Euro 40.1 million as of December 31, 2014). The decrease is mainly due to the reclassification as other current assets of the royalties due in 2016.

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**Notes to the  
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**14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

The balance of deferred tax assets and liabilities as of December 31, 2015 and December 31, 2014 is as follows:

(Amounts in thousands of Euro)	As of December 31, 2015	As of December 31, 2014
Deferred tax assets	174,433	188,199
Deferred tax liabilities	277,327	266,896
<b>Deferred tax liabilities (net)</b>	<b>102,894</b>	<b>78,697</b>

The analysis of deferred tax assets and deferred tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(Amounts in thousands of Euro)	As of December 31	
	2015	2014
Deferred tax assets to be recovered within 12 months	250,465	199,085
Deferred tax assets to be recovered after 12 months	204,923	223,974
	455,388	423,059
Deferred tax liabilities to be recovered within 12 months	15,094	17,253
Deferred tax liabilities to be recovered after 12 months	543,189	484,502
	558,283	501,755
<b>Deferred tax liabilities (net)</b>	<b>102,894</b>	<b>78,697</b>

The gross movement in the deferred income tax accounts is as follows:

(Amounts in thousands of Euro)	2015	2014
<b>As of January 1</b>	<b>78,697</b>	<b>95,455</b>
Exchange rate difference and other movements	43,463	29,345
Business combinations		535
Income statements	(13,609)	(10,901)
Tax charge/(credit) directly to equity	(5,658)	(35,737)

At December 31

102,894

78,697

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (Continued)**

The movement of deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<b>Deferred tax assets (Amounts in thousands of Euro)</b>	<b>As of January 1, 2014</b>	<b>Exchange rate difference and other movements</b>	<b>Business combinations</b>	<b>Income statements</b>	<b>Tax charged/(credited) to equity</b>	<b>As of December 31, 2014</b>
Inventories	101,899	13,337	893	8,991		125,120
Self-insurance reserves	11,819	1,547		(485)		12,881
Net operating loss carry-forwards	15,695	144	4,559	7,681		28,079
Rights of return	16,394	1,524		3,532		21,450
Deferred tax on derivatives						
Employee-related reserves	54,032	(3,064)	141	(3,033)	34,282	82,358
Occupancy reserves	17,707	(1,720)		547		16,534
Trade names	70,939	420	56	(3,987)		67,429
Fixed assets	10,798	(223)	7	218		10,799
Other	55,437	(6,308)	(4,521)	13,801		58,409
<b>Total</b>	<b>354,720</b>	<b>5,657</b>	<b>1,135</b>	<b>27,265</b>	<b>34,282</b>	<b>423,059</b>

<b>Deferred tax liabilities (Amounts in thousands of Euro)</b>	<b>As of January 1, 2014</b>	<b>Exchange rate difference and other movements</b>	<b>Business combinations</b>	<b>Income statements</b>	<b>Tax charged/(credited) to equity</b>	<b>As of December 31, 2014</b>
Dividends	7,383			5,517		12,899
Trade names	207,881	21,554	1,597	(14,858)		216,175
Fixed assets	51,899	6,086		9,359		67,344
Other intangibles	158,830	23,485	(1)	5,832		188,147
Other	24,181	(16,124)	74	10,514	(1,455)	17,190
<b>Total</b>	<b>450,175</b>	<b>35,001</b>	<b>1,670</b>	<b>16,364</b>	<b>(1,455)</b>	<b>501,755</b>



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**Notes to the  
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As of DECEMBER 31, 2015**

**14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (Continued)**

<b>Deferred tax assets (Amounts in thousands of Euro)</b>	<b>As of January 1, 2015</b>	<b>Exchange rate difference and other movements</b>	<b>Business Income statements</b>	<b>Business Income statements</b>	<b>Tax charged/ (credited) to equity</b>	<b>As of December 31, 2015</b>
Inventories	125,120	4,568		12,289		141,977
Self-insurance reserves	12,881	1,437		(382)		13,936
Net operating loss carry-forwards	28,079	(5,173)		10,020		32,926
Rights of return	21,450	(782)		(899)		19,769
Deferred tax on derivatives						
Employee-related reserves	82,358	(4,635)		6,910	6,456	91,089
Occupancy reserves	16,534	5,057		1,234		22,825
Trade names	67,429	11,468		(6,826)		72,071
Fixed assets	10,799	129		(1,117)		9,811
Other	58,409	(6,186)		(1,238)		50,885
<b>Total</b>	<b>423,059</b>	<b>5,883</b>		<b>19,991</b>	<b>6,456</b>	<b>455,388</b>

<b>Deferred tax liabilities (Amounts in thousands of Euro)</b>	<b>As of January 1, 2015</b>	<b>Exchange rate difference and other movements</b>	<b>Business Income statements</b>	<b>Business Income statements</b>	<b>Tax charged/ (credited) to equity</b>	<b>As of December 31, 2015</b>
Dividends	12,899			(5,072)		7,827
Trade names	216,175	20,673		(17,894)		218,955
Fixed assets	67,344	(2,014)		13,927		79,257
Other intangibles	188,147	44,501		(1,008)		231,640
Other	17,190	(13,814)		16,429	798	20,604
<b>Total</b>	<b>501,755</b>	<b>49,346</b>		<b>6,382</b>	<b>798</b>	<b>558,283</b>

Deferred income tax assets are recognized for tax loss carry- forwards to the extent that the realization of the related tax benefit through future profit is probable. The Group did not recognize deferred income tax assets of Euro 44.5 million in respect of losses amounting to Euro 101.6 million that can be carried forward against future taxable income and Euro 70.6 million that can be indefinitely carried forward. The breakdown of the net operating losses by expiration date is as follows:

**Year ending December 31:  
(Amounts in thousands of Euro)**

2016	18,401
2017	21,037
2018	18,152
2019	22,761
2020	13,273
Subsequent years	7,976
<b>Total</b>	<b>101,600</b>



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**Notes to the  
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**14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (Continued)**

The Group does not provide for an accrual for income taxes on undistributed earnings of its non-Italian operations to the related Italian parent company of Euro 3.6 billion and Euro 2.9 billion in 2015 and 2014, respectively, that are intended to be permanently invested. In connection with the 2015 earnings of certain subsidiaries, the Group has provided for an accrual for income taxes related to dividends from earnings to be paid in 2016.

**CURRENT LIABILITIES**

**15. SHORT-TERM BORROWINGS**

Short-term borrowings at December 31, 2015 and 2014, reflect current account overdrafts with various banks as well as uncommitted short-term lines of credit with different financial institutions. The interest rates on these credit lines are floating. The credit lines may be used, if necessary, to obtain letters of credit.

As of December 31, 2015 and 2014, the Company had unused short-term lines of credit of approximately Euro 632.0 million and Euro 598.1 million, respectively.

The Company and its wholly-owned Italian subsidiaries Luxottica S.r.l. and Luxottica Italia S.r.l. maintain unsecured lines of credit with primary banks for an aggregate maximum credit of Euro 194.8 million. These lines of credit are renewable annually, can be cancelled at short notice and have no commitment fees. At December 31, 2015, these credit lines were not utilized.

Luxottica U.S. Holdings Corp. ("U.S. Holdings") maintains unsecured lines of credit with three separate banks for an aggregate maximum credit of Euro 119.4 million (USD 130 million). These lines of credit are renewable annually, can be cancelled at short notice and have no commitment fees. At December 31, 2015, these credit lines were not utilized. There was Euro 45.2 million in aggregate face amount of standby letters of credit outstanding related to guarantees on these lines of credit.

The blended average interest rate on these lines of credit is approximately LIBOR plus a spread that may range from 0.4% to 0.6%, depending on the line of credit.

The book value of short-term borrowings is approximately equal to their fair value. For further detail please refer to Note 21 "Long-Term Debt".

**16. CURRENT PORTION OF LONG-TERM DEBT**

This item consists of the current portion of loans granted to the Company, as further described below in Note 21 "Long-term Debt."

**17. ACCOUNTS PAYABLE**

Accounts payable were Euro 927.2 million as of December 31, 2015 (Euro 744.3 million as of December 31, 2014). The increase in 2015 as compared to 2014 is mainly due to the growth of the business and to the strengthening of the foreign currencies in which the Group operates compared to the Euro.

The carrying value of accounts payable is approximately equal to their fair value.

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**Notes to the  
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As of DECEMBER 31, 2015**

**18. INCOME TAXES PAYABLE**

The balance is detailed below:

(Amounts in thousands of Euro)	As of December 31	
	2015	2014
Current year income taxes payable	76,787	77,806
Income taxes advance payment	(42,608)	(35,203)
<b>Total</b>	<b>34,179</b>	<b>42,603</b>

**19. SHORT-TERM PROVISIONS FOR RISKS AND OTHER CHARGES**

The balance is detailed below:

(Amounts in thousands of Euro)	Legal risk	Self-insurance	Tax provision	Other risks	Returns	Total
<b>Balance as of December 31, 2013</b>	<b>997</b>	<b>5,535</b>	<b>63,928</b>	<b>14,772</b>	<b>38,455</b>	<b>123,688</b>
Increases	1,902	6,821	36,537	25,589	17,152	88,001
Decreases	(945)	(6,606)	(2,768)	(12,470)	(12,487)	(35,276)
Foreign translation difference and other movements	(43)	624	6,379	334	4,012	11,306
<b>Balance as of December 31, 2014</b>	<b>1,911</b>	<b>6,375</b>	<b>104,076</b>	<b>28,225</b>	<b>47,132</b>	<b>187,719</b>
Increases	1,594	8,431	13,250	19,741	15,700	58,716
Decreases	(1,994)	(7,147)	(93,321)	(11,961)	(16,282)	(130,704)
Foreign translation difference and other movements	521	655	1,140	(1,909)	2,641	3,048
<b>Balance as of December 31, 2015</b>	<b>2,032</b>	<b>8,314</b>	<b>25,146</b>	<b>34,096</b>	<b>49,191</b>	<b>118,779</b>

The Company is self-insured for certain losses relating to workers' compensation, general liability, auto liability, and employee medical benefits for claims filed and for claims incurred but not reported. The Company's liability is estimated using historical claims experience and industry averages; however, the final cost of the claims may not be known for over five years.

Legal risk includes provisions for various litigated matters that have occurred in the ordinary course of business.

The decrease in the tax provision in 2015 was primarily due to the payment of approximately Euro 91.6 million related to a tax audit of Luxottica S.r.l. for fiscal years 2008 through 2011.



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**20. OTHER LIABILITIES**

The balance is detailed below:

<b>(Amounts in thousands of Euro)</b>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
Premiums and discounts	4,066	9,989
Leasing rental	23,823	19,405
Insurance	11,521	10,147
Sales taxes payable	37,976	40,237
Salaries payable	334,519	291,175
Due to social security authorities	36,119	41,106
Sales commissions payable	7,314	7,079
Royalties payable	3,003	2,298
Derivative financial liabilities	2,173	4,376
Other liabilities	143,231	151,526
<b>Total financial liabilities</b>	<b>603,745</b>	<b>577,338</b>
Deferred income	60,998	52,722
Other liabilities	6,681	5,995
<b>Total liabilities</b>	<b>67,679</b>	<b>58,717</b>
<b>Total other current liabilities</b>	<b>671,424</b>	<b>636,055</b>

The increase in salaries payable is mainly due to the strengthening of the foreign currencies in which the Group operates and to higher salaries and bonuses earned by employees in 2015.

**NON-CURRENT LIABILITIES****21. LONG-TERM DEBT**

Long-term debt was Euro 1,760.0 million (including Euro 44.9 million due in 2016) and Euro 2,315.2 million (including Euro 626.8 million due in 2015) as of December 31, 2015 and 2014, respectively.

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**Notes to the  
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As of DECEMBER 31, 2015**

**21. LONG-TERM DEBT (Continued)**

The roll-forward of long-term debt as of December 31, 2015 and 2014, is as follows (amounts in thousands of Euro):

	<b>Luxottica Group S.p.A. credit agreement with various financial institutions</b>	<b>Senior unsecured guaranteed notes</b>	<b>Other loans with banks and other third parties, interest at various rates, payable in installments through 2015</b>	<b>Total</b>
<b>Balance as of January 1, 2015</b>		2,271,171	44,032	2,315,203
Proceeds from new and existing loans/leases			14,410	14,410
Repayments		(614,465)	(28,502)	(642,967)
Amortization of fees and interests		(3,609)		(3,609)
Translation difference		72,870	4,079	76,949
<b>Balance as of December 31, 2015</b>		1,725,967	34,019	1,759,986

	<b>Luxottica Group S.p.A. credit agreement with various financial institutions</b>	<b>Senior unsecured guaranteed notes</b>	<b>Other loans with banks and other third parties, interest at various rates, payable in installments through 2015</b>	<b>Total</b>

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<b>Balance as of January 1, 2014</b>	<b>298,478</b>	<b>1,683,970</b>	<b>52,061</b>	<b>2,034,510</b>
Proceeds from new and existing loans/leases		494,655	5,398	500,053
Repayments	(300,000)		(18,500)	(318,500)
Loans assumed in business combinations				
Amortization of fees and interests	1,521	14,521		16,043
Translation difference		78,025	5,072	83,098
<b>Balance as of December 31, 2014</b>		<b>2,271,171</b>	<b>44,032</b>	<b>2,315,203</b>

The Group uses debt financing to raise financial resources for long-term business operations and to finance acquisitions. The Group continues to seek debt refinancing at favorable market rates and actively monitors the debt capital markets in order to take action to issue debt, when appropriate. The Group's debt agreements contain certain covenants, including covenants that limit its ability to incur additional indebtedness (for more details see Note 3(f) Default risk: negative pledges and financial covenants). As of December 31, 2015, the Group was in compliance with these financial covenants.

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**21. LONG-TERM DEBT (Continued)**

The table below summarizes the Group's long-term debt as of December 31, 2015.

Type	Series	Issuer/Borrower	Issue Date	CCY	Amount	Outstanding amount at the reporting date	Coupon Pricing	Interest rate as of December 31, 2015	Maturity
Private Placement	D	Luxtottica US Holdings	January 29, 2010	USD	50,000,000	50,000,000	5.190%	5.190%	January 29, 2018
Private Placement	G	Luxtottica Group S.p.A.	September 30, 2010	EUR	50,000,000	50,000,000	3.750%	3.750%	September 15, 2018
Private Placement	C	Luxtottica US Holdings	July 1, 2008	USD	128,000,000	128,000,000	6.770%	6.770%	July 1, 2018
Private Placement and (Listed)	F	Luxtottica US Holdings	January 29, 2010	USD	75,000,000	75,000,000	5.390%	5.390%	January 29, 2018
Luxembourg Stock Exchange)		Luxtottica Group S.p.A.	March 19, 2012	EUR	500,000,000	500,000,000	3.625%	3.625%	March 19, 2019
Private Placement	E	Luxtottica US Holdings	January 29, 2010	USD	50,000,000	50,000,000	5.750%	5.750%	January 29, 2018
Private Placement	H	Luxtottica Group S.p.A.	September 30, 2010	EUR	50,000,000	50,000,000	4.250%	4.250%	September 15, 2018
Private Placement and (Listed)	I	Luxtottica US Holdings	December 15, 2011	USD	350,000,000	350,000,000	4.350%	4.350%	December 15, 2018
Luxembourg Stock Exchange)		Luxtottica Group S.p.A.	February 10, 2014	EUR	500,000,000	500,000,000	2.625%	2.625%	February 10, 2020

On March 19, 2012, the Group completed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due March 19, 2019. The Notes are listed on the Luxembourg Stock Exchange under ISIN XS0758640279. Interest on the Notes accrues at 3.625% per annum. The Notes are guaranteed on a senior unsecured basis by U.S. Holdings and Luxottica S.r.l. When issued, the Notes were assigned a "BBB+" credit rating by Standard & Poor's Ratings Services ("Standard & Poor's") and, on January 20, 2014, the Notes were upgraded to an "A-" credit rating by Standard & Poor's.

On April 29, 2013, the Group's Board of Directors authorized a Euro 2 billion "Euro Medium Term Note Programme" pursuant to which Luxottica Group S.p.A. may from time to time offer notes to investors in certain jurisdictions (excluding the United States, Canada, Japan and Australia). The notes issued under this program are listed on the Luxembourg Stock Exchange.

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On February 10, 2014, the Group completed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due February 10, 2024 under the Group's Euro Medium Term Note Programme. The Notes are listed on the Luxembourg Stock Exchange under ISIN XS1030851791. Interest on the Notes accrues at 2.625% per annum. The Notes were assigned an "A-" credit rating by Standard & Poor's.

On August 29, 2014, the Group repaid the Mediobanca Term Loan in the amount of Euro 300 million three months prior to the maturity of the loan, scheduled for November 30, 2014.

On February 27, 2015, the Group terminated its Euro 500 million revolving credit facility entered into on April 17, 2012 by the Group and U.S. Holdings and guaranteed by Luxottica Group, Luxottica S.r.l. and U.S. Holdings prior to its stated maturity. The agent for this credit facility was Unicredit AG Milan Branch and the other lending banks were Bank of America Securities Limited, Citigroup Global Markets Limited, Credit Agricole Corporate and Investment Bank Milan Branch, Banco Santander S.A., The Royal Bank of Scotland PLC and Unicredit S.p.A. As of the date of termination, the facility was undrawn.

On July 1, 2015, the Group repaid the USD 127 million Series B senior guaranteed notes issued on July 1, 2008.

On November 10, 2015 the Group repaid the Euro 500 million senior unsecured guaranteed notes due 2015 issued on November 10, 2010.

The fair value of long-term debt as of December 31, 2015 was equal to Euro 1,907.1 million (Euro 2,518.5 million as of December 31, 2014). The fair value of the debt equals the present value of



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**21. LONG-TERM DEBT (Continued)**

future cash flows, calculated by utilizing the market rate currently available for similar debt and adjusted in order to take into account the Group's current credit rating. The above fair value does not include capital lease obligations of Euro 33.6 million.

Interest accrued and not yet paid of Euro 35.2 million (Euro 39.8 million as of December 31, 2014) is classified under current liabilities. Interest accrued and not yet paid was classified under non-current liabilities as of December 31, 2014.

Long-term debt, including capital lease obligations, as of December 31, 2015 matures as follows:

**Year ended December 31,  
(Amounts in thousands of Euro)**

2016	44,882
2017	103,731
2018	122,825
2019	572,802
2020 and subsequent years	924,938
Effect deriving from the adoption of the amortized cost method	(9,193)
<b>Total</b>	<b>1,759,986</b>

Long-term debt includes finance lease liabilities of Euro 33.6 million (Euro 25.2 million as of December 31, 2014).

**(Amounts in thousands of Euro)****2015      2014**

Gross finance lease liabilities:		
no later than 1 year	10,600	5,666
later than 1 year and no later than 5 years	22,184	17,147
later than 5 years	3,843	15,303
	<b>36,627</b>	<b>38,116</b>
Future finance charges on finance lease liabilities	3,072	12,948
<b>Present values of finance lease liabilities</b>	<b>33,555</b>	<b>25,168</b>

The present value of finance lease liabilities is as follows:

**(Amounts in thousands of Euro)****2015      2014**

no later than 1 year	9,467	4,157
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later than 1 year and no later than 5 years	20,414	13,594
later than 5 years	3,674	7,417
<b>Present values of finance lease liabilities</b>	<b>33,555</b>	<b>25,168</b>

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**Notes to the  
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As of DECEMBER 31, 2015**

**22. EMPLOYEE BENEFITS**

Employee benefits amounted to Euro 136.2 million (Euro 138.5 million as of December 31, 2014). The balance mainly included liabilities for termination indemnities of Euro 47.8 million (Euro 51.2 million as of December 31, 2014) and liabilities for employee benefits of the U.S. subsidiaries of the Group of Euro 88.4 million (Euro 87.3 million as of December 31, 2014). The decrease is mainly due to an increase in the discount rates used to calculate the liability offset by the strengthening of the U.S. dollar compared to the Euro. Actuarial gains recorded in the statement of other comprehensive income which will never reverse to profit and loss in future periods total Euro 14.2 million.

Liabilities for termination indemnities mainly include post-employment benefits of the Italian companies' employees (hereinafter "TFR"), which at December 31, 2015 amounted to Euro 38.0 million (Euro 41.8 million as of December 31, 2014).

Effective January 1, 2007, the TFR system was reformed, and under the new law, employees are given the ability to choose where the TFR compensation is invested, whereas such compensation otherwise would be directed to the National Social Security Institute for Pension Funds. As a result, contributions under the reformed TFR system are accounted for as a defined contribution plan. The liability accrued until December 31, 2006 continues to be considered a defined benefit plan. Therefore, each year, the Group adjusts its accrual based upon headcount and inflation, excluding changes in compensation level.

This liability as of December 31, 2015 represents the estimated future payments required to settle the obligation resulting from employee service, excluding the component related to the future salary increases.

Contribution expense to pension funds was Euro 22.2 million, Euro 20.6 million and Euro 19.4 million for the years 2015, 2014 and 2013, respectively.

In application of IAS 19, the valuation of TFR liability accrued as of December 31, 2006 was based on the Projected Unit Credit Cost method. The main assumptions utilized are reported below:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>ECONOMIC ASSUMPTIONS</b>			
Discount rate	2.00%	1.50%	3.15%
Annual TFR increase rate	2.81%	2.81%	3.00%
Mortality tables:	Those determined by the General Accounting Department of the Italian Government, named RG48	Those determined by the General Accounting Department of the Italian Government, named RG48	Those determined by the General Accounting Department of the Italian Government, named RG48
Retirement probability:	Assuming the attainment of the first of the retirement requirements applicable for the Assicurazione Generale	Assuming the attainment of the first of the retirement requirements applicable for the Assicurazione Generale	Assuming the attainment of the first of the retirement requirements applicable for the Assicurazione Generale

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	Obbligatoria (General Mandatory Insurance)	Obbligatoria (General Mandatory Insurance)	Obbligatoria (General Mandatory Insurance)
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The tax on revaluation of TFR increased from 11% in 2013 to 17% in 2014. The increase did not have a significant impact on the TFR liability as of December 31, 2014. The tax on revaluation did not change in 2015.

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**22. EMPLOYEE BENEFITS (Continued)**

Movements in liabilities during the course of the year are detailed in the following table:

<b>(Amounts in thousands of Euro)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Liabilities at the beginning of the period	41,771	38,095	39,708
Expenses for interests	614	1,160	1,248
Change in the revaluation rate		(750)	
Actuarial loss (income)	(2,611)	5,804	(201)
Benefits paid	(1,755)	(2,538)	(2,660)
<b>Liabilities at the end of the period</b>	<b>38,019</b>	<b>41,771</b>	<b>38,095</b>

**Pension funds**

**Qualified Pension Plans** U.S. Holdings sponsors a qualified noncontributory defined benefit pension plan, the Luxottica Group Pension Plan ("Lux Pension Plan"), which provides for the payment of benefits to eligible past and present employees of U.S. Holdings upon retirement. Pension benefits are gradually accrued based on length of service and annual compensation under a cash balance formula. Participants become vested in the Lux Pension Plan after three years of vesting service as defined by the Lux Pension Plan. In 2013, the Lux Pension Plan was amended so that employees hired on or after January 1, 2014 would not be eligible to participate.

**Nonqualified Pension Plans and Agreements** U.S. Holdings also maintains a nonqualified, unfunded supplemental executive retirement plan ("Lux SERP") for participants of its qualified pension plan to provide benefits in excess of amounts permitted under the provisions of prevailing tax law. This plan's benefit provisions mirror those of the Lux Pension Plan.

U.S. Holdings also sponsors the Cole National Group, Inc. Supplemental Pension Plan. This plan is a nonqualified unfunded SERP for certain participants of the former Cole pension plan who were designated by the Board of Directors of Cole on the recommendation of Cole's chief executive officer at such time. This plan provides benefits in excess of amounts permitted under the provisions of the prevailing tax law.

All plans operate under the U.S. regulatory framework. The plans are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Luxottica Group ERISA Plans Compliance and Investment Committee controls and manages the operation and administration of the plans. The plans expose the Company to actuarial risks, such as longevity risk, currency risk, and interest rate risk. The Lux Pension Plan exposes the Company to market (investment) risk.

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**Notes to the  
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As of DECEMBER 31, 2015**

**22. EMPLOYEE BENEFITS (Continued)**

The following tables provide key information pertaining to the Lux Pension Plan and SERPs (amounts in thousands of Euro).

<b>Lux Pension Plan</b>	<b>Benefit Obligation</b>	<b>Plan Assets</b>	<b>Total</b>
<b>At January 1, 2013</b>	<b>557,564</b>	<b>(429,775)</b>	<b>127,789</b>
Service Cost	24,896	2,034	26,930
Interest expense/(income)	23,476	(18,822)	4,654
Remeasurement:			
Return on plan assets		(56,886)	(56,886)
(Gain)/loss from financial assumption changes	(51,367)		(51,367)
(Gain)/loss from demographic assumption changes	240		240
Experience (gains)/losses	5,086		5,086
Employer contributions		(38,566)	(38,566)
Benefit payment	(41,479)	41,479	
Translation difference	(22,679)	21,239	(1,439)
<b>At December 31, 2013</b>	<b>495,737</b>	<b>(479,297)</b>	<b>16,440</b>

<b>Lux Pension Plan</b>	<b>Benefit Obligation</b>	<b>Plan Assets</b>	<b>Total</b>
<b>At January 1, 2014</b>	<b>495,737</b>	<b>(479,297)</b>	<b>16,440</b>
Service Cost	22,583	2,258	24,841
Interest expense/(income)	25,628	(26,199)	(571)
Remeasurement:			
Return on plan assets		(6,597)	(6,597)
(Gain)/loss from financial assumption changes	67,749		67,749
(Gain)/loss from demographic assumption changes	19,674		19,674
Experience (gains)/losses	(3,851)		(3,851)
Employer contributions		(50,351)	(50,351)
Benefit payment	(21,528)	21,528	
Translation difference	77,761	(70,731)	7,030
<b>At December 31, 2014</b>	<b>683,753</b>	<b>(609,389)</b>	<b>74,364</b>

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**Notes to the  
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**22. EMPLOYEE BENEFITS (Continued)**

<b>Lux Pension Plan</b>	<b>Benefit Obligation</b>	<b>Plan Assets</b>	<b>Total</b>
<b>At January 1, 2015</b>	<b>683,753</b>	<b>(609,389)</b>	<b>74,364</b>
Service Cost	31,033	2,434	33,467
Interest expense/(income)	30,603	(28,334)	2,270
Remeasurement:			
Return on plan assets		36,190	36,190
(Gain)/loss from financial assumption changes	(36,263)		(36,263)
(Gain)/loss from demographic assumption changes	(3,865)		(3,865)
Experience (gains)/losses	(6,967)		(6,967)
Employer contributions		(32,660)	(32,660)
Benefit payment	(23,790)	23,790	
Translation difference	78,580	(70,164)	8,416
<b>At December 31, 2015</b>	<b>753,083</b>	<b>(678,133)</b>	<b>74,950</b>
<b>SERP</b>	<b>Benefit Obligation</b>	<b>Plan Assets</b>	<b>Total</b>
<b>At January 1, 2013</b>	<b>10,388</b>		<b>10,388</b>
Service Cost	211		211
Interest expense/(income)	423		423
Remeasurement:			
Unexpected return on plan assets			
(Gain)/loss from financial assumption changes	(272)		(272)
(Gain)/loss from demographic assumption changes	2		2
Experience (gains)/losses	619		619
Employer contributions		(2,281)	(2,281)
Benefit payment	(20)	20	
Settlements	(2,261)	2,261	
Translation difference	(401)		(401)
<b>At December 31, 2013</b>	<b>8,689</b>		<b>8,689</b>

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**22. EMPLOYEE BENEFITS (Continued)**

SERP	Benefit Obligation	Plan Assets	Total
<b>At January 1, 2014</b>	<b>8,689</b>		<b>8,689</b>
Service Cost	535		535
Interest expense/(income)	409		409
Loss/(gain) due to settlement	(6)		(6)
Remeasurement:			
Unexpected return on plan assets			
(Gain)/loss from financial assumption changes	724		724
(Gain)/loss from demographic assumption changes	(19)		(19)
Experience (gains)/losses	1,116		1,116
Employer contributions		(2,763)	(2,763)
Benefit payment	(250)	250	
Settlements	(2,513)	2,513	
Translation difference	1,185		1,185
<b>At December 31, 2014</b>	<b>9,870</b>		<b>9,870</b>

SERP	Benefit Obligation	Plan Assets	Total
<b>At January 1, 2015</b>	<b>9,870</b>		<b>9,870</b>
Service Cost	518		518
Interest expense/(income)	407		407
Loss/(gain) due to settlement			
Remeasurement:			
Unexpected return on plan assets			
(Gain)/loss from financial assumption changes	90		90
(Gain)/loss from demographic assumption changes	(19)		(19)
Experience (gains)/losses	(503)		(503)
Employer contributions		(1,557)	(1,557)
Benefit payment	(31)	31	
Settlements	(1,526)	1,526	
Translation difference	1,112		1,112
<b>At December 31, 2015</b>	<b>9,918</b>		<b>9,918</b>

During 2015, 2014 and 2013, the Lux SERP settled a portion of its benefit obligations through lump-sum cash payments to certain plan participants.





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**22. EMPLOYEE BENEFITS (Continued)**

The following tables show the main assumptions used to determine the benefit obligation for the periods indicated below.

	<b>Pension Plan</b>		<b>SERPs</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Weighted-average assumptions used to determine benefit obligations:</b>				
Discount rate	4.56%	4.20%	4.05/4.30%	4.20%
Rate of compensation increase	7%/4%/3%	6%/4%/3%	7%/4%/3%	6%/4%/3%
Mortality Table	RP-2014	RP-2014	RP-2014	RP-2014

U.S. Holdings' discount rate is developed using a third party yield curve derived from non-callable bonds of at least an Aa rating by Moody's Investor Services or at least an AA rating by Standard & Poor's. Each bond issue is required to have at least USD 250 million par outstanding. The yield curve compares the future expected benefit payments of the Lux Pension Plan to these bond yields to determine an equivalent discount rate. U.S. Holdings uses an assumption for salary increases based on a graduated approach of historical experience. U.S. Holdings' experience shows salary increases that typically vary by age.

The sensitivity of the defined benefit obligation to changes in the significant assumptions is (amounts in thousands):

	<b>Change in assumption</b>	<b>Impact on defined benefit obligation</b>			
		<b>Increase in assumption</b>		<b>Decrease in assumption</b>	
		<b>Pension Plan</b>	<b>SERPs</b>	<b>Pension Plan</b>	<b>SERPs</b>
Discount rate	1.0%	(84,530)	(732)	108,151	840
Rate of compensation increase	1% for each age group	7,996	698	(7,138)	(512)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liabilities recognized within the statements of financial position.

**Plan Assets** The Plan's assets are invested in accordance with an Investment Policy that describes the guidelines and principles that the Luxottica Group ERISA Plans Compliance and Investment Committee intends to follow when making decisions on the management and investment of assets of the Plan. The Plan's long-term investment objectives are to generate investment returns that provide adequate assets to meet the Plan's benefit obligations and to maintain sufficient liquidity to pay benefits and administrative expenses.

In 2015, a new investment policy was implemented which applies a dynamic asset allocation strategy. A dynamic asset allocation strategy invests in both return-seeking assets and liability-hedging assets and the allocation between these asset classes varies based upon the Plan's funded ratio.

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**22. EMPLOYEE BENEFITS (Continued)**

Return-seeking assets consist of funds focused on U.S. equity, global equity, non-US equity and global REITs. Liability-hedging assets are fixed income investments. As the funded ratio of the Plan increases, the weight of liability-hedging assets increases. As of December 31, 2015, the Plan's asset allocation was within the guidelines described in the investment policy. The table below shows the asset classes as percentage of total assets:

Asset Class	Percentage of Total Assets
Fixed Income Funds	34%
U.S. Equity Funds	22%
International and Global Equity Funds	37%
Global Real Estate Funds	6%
Money Market Funds	1%
Cash and Equivalents	0%

Plan assets are invested in various funds which employ both passive and active management strategies. Passive strategies involve investment in an exchange-traded fund that closely tracks a particular index while active strategies employ investment managers seeking to manage the fund's performance. Certain transactions and securities are not authorized to be conducted or held in the pension trusts, such as purchase or sale of commodity contracts, illiquid securities or real estate, nonagency mortgage, and American Depositary Receipts (ADR) or common stock of the Company's parent, Luxottica Group S.p.A. Risk is further controlled both at the asset class and manager level by assigning benchmarks and performance objectives. The investment managers are monitored on an ongoing basis to evaluate performance against these benchmarks and performance objectives.

**Contributions** U.S. Holdings expects to contribute Euro 44.1 million to its pension plan and Euro 0.5 million to the SERP in 2016.

**Duration** The weighted average duration of the pension defined benefit obligations is 11.9 years while the weighted average duration of the SERPs is 7.6 years. The following table provides the undiscounted estimated future benefit payments (amounts in thousands):

Estimated Future Benefit Payments	Pension Plan	SERPs
2016	30,225	450
2017	31,068	963
2018	33,116	969
2019	40,017	929
2020	44,832	536
2021 - 2025	257,278	4,588

**Other Benefits** U.S. Holdings provides certain post-employment medical, disability and life insurance benefits. The Group's accrued liability related to this obligation as of December 31, 2015 and 2014, was Euro 0.8 million and Euro 0.7 million, respectively.

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**Notes to the  
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**22. EMPLOYEE BENEFITS (Continued)**

U.S. Holdings sponsors the following additional benefit plans, which cover certain present and past employees of some of its US subsidiaries:

(a) U.S. Holdings provides, under individual agreements, post-employment benefits for continuation of health care benefits and life insurance coverage to former employees after employment. As of December 31, 2015 and 2014, the accrued liability related to these benefits was Euro 0.6 million and Euro 0.7 million, respectively.

(b) U.S. Holdings maintains the Cole National Group, Inc. Supplemental Retirement Benefit Plan, which provides supplemental retirement benefits for certain highly compensated and management employees who were previously designated by the former Board of Directors of Cole as participants. This is an unfunded noncontributory defined contribution plan. Each participant's account is credited with interest earned on the average balance during the year. This plan was frozen as to future salary credits on the effective date of the Cole acquisition in 2004. The plan liability was Euro 0.5 million on each of December 31, 2015 and 2014.

U.S. Holdings sponsors certain defined contribution plans for its United States and Puerto Rico employees. The cost of contributions incurred in 2015, 2014 and 2013 was Euro 13.2 million, Euro 9.5 million and Euro 6.3 million, respectively, and was recorded in general and administrative expenses in the consolidated statement of income. U.S. Holdings also sponsors a defined contribution plan for all U.S. Oakley associates with at least six months of service. The cost for contributions incurred in 2015, 2014 and 2013 was Euro 2.9 million, Euro 2.3 million and Euro 2.2 million, respectively.

In Australia and Hong Kong, the Group makes mandatory contributions to superannuation retirement funds. The plans provide benefits on a defined contribution basis for employees upon retirement, resignation, disablement or death. Contributions to defined contribution superannuation plans are recognized as an expense as the contributions are paid or become payable to the fund. Contributions are accrued based on legislated rates and annual compensation.

**Health Benefit Plans** U.S. Holdings partially subsidizes health care benefits for eligible retirees. Employees generally become eligible for retiree health care benefits when they retire from active service between the ages of 55 and 65. Benefits are discontinued at age 65. During 2009, U.S. Holdings provided for a one-time special election of early retirement to certain associates age 50 or older with 5 or more years of service. Benefits for this group are also discontinued at age 65 and the resulting special termination benefit is immaterial.

The plan liability of Euro 1.1 million and Euro 1.3 million at December 31, 2015 and 2014, respectively, is included in other non-current liabilities on the consolidated statement of financial position.

The cost of this plan in 2015, 2014 and 2013 as well as the 2016 expected contributions are immaterial.

For 2016, a 7.2% (8.0% for 2015 and 8.5% for 2014) increase in the cost of covered health care benefits was assumed. This rate was assumed to decrease gradually to 5% for 2024 and remain at that level thereafter. The health care cost trend rate assumption could have a significant effect on the amounts reported. A 1.0% increase or decrease in the health care trend rate would not have a material impact on the consolidated financial statements. The weighted-average discount rate used in

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**22. EMPLOYEE BENEFITS (Continued)**

determining the accumulated postretirement benefit obligation was 4.5% at December 31, 2015, 4.2% at December 31, 2014 and 5.1% at December 31, 2013. A 1.0% increase or decrease in the discount rate would not have a material impact on the postretirement benefit obligation.

**23. NON-CURRENT PROVISIONS FOR RISK AND OTHER CHARGES**

The balance is detailed below (amounts in thousands of Euro):

	<b>Legal risk</b>	<b>Self- insurance</b>	<b>Tax provision</b>	<b>Other risks</b>	<b>Total</b>
<b>Balance as of December 31, 2013</b>	<b>9,944</b>	<b>23,481</b>	<b>45,556</b>	<b>18,563</b>	<b>97,544</b>
Increases	4,712	5,287	5,424	1,955	17,378
Decreases	(3,683)	(7,323)	(1,493)	(22,575)	(35,074)
Business combinations					
Translation difference and other movements	(218)	3,102	(715)	17,207	19,376
<b>Balance as of December 31, 2014</b>	<b>10,755</b>	<b>24,548</b>	<b>48,771</b>	<b>15,149</b>	<b>99,223</b>
Increases	3,734	10,547	4,863	8,365	27,509
Decreases	(2,787)	(11,093)	(386)	(10,379)	(24,644)
Translation difference and other movements	(1,759)	2,919	(17,608)	18,868	2,420
<b>Balance as of December 31, 2015</b>	<b>9,943</b>	<b>26,922</b>	<b>35,640</b>	<b>32,003</b>	<b>104,508</b>

Other risks include (i) accruals for risks related to sales agents of certain Italian companies of Euro 5.8 million (Euro 5.7 million as of December 31, 2014) and (ii) accruals for decommissioning the costs of certain subsidiaries of the Group operating in the Retail Segment of Euro 0.5 million (Euro 0.4 million as of December 31, 2014).

The Company is self-insured for certain types of losses (please refer to Note 19 "Short-term Provisions for Risks and Other Charges" for further details).

**24. OTHER NON-CURRENT LIABILITIES**

The balance of other non-current liabilities was Euro 91.4 million and Euro 83.8 million as of December 31, 2015 and 2014, respectively.

The balance mainly includes "Other liabilities" of the North American retail divisions of Euro 44.9 million and Euro 41.9 million as of December 31, 2015 and 2014, respectively.

**25. LUXOTTICA GROUP STOCKHOLDERS' EQUITY**

**Capital Stock**

The share capital of Luxottica Group S.p.A. as of December 31, 2015 amounted to Euro 29,019,199.98 and was comprised of 483,653,333 ordinary shares with a par value of Euro 0.06 each.

The share capital of Luxottica Group S.p.A. as of December 31, 2014 amounted to Euro 28,900,294.98 and was comprised of 481,671,583 ordinary shares with a par value of Euro 0.06 each.

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**25. LUXOTTICA GROUP STOCKHOLDERS' EQUITY (Continued)**

Following the exercise of 1,981,750 options to purchase ordinary shares granted to employees under existing stock option plans, the share capital increased by Euro 118,905 during 2015.

The total options exercised in 2015 were 1,981,750, of which 32,500 refer to the 2008 grant, 150,000 refer to the 2009 extraordinary grant (reassignment of the 2006 performance grant), 94,000 refer to the 2009 ordinary grant (reassignment of the 2006 and 2007 ordinary grants), 35,000 refer to the 2009 ordinary grant, 149,500 refer to the 2010 ordinary grant, 324,500 refer to the 2011 ordinary grant and 1,196,250 refer to the 2012 ordinary grant.

**Legal reserve**

This reserve represents the portion of the Company's earnings that are not distributable as dividends, in accordance with Article 2430 of the Italian Civil Code.

**Additional paid-in capital**

This reserve increases with the expensing of options or excess tax benefits from the exercise of options.

**Retained earnings**

These include subsidiaries' earnings that have not been distributed as dividends and the amount of consolidated companies' equities in excess of the corresponding carrying amounts of investments. This item also includes amounts arising as a result of consolidation adjustments.

**Translation reserve**

Translation differences are generated by the translation into Euro of financial statements prepared in currencies other than Euro.

**Treasury shares**

Treasury shares were equal to Euro (68.6) million as of December 31, 2015 (Euro (73.9) million as of December 31, 2014). The decrease of Euro 5.3 million was primarily due (a) to grants to certain top executives equaling 498,778 treasury shares in the amount of Euro 9.7 million as a result of the Group having achieved the financial targets identified by the Board of Directors under the 2012 Performance Share Plan ("PSP") and (b) to the grant equaling 119,755 treasury shares in the amount of Euro 2.5 million to the Group's employees in Italy in honor of the 80th birthday of the Group's Chairman and founder, Mr. Leonardo Del Vecchio. This amount was partially offset by the purchase of 116,673 treasury shares for Euro 6.9 million. As a result, the number of Group treasury shares was reduced from 3,647,725 as of December 31, 2014 to 3,145,865 as of December 31, 2015.

On June 25, 2015, the Company signed an agreement to enhance the market liquidity of Luxottica Group shares in compliance with CONSOB's market practices allowing issuers to conduct activities to support market liquidity. The agreement is between the Company and Kepler Capital Markets S.A. and provides that all trading activities pursuant to this arrangement will be conducted on the Mercato Telematico Azionario (MTA), organized and managed by Borsa Italiana S.p.A., starting from June 29, 2015.

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**26. NON-CONTROLLING INTERESTS**

Equity attributable to non-controlling interests was Euro 5.2 million and Euro 7.3 million as of December 31, 2015 and December 31, 2014, respectively. The reduction was mainly due to the payment of dividends to non-controlling interests for Euro 2.1 million and the acquisition of the minority interest in Luxottica Netherlands for Euro 3.6 million and was partially offset by net income for the period of Euro 2.7 million.

**27. INFORMATION ON THE CONSOLIDATED STATEMENT OF INCOME****REVENUES BY CATEGORY**

The break-down of revenues by category is as follows (amounts in thousands of Euro):

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Sales of products	8,315,968	7,138,541	6,749,947
Vision care business	382,828	388,126	437,549
Eye-exam and related professional fees	113,461	105,860	108,233
Franchisee revenues	24,321	19,790	16,882
<b>Total net sales</b>	<b>8,836,578</b>	<b>7,652,317</b>	<b>7,312,611</b>

**ANALYSIS OF EXPENSES BY NATURE**

The reconciliation of the expenses by function to the expenses by nature is as follows (amounts in thousands of Euro):

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Cost of sales	2,835,426	2,574,685	2,524,006
Selling and advertising	3,537,224	3,013,399	2,866,307
General and administrative	1,087,484	906,620	866,624
<b>Total expenses by function</b>	<b>7,460,134</b>	<b>6,494,704</b>	<b>6,256,937</b>
Employee benefits expense	2,619,390	2,241,514	2,121,751
Consumption	1,447,548	1,347,155	1,302,965
Production costs	427,596	416,717	429,210
Logistics costs	185,791	160,855	152,798
Depreciation and amortization	476,888	383,996	366,653
Operating lease expense	684,445	573,091	540,123
Advertising media and promotion expenses	341,749	287,519	267,300
Trade marketing	185,192	167,955	171,705



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Royalties	168,669	149,952	144,588
Share-based compensation expense	49,692	31,826	28,078
Other	873,174	734,123	731,768
<b>Total expenses by nature</b>	<b>7,460,134</b>	<b>6,494,704</b>	<b>6,256,937</b>

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**Notes to the  
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**27. INFORMATION ON THE CONSOLIDATED STATEMENT OF INCOME (Continued)****OTHER INCOME/(EXPENSE)**

The composition of other income/(expense) is as follows (amounts in thousands of Euro):

<b>INTEREST EXPENSE</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Interest expense on bank overdrafts	(902)	(1,346)	(213)
Interest expense on loans	(92,138)	(95,409)	(87,650)
Financial expense on derivatives	(8,322)	(6,728)	(7,548)
Other interest expense	(5,077)	(6,176)	(6,721)
<b>Total interest expense</b>	<b>(106,439)</b>	<b>(109,659)</b>	<b>(102,132)</b>

<b>INTEREST INCOME</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Interest income on bank accounts	8,100	9,103	6,449
Financial income on derivatives	1,666	804	1,070
Interest income on loans	1,424	1,765	2,553
<b>Total interest income</b>	<b>11,190</b>	<b>11,672</b>	<b>10,072</b>

<b>OTHER NET</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Other net from derivative financial instruments and translation differences	(4,794)	711	(7,951)
Other net	1,512	(256)	704
<b>Total other net</b>	<b>(3,281)</b>	<b>455</b>	<b>(7,247)</b>

**PROVISION FOR INCOME TAXES**

The income tax provision is as follows:

<b>INCOME TAX PROVISION</b> <b>(Amounts in thousands of Euro)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Current taxes	(484,652)	(424,966)	(420,668)
Deferred taxes	13,610	10,900	13,164
<b>Total income tax provision</b>	<b>(471,042)</b>	<b>(414,066)</b>	<b>(407,505)</b>

Increase in current taxes was mainly due to the increase in earnings before taxes.

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**27. INFORMATION ON THE CONSOLIDATED STATEMENT OF INCOME (Continued)**

The reconciliation between the Italian statutory tax rate and the effective rate is shown below:

	<b>As of December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Italian statutory tax rate	31.4%	31.4%	31.4%
Aggregate effect of different tax rates in foreign jurisdictions	4.1%	4.8%	5.0%
Accrual for tax audit of Luxottica S.r.l. of Euro 30.3 million, Euro 66.7 million and Euro 10.0 million, respectively (fiscal year 2007 and subsequent periods)		2.9%	7.0%
Adjustment for the reorganization of Oakley and other minor projects	0.6%		
Aggregate other effects	0.8%		(0.8)%
<b>Effective rate</b>	<b>36.9%</b>	<b>39.1%</b>	<b>42.6%</b>

**28. COMMITMENTS AND RISKS****Licensing agreements**

The Group has entered into licensing agreements with certain designers for the production, design and distribution of sunglasses and prescription frames.

Under these licensing agreements which typically have terms ranging from 4 to 10 years the Group is required to pay a royalty generally ranging from 6% to 14% of net sales. Certain contracts also provide for the payment of minimum annual guaranteed amounts and a mandatory marketing contribution (the latter typically amounts to between 5% and 10% of net sales). These agreements can typically be terminated early by either party for a variety of reasons, including but not limited to non-payment of royalties, failure to reach minimum sales thresholds, product alteration and, under certain conditions, a change in control of Luxottica Group S.p.A.

Minimum payments required in each of the years subsequent to December 31, 2015 are detailed as follows (amounts in thousands of Euro):

**Year ending December 31**

2016	106,120
2017	123,131
2018	120,761
2019	104,945
2020	103,470
Subsequent years	349,509
<b>Total</b>	<b>907,936</b>

**Rentals, leasing and licenses**

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The Group leases through its worldwide subsidiaries various retail stores, plants, warehouses and office facilities as well as certain of its data processing and automotive equipment under operating lease arrangements. These agreements expire between 2016 and 2026 and provide for renewal options under

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**28. COMMITMENTS AND RISKS (Continued)**

various conditions. The lease arrangements for the Group's U.S. retail locations often include escalation clauses and provisions requiring the payment of incremental rentals, in addition to any established minimums contingent upon the achievement of specified levels of sales volume. The Group also operates departments in various host stores, paying occupancy costs solely as a percentage of sales. Certain agreements which provide for operations of departments in a major retail chain in the United States contain short- term cancellation clauses.

Total rental expense for each year ended December 31 is as follows:

<b>(Amounts in thousands of Euro)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Minimum lease payments	434,172	377,570	359,479
Additional lease payments	153,792	134,113	126,400
Sublease payments received	(28,502)	(23,029)	(22,871)
<b>Total</b>	<b>559,462</b>	<b>488,654</b>	<b>463,008</b>

Future rental commitments, including contracted rent payments and contingent minimums, are as follows:

**Year ending December 31****(Amounts in thousands of Euro)**

2016	375,141
2017	288,921
2018	225,815
2019	177,958
2020	139,673
Subsequent years	270,276
<b>Total</b>	<b>1,477,785</b>

**Other commitments**

The Group is committed to pay amounts in future periods for endorsement contracts, supplier purchase and other long-term commitments. Endorsement contracts are entered into with selected athletes and others who endorse Oakley products. Supplier commitments have been entered into with various suppliers in the normal course of business. Other commitments mainly include auto, machinery and equipment lease commitments.

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**28. COMMITMENTS AND RISKS (Continued)**

Future minimum amounts to be paid for endorsement contracts and supplier purchase commitments are as follows:

<b>Year ending December 31 (Amounts in thousands of Euro)</b>	<b>Endorsement contracts</b>	<b>Supply commitments</b>	<b>Other commitments</b>
2016	10,052	17,556	115,346
2017	6,005	14,998	51,647
2018	1,596	8,497	36,012
2019	603	7,487	11,812
2020	786	5,214	
Subsequent years		5,273	
<b>Total</b>	<b>19,043</b>	<b>59,026</b>	<b>214,817</b>

**Guarantees**

A wholly-owned U.S. subsidiary guaranteed future minimum lease payments for lease agreements on certain stores. The lease agreements were signed directly by the franchisees as part of certain franchising agreements. Total minimum guaranteed payments under this guarantee were Euro 7.8 million (USD 8.5 million) at December 31, 2015 (Euro 3.3 million at December 31, 2014). The commitments provided for by the guarantee arise if the franchisee cannot honor its financial commitments under the lease agreements. A liability has been accrued using an expected present value calculation. Such amount is immaterial to the consolidated financial statements as of December 31, 2015 and 2014. The liability expires at various dates through October 23, 2025.

**Litigation****French Competition Authority Investigation**

Our French subsidiaries Luxottica France S.A.S.U., Alain Mikli International S.A.S.U. and Mikli Diffusion France S.A.S.U., together with other major competitors in the French eyewear industry, have been the subject of an investigation conducted by the French Competition Authority (the "FCA") relating to pricing and sales practices in such industry. The investigation is ongoing. In May 2015, the Company received a Statement of Objections from the FCA. This document contains the FCA's preliminary position on alleged anti-competitive practices and it does not prejudice its final decision.

In August 2015, the Company filed detailed responses to the Statement of Objections. Luxottica will vigorously defend itself against the FCA's allegations. In early 2016, the FCA requested additional information, as is typical in this type of proceeding.

No provision has been booked by the Group as this matter is at a stage which makes it not possible to assess the probability and range of potential liability. This assessment is based in part on the fact that the FCA's positions on significant issues are uncertain, including the duration of the alleged violations, the brands and sales channels involved and the applicability of mitigating or aggravating circumstances that are considered as part of the FCA's process for assessing any fines. If the FCA concludes that there was a violation, it will impose a fine, which may be contested in court. Such fine, assuming it was upheld by the court, could have a material effect on the Company's results of operations and financial condition. Considering the ongoing complex proceeding, it is difficult to predict the timing of any action by the FCA,





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**28. COMMITMENTS AND RISKS (Continued)**

including the conclusion of the proceeding and the imposition of any fine, which could occur at some point in 2016 or beyond.

**Other proceedings**

The Company and its subsidiaries are defendants in various other lawsuits arising in the ordinary course of business. It is the opinion of the management of the Company that it has meritorious defenses against all such outstanding claims, which the Company will vigorously pursue, and that the outcome of such claims, individually or in the aggregate, will not have a material adverse effect on the Company's consolidated financial position or results of operations.

**29. RELATED PARTY TRANSACTIONS**

**License Agreements**

The Group executed an exclusive worldwide license for the production and distribution of Brooks Brothers brand eyewear. The brand is held by Brooks Brothers Group, Inc. ("BBG"), which is owned and controlled by Claudio Del Vecchio, a son of the Group's Executive Chairman and majority stockholder. The license expires on December 31, 2019. Royalties paid under this agreement to BBG were Euro 0.9 million in 2015, Euro 0.8 million in 2014 and Euro 0.8 million in 2013. Management believes that the terms of the license agreement are fair to the Company.

**Lease of Office Building**

On April 29, 2014, the Board of Directors of Luxottica Group authorized the Company to enter into an agreement to lease a building located in Piazzale Cadorna 3, Milan, Italy. The lease is for a period of seven years and five months and may be renewed for an additional six years. The building is owned by Beni Stabili SIIQ S.p.A., which is a related party of Delfin S.à r.l., an entity that is controlled by the Company's Executive Chairman, Leonardo Del Vecchio. In accordance with the procedure on related parties adopted by the Company and CONSOB regulation n. 17221/2010 and in light of the lease value, the agreement qualifies as a minor transaction with related parties. On March 31, 2014, the Risk and Control Committee, which is composed solely of independent directors, unanimously expressed a favorable opinion regarding the Company's interest in entering into the lease as well as on the convenience and fairness of the related conditions. The Company incurred lease expenses in 2015 and 2014 of Euro 3.8 million and Euro 2.0 million, respectively.

**Resignation of Former CEOs**

On September 1, 2014, Andrea Guerra left as the Group's chief executive officer. Pursuant to his termination agreement, Luxottica paid Mr. Guerra a redundancy incentive payment equal to Euro 10,000,000 in addition to severance pay linked to the consensual termination of his employment relationship. In addition, Luxottica paid Mr. Guerra Euro 592,294 in connection with a settlement and novation agreement as consideration for his waiver of any claims or rights that he may have that are connected or related to his employment and administration relationships with the Group or any other associated entity and any resolution thereof. Mr. Guerra also signed a 24-month non-competition agreement pursuant to which he is entitled to receive Euro 800,000 to be paid in equal quarterly installments starting from the date of the termination of his employment. Additionally, Mr. Guerra sold 813,500 shares of Luxottica Group S.p.A. that he previously received under incentive plans to the

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**29. RELATED PARTY TRANSACTIONS (Continued)**

principal shareholder of the Company in an off-market transaction at a price of Euro 41.50 per share. On October 13, 2014, Enrico Cavatorta resigned from the Board of Directors and stepped down as the Group's chief executive officer. He resigned from his position as General Manager on October 31, 2014. Pursuant to his termination agreement, Luxottica paid Mr. Cavatorta Euro 4,000,000 in addition to severance pay linked to the consensual termination of his employment relationship. In addition, Luxottica paid Mr. Cavatorta Euro 985,355 in connection with a settlement and novation agreement as consideration for his waiver of any claims or rights that he may have that are connected or related to his employment and administration relationships with the Group or any other associated entity and any resolution thereof. No sums were awarded in connection with Mr. Cavatorta's termination from the position of director and chief executive officer of Luxottica Group S.p.A. The aggregate expenses relating to the departures of Messrs. Guerra and Cavatorta, including other minor related costs, totaled approximately Euro 20 million.

**Delfin Share Award**

On May 4, 2015, the Board of Directors of Luxottica Group S.p.A. approved the grant of free treasury shares to the Group's employees in Italy in honor of the 80th birthday of the Group's Chairman and founder, Mr. Leonardo Del Vecchio. This share award is a gift from the founder. An aggregate amount of 119,755 Luxottica Group treasury shares, with a total value of Euro 7.4 million, was granted on October 12, 2015 and accounted for in accordance with IFRS 2. Delfin S.à r.l. has reimbursed the Company for the value of this share grant.

A summary of related party transactions as of December 31, 2015, 2014 and 2013, is provided below.

<b>Related parties As of December 31, 2015 (Amounts in thousands of Euro)</b>	<b>Consolidated Statement of Income</b>		<b>Consolidated Statement of Financial Position</b>	
	<b>Revenues</b>	<b>Costs</b>	<b>Assets</b>	<b>Liabilities</b>
Brooks Brothers Group, Inc.	416	768	29	336
Eyebiz Laboratories Pty Limited	5,563	53,104	10,682	16,358
Salmoiraghi & Viganò	16,848	1	56,361	517
Others	2,457	8,947	10,384	552
<b>Total</b>	<b>25,285</b>	<b>62,820</b>	<b>77,456</b>	<b>17,763</b>

<b>Related parties As of December 31, 2014 (Amounts in thousands of Euro)</b>	<b>Consolidated Statement of Income</b>		<b>Consolidated Statement of Financial Position</b>	
	<b>Revenues</b>	<b>Costs</b>	<b>Assets</b>	<b>Liabilities</b>
Brooks Brothers Group, Inc.	452	1,108	202	292
Eyebiz Laboratories Pty Limited	5,642	54,834	10,233	17,144
Salmoiraghi & Viganò	13,753	11	51,076	183
Others	2,214	23,845	2,190	3,318

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<b>Total</b>	<b>22,061</b>	<b>79,798</b>	<b>63,701</b>	<b>20,937</b>
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**29. RELATED PARTY TRANSACTIONS (Continued)**

<b>Related parties As of December 31, 2013 (Amounts in thousands of Euro)</b>	<b>Consolidated Statement of Income</b>		<b>Consolidated Statement of Financial Position</b>	
	<b>Revenues</b>	<b>Costs</b>	<b>Assets</b>	<b>Liabilities</b>
Brooks Brothers Group, Inc.	348	1,000	68	254
Eyebiz Laboratories Pty Limited	1,667	45,814	6,922	9,415
Salmoiraghi & Viganò	13,812		53,245	
Others	583	1,115	2,186	426
<b>Total</b>	<b>16,409</b>	<b>47,930</b>	<b>62,422</b>	<b>10,095</b>

Total remuneration due to key managers amounted to approximately Euro 50.8 million, Euro 53.1 million and Euro 24.4 million in 2015, 2014 and 2013, respectively.

In 2015 and 2014, transactions with related parties resulted in a cash outflow of approximately Euro 54.6 million and Euro 48.2 million.

**30. EARNINGS PER SHARE**

Basic and diluted earnings per share were calculated as the ratio of net income attributable to the stockholders of the Company for 2015, 2014 and 2013 amounting to Euro 804.1 million, Euro 642.6 million and Euro 544.7 million, respectively, to the number of outstanding shares basic and dilutive of the Company.

Basic earnings per share in 2015 were equal to Euro 1.68, compared to Euro 1.35 and Euro 1.15 in 2014 and 2013, respectively. Diluted earnings per share in 2015 were equal to Euro 1.67 compared to Euro 1.34 and Euro 1.14 in 2014 and 2013, respectively.

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**30. EARNINGS PER SHARE (Continued)**

The table reported below provides the reconciliation between the average weighted number of shares utilized to calculate basic and diluted earnings per share:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Weighted average shares outstanding basic	479,553,693	475,947,763	472,057,274
Effect of dilutive stock options	2,519,669	3,299,427	4,215,291
Weighted average shares outstanding dilutive	482,073,361	479,247,190	476,272,565
Options not included in calculation of dilutive shares as the average value was greater than the average price during the respective period or performance measures related to the awards have not yet been met	2,015,627	1,641,383	1,768,735

**31. DERIVATIVE FINANCIAL INSTRUMENTS**

Derivatives are classified as current or non-current assets and liabilities. The fair value of derivatives is classified as a long-term asset or liability for the portion of cash flows expiring after 12 months, and as a current asset or liability for the portion expiring within 12 months.

The ineffective portion recorded in other-net within the consolidated statement of income amounted to Euro 0.0 million in each of 2015, 2014 and 2013.

The table below shows the assets and liabilities related to derivative contracts in effect as of December 31, 2015 and 2014 (amounts in thousands of Euro):

	<b>2015</b>		<b>2014</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Interest rate swaps cash flow hedge				
Forward contracts cash flow hedge	2,055	(2,173)	1,008	(4,376)
<b>Total</b>	<b>2,055</b>	<b>(2,173)</b>	<b>1,008</b>	<b>(4,376)</b>

of which:

Non-current portion				
Interest rate swaps cash flow hedge				
Forward contracts cash flow hedge				

**Total**

<b>Current portion</b>	<b>2,055</b>	<b>(2,173)</b>	<b>1,008</b>	<b>(4,376)</b>
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**31. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

The table below shows movements in the stockholders' equity due to the reserve for cash flow hedges (amounts in thousands of Euro):

<b>Balance as of January 1, 2013</b>	<b>(318)</b>
Fair value adjustment of derivatives designated as cash flow hedges	(129)
Tax effect on fair value adjustment of derivatives designated as cash flow hedges	35
Amounts reclassified to the consolidated statement of income	567
Tax effect on amounts reclassified to the consolidated statement of income	(155)
<b>Balance as of December 31, 2013</b>	
Fair value adjustment of derivatives designated as cash flow hedges	(129)
Tax effect on fair value adjustment of derivatives designated as cash flow hedges	35
Amounts reclassified to the consolidated statement of income	567
Tax effect on amounts reclassified to the consolidated statement of income	(155)
<b>Balance as of December 31, 2014</b>	

*Interest rate swaps*

As of December 31, 2015 and 2014, there were no interest rate swap instruments.

**32. SHARE-BASED PAYMENTS**

Beginning in April 1998, certain officers and other key employees of the Company and its subsidiaries were granted stock options of Luxottica Group S.p.A. under the Company's stock option plans (the "plans"). In order to strengthen the loyalty of some key employees with respect to individual targets, and in order to enhance the overall capitalization of the Company the Company's stockholders meetings approved three stock capital increases on March 10, 1998, September 20, 2001 and June 14, 2006, respectively, through the issuance of new common shares to be offered for subscription to employees. On the basis of these stock capital increases, the authorized share capital was equal to Euro 29,457,295.98. These options become exercisable at the end of a three-year vesting period. Certain options may contain accelerated vesting terms if there is a change in ownership (as defined in the plans).

The stockholders' meeting has delegated the Board of Directors to effectively execute, in one or more installments, the stock capital increases and to grant options to employees. The Board can also:

establish the terms and conditions for the underwriting of the new shares;

request the full payment of the shares at the time of their underwriting;

identify the employees to grant the options based on appropriate criteria; and

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regulate the effect of the termination of the employment relationships with the Company or its subsidiaries and the effects of the employee death on the options granted by specific provision included in the agreements entered into with the employees.

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As of DECEMBER 31, 2015**

**32. SHARE-BASED PAYMENTS (Continued)**

Upon execution of the proxy received from the Stockholders' meeting, the Board of Directors has granted a total of 55,909,800 options of which, as of December 31, 2015, 33,153,333 have been exercised.

In total, the Board of Directors approved the following stock option plans:

Plan	Granted	Exercised
1998 Ordinary Plan	3,380,400	2,716,600
1999 Ordinary Plan	3,679,200	3,036,800
2000 Ordinary Plan	2,142,200	1,852,533
2001 Ordinary Plan	2,079,300	1,849,000
2002 Ordinary Plan	2,348,400	2,059,000
2003 Ordinary Plan	2,397,300	2,199,300
2004 Ordinary Plan	2,035,500	1,988,300
2005 Ordinary Plan	1,512,000	1,332,000
2006 Ordinary Plan(*)	1,725,000	70,000
2007 Ordinary Plan(*)	1,745,000	15,000
2008 Ordinary Plan	2,020,500	1,582,300
2009 Ordinary Plan	1,050,000	743,250
2009 Ordinary Plan: reassignment of options granted under the 2006 and 2007 Ordinary Plans to non-US beneficiaries	2,060,000	1,772,000
2009 Ordinary Plan: reassignment of options granted under the 2006 and 2007 Ordinary Plans to US beneficiaries	825,000	599,500
2002 Performance Plan	1,170,000	
2004 Performance Plan	1,000,000	1,000,000
2006 Performance Plan US beneficiaries(*)	3,500,000	
2006 Performance Plan non-US beneficiaries(*)	9,500,000	1,100,000
2009 Performance Plan: reassignment of options granted under the 2006 performance plans to non-US domiciled beneficiaries	4,250,000	3,850,000
2009 Performance Plan: reassignment of options granted under the 2006 performance plans to US domiciled beneficiaries	1,450,000	1,300,000
2010 Ordinary Plan	1,924,500	1,422,000
2011 Ordinary Plan	2,039,000	1,469,500
2012 Ordinary Plan	2,076,500	1,196,250
<b>Total</b>	<b>55,909,800</b>	<b>33,153,333</b>

(\*)

The plan was reassigned in 2009.

On April 29, 2013, a Performance Shares Plan for senior managers within the Company as identified by the Board (the "2013 PSP") was adopted. The beneficiaries of the 2013 PSP are granted the right to receive ordinary shares, without consideration, if certain financial targets set by the Board are achieved over a specified three-year period.

On the same date, the Board granted certain of the Group's key employees 1,067,900 rights to receive ordinary shares, which may be increased by 20% up to a maximum of 1,281,480 units if certain



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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**32. SHARE-BASED PAYMENTS (Continued)**

consolidated cumulative earnings per share targets are achieved over the three-year period from 2013 through 2015. On December 31, 2015, the consolidated cumulative earnings per share targets were achieved. As of December 31, 2015, 214,800 of the maximum units granted had been forfeited.

On April 29, 2014, the Board granted certain of the Group's key employees 1,004,400 rights to receive ordinary shares, which may be increased by 20% up to a maximum of 1,205,280 units if certain consolidated cumulative earnings per share targets are achieved over the three-year period from 2014 through 2016. Management expects that the target will be met. As of December 31, 2015, 126,720 of the maximum units granted had been forfeited.

On May 4, 2015, the Board of Directors granted certain of the Group's key employees 1,318,300 rights to receive ordinary shares, which may be increased by 20% up to a maximum of 1,581,960 units if certain consolidated cumulative earnings per share targets are achieved over the three-year period from 2015 through 2017. Management expects that the target will be met. As of December 31, 2015, 131,880 of the maximum units granted had been forfeited.

On May 4, 2015, the Board of Directors of Luxottica Group S.p.A. approved the grant of free treasury shares to the Group's employees in Italy in honor of the 80th birthday of the Group's Chairman and founder, Mr. Leonardo Del Vecchio. This share award is a gift from the founder. An aggregate amount of 119,755 Luxottica Group treasury shares, with a total value of Euro 7.4 million, was granted on October 12, 2015 and accounted for in accordance with IFRS 2. Delfin S.à r.l. has reimbursed the Company for the value of this share grant.

The information required by IFRS 2 on stock option plans is reported below. The fair value of the stock option grant was estimated on the grant date using the binomial model. The PSP fair value was calculated based on the following weighted average assumptions:

**PSP  
2015**

Share price at the grant date (in Euro)	60.02
Expected option life	3 years
Dividend yield	1.39%

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**32. SHARE-BASED PAYMENTS (Continued)**

The fair value of the units granted under the 2015 PSP was Euro 57.57 per unit. Movements reported in the various stock option and performance share plans in 2015 are reported below:

	Exercise price	Currency	No. of options outstanding as of December 31, 2014	Granted options	Forfeited options	Exercised options/vested units	Expired options	No. of options outstanding as of December 31, 2015
2007 Ordinary Plan	24.03	Euro	5,000					5,000
2008 Ordinary Plan	18.08	Euro	119,200			(32,500)		86,700
2009 Ordinary plan for citizens not resident in the U.S.	13.45	Euro	36,000			(6,000)		30,000
2009 Ordinary plan for citizens resident in the U.S.	14.99	Euro	45,750			(29,000)		16,750
2009 Plan reassignment of 2006/2007 plans for citizens not resident in the U.S.	13.45	Euro	152,000			(84,000)		68,000
2009 Plan reassignment of 2006/2007 plans for citizens resident in the U.S.	15.03	Euro	50,500			(10,000)		40,500
2009 Plan reassignment of STR 2006 plans for citizens not resident in the U.S.	13.45	Euro	550,000			(150,000)		400,000
2009 Plan reassignment of STR 2006 plans for citizens resident in the U.S.	15.11	Euro	50,000					50,000
2010 Ordinary Plan for citizens not resident in the U.S.	20.72	Euro	194,000		(11,000)	(68,000)		115,000
2010 Ordinary Plan for citizens resident in the U.S.	21.23	Euro	114,500			(81,500)		33,000
2011 Ordinary Plan for citizens not resident in the U.S.	22.62	Euro	339,500		(13,000)	(191,500)		135,000
2011 Ordinary Plan for citizens resident in the U.S.	23.18	Euro	217,000			(133,000)		84,000
2012 Ordinary Plan for citizens not resident in the U.S.	26.94	Euro	1,318,000		(43,500)	(835,500)		439,000

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2012 Ordinary Plan for citizens resident in the U.S	28.32	Euro	530,000	(10,500)	(360,750)	158,750
PSP 2012		Euro	610,800	(112,022)	(498,778)	
PSP 2013		Euro	1,154,220	(87,540)		1,066,680
PSP 2014		Euro	1,160,700	(77,520)		1,083,180
PSP 2015 (ordinary)		Euro		893,160	(44,280)	848,880
PSP 2015 (extraordinary)		Euro		688,800	(87,600)	601,200
<b>Total</b>			<b>6,647,170</b>	<b>1,581,960</b>	<b>(486,962)</b>	<b>(2,480,528)</b>

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**Notes to the  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
As of DECEMBER 31, 2015**

**32. SHARE-BASED PAYMENTS (Continued)**

Options exercisable on December 31, 2015 are summarized in the following table:

	<b>Number of options exercisable as of December 31, 2015</b>
2007 Plan	5,000
2008 Plan	86,700
2009 Ordinary plan for citizens not resident in the U.S.	30,000
2009 Ordinary plan for citizens resident in the U.S.	16,750
2009 Plan reassignment of 2006/2007 plans for citizens not resident in the U.S.	68,000
2009 Plan reassignment of 2006/2007 plans for citizens resident in the U.S.	40,500
2009 Plan reassignment of 2006 plans for citizens not resident in the U.S.	400,000
2009 Plan reassignment of 2006 plans for citizens resident in the U.S.	50,000
2010 Plan for citizens not resident in the U.S.	115,000
2010 Plan for citizens resident in the U.S.	33,000
2011 Plan for citizens not resident in the U.S.	135,000
2011 Plan for citizens resident in the U.S.	84,000
2012 Plan for citizens not resident in the U.S.	439,000
2012 Plan for citizens not resident in the U.S.	158,750
<b>Total</b>	<b>1,661,700</b>

The remaining contractual life of plans in effect on December 31, 2015 is highlighted in the following table:

	<b>Remaining contractual life in years</b>
2007 Ordinary Plan	0.18
2008 Ordinary Plan	1.20
2009 Ordinary plan for citizens not resident in the U.S.	2.35
2009 Ordinary plan for citizens resident in the U.S.	2.35
2009 Plan reassignment of 2006/2007 plans for citizens resident in the U.S.	1.25
2009 Plan reassignment of 2006/2007 plans for citizens not resident in the U.S.	2.35
2009 Plan reassignment of 2006 plans for citizens not resident in the U.S.	2.35
2009 Plan reassignment of 2006 plans for citizens resident in the U.S.	2.45
2010 Ordinary Plan for citizens not resident in the U.S.	3.33
2010 Ordinary Plan for citizens resident in the U.S.	3.33
2011 Ordinary Plan for citizens not resident in the U.S.	4.33
2011 Ordinary Plan for citizens resident in the U.S.	4.33
2012 Ordinary Plan for citizens not resident in the U.S.	5.35
2012 Ordinary Plan for citizens resident in the U.S.	5.35

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With regards to the options exercised during the course of 2015, the weighted average share price of the shares in 2015 was equal to Euro 59.35.

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**32. SHARE-BASED PAYMENTS (Continued)**

The Group has recorded an expense for the ordinary stock option plans of Euro 1.6 million, Euro 6.1 million and Euro 9.5 million in 2015, 2014 and 2013, respectively. For the 2010, 2011, 2012, 2013, 2014 and 2015 PSPs, the Group recorded an expense of Euro 40.7 million, Euro 24.9 million and Euro 18.7 million in 2015, 2014 and 2013, respectively.

The PSP plans are conditional upon satisfying service as well as performance conditions.

**33. DIVIDENDS**

In May 2015, the Company distributed aggregate dividends to its stockholders of Euro 689.7 million equal to Euro 1.44 per ordinary share. Dividends distributed to non-controlling interests totaled Euro 2.1 million. During 2014, the Company distributed aggregate dividends to its stockholders of Euro 308.3 million equal to Euro 0.65 per ordinary share. Dividends distributed to non-controlling interests totaled Euro 3.7 million.

**34. CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue, as a going concern, to provide returns to shareholders and benefit to other stockholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group also monitors capital on the basis of a gearing ratio that is calculated as net financial position divided by total capital. Net financial position is calculated as total borrowings (including short-term borrowings and current and non-current portions of long-term debt) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net financial position.

The table below provides the Group's gearing ratio for 2015 and 2014 as follows:

	<b>(amounts in millions of Euro</b>	
	<b>2015</b>	<b>2014</b>
Total borrowings (notes 15 and 21)	1,870.4	2,466.5
Less cash and cash equivalents	(864.9)	(1,453.6)
Net financial position	1,005.6	1,012.9
Total equity	5,417.7	4,928.8
Capital	6,423.3	5,941.7
Gearing ratio	15.7%	17.0%

**35. SUBSEQUENT EVENTS**

On January 29, 2016, Mr. Adil Mehboob-Khan departed from the Board of Directors and as the Group's CEO for Markets and, effective February 29, 2016, from his other administrative roles with the Group. In connection with his termination, Luxottica paid Mr. Mehboob-Khan Euro 6.8 million in addition to severance pay linked to the termination of his employment relationship. In addition, Luxottica paid Mr. Mehboob-Khan Euro 0.2 million in connection with a settlement and novation agreement as





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**Notes to the  
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As of DECEMBER 31, 2015**

**35. SUBSEQUENT EVENTS (Continued)**

consideration for his waiver of any claims or rights that he may have that are connected or related to his employment and administration relationships with the Group or any other associated entity and any resolution thereof. No sums were awarded in connection with Mr. Mehboob-Khan's termination from the position of director and CEO for Markets of Luxottica Group S.p.A. At the same time, the Board of Directors approved the assignment of responsibility for Markets, a role formerly held by Mr. Mehboob-Khan, to Mr. Leonardo Del Vecchio, the Company's Chairman of the Board of Directors and majority shareholder, as Executive Chairman. Massimo Vian continues in his role as CEO for Product and Operations.

On February 23, 2016, the Company and Maison Valentino signed a new and exclusive eyewear license agreement for the design, manufacture and worldwide distribution of Valentino eyewear. The ten-year term of the agreement will begin in January 2017. The first collection under the agreement will be available in 2017.

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Table of Contents**Attachment 1****EXCHANGE RATES USED TO TRANSLATE FINANCIAL STATEMENTS PREPARED IN CURRENCIES OTHER THAN THE EURO**

	<b>Average exchange rate for the year ended December 31, 2015</b>	<b>Final exchange rate as of December 31, 2015</b>	<b>Average exchange rate for the year ended December 31, 2014</b>	<b>Final exchange rate as of December 31, 2014</b>
Argentine Peso	10.2599	14.0972	10.7718	10.2755
Australian Dollar	1.4777	1.4897	1.4719	1.4829
Brazilian Real	3.7004	4.3117	3.1211	3.2207
Canadian Dollar	1.4186	1.5116	1.4661	1.4063
Chilean Peso	726.4062	772.7130	756.9327	737.2970
Chinese Renminbi	6.9733	7.0608	8.1857	7.5358
Colombian Peso	3,048.5271	3,456.0100	2,652.4517	2,892.2600
Croatian Kuna	7.6137	7.6380	7.6344	7.6580
Danish Krone	7.4587	7.4626	7.4548	7.4453
Great Britain Pound	0.7259	0.7340	0.8061	0.7789
Hong Kong Dollar	8.6014	8.4376	10.3025	9.4170
Hungarian Forint	309.9956	315.9800	308.7061	315.5400
Indian Rupee	71.1956	72.0215	81.0406	76.7190
Israeli Shekel	4.3122	4.2481	4.7449	4.7200
Japanese Yen	134.3140	131.0700	140.3061	145.2300
Malaysian Ringgit	4.3373	4.6959	4.3446	4.2473
Mexican Peso	17.6157	18.9145	17.6550	17.8679
Namibian Dollar	14.1723	16.9530	14.4037	14.0353
New Zealand Dollar	1.5930	1.5923	1.5995	1.5525
Norwegian Krona	8.9496	9.6030	8.3544	9.0420
Peruvian Nuevo Sol	3.5324	3.7083	3.7678	3.6327
Polish Zloty	4.1841	4.2639	4.1843	4.2732
Russian Ruble	68.0720	80.6736	50.9518	72.3370
Singapore Dollar	1.5255	1.5417	1.6823	1.6058
South African Rand	14.1723	16.9530	14.4037	14.0353
South Korean Won	1,256.5444	1,280.7800	1,398.1424	1,324.8000
Swedish Krona	9.3535	9.1895	9.0985	9.3930
Swiss Franc	1.0679	1.0835	1.2146	1.2024
Taiwan Dollar	35.2501	35.7908	40.2499	38.4133
Thai Baht	38.0278	39.2480	43.1469	39.9100
Turkish Lira	3.0255	3.1765	2.9065	2.8320
U.S. Dollar	1.1095	1.0887	1.3285	1.2141
United Arab Emirates Dirham	4.0733	3.9966	4.8796	4.4594

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**ITEM 19. EXHIBITS**

*EXHIBITS.* The following documents are filed as exhibits herewith, unless otherwise specified and incorporated herein by reference:

<b>Exhibit Number</b>	<b>Exhibits</b>
1.1	Articles of Association of Luxottica Group S.p.A. (incorporated herein by reference to Amendment No. 3 to Form F-1 (file No. 33-32039) filed with the U.S. Securities and Exchange Commission (the "Commission") on January 23, 1990).
1.2	Amended and Restated By-laws of Luxottica Group S.p.A. (filed herewith).
2.1	Amended and Restated Deposit Agreement, dated as of March 28, 2006, among Luxottica Group S.p.A., Deutsche Bank Trust Company Americas, as Depositary, and all owners and holders from time to time of American Depositary Receipts issued thereunder (incorporated herein by reference to our Registration Statement on Form F-6, as filed with the Commission on March 29, 2006).
2.2	Subscription Agreement, dated June 18, 1999, from Luxottica Luxembourg S.A. and Luxottica Group S.p.A., as Guarantor of the Notes, to Credit Suisse First Boston (Europe) Limited and UniCredito Italiano S.p.A., as Joint Lead Managers and Banca Commerciale Italiana, Banca d'Intermediazione Mobiliare IMI, Bayerische Hypo- und Vereinsbank AG, Caboto Holding SIM S.p.A., Merrill Lynch International and Paribas, as Managers (incorporated herein by reference to our Report on Form 6-K dated November 19, 1999, as filed with the Commission on November 23, 1999).
2.3	Fiscal Agency Agreement, dated June 25, 1999, between Luxottica Luxembourg S.A., Luxottica Group S.p.A., Bankers Trust Company, Bankers Trust Luxembourg S.A. and Credit Suisse First Boston (incorporated herein by reference to our Report on Form 6-K dated November 19, 1999, as filed with the Commission on November 23, 1999).
4.1	Luxottica Group S.p.A. 1998 Stock Option Plan (incorporated herein by reference to our Form S-8, dated October 20, 1998, as filed with the Commission on October 23, 1998).
4.2	Luxottica Group S.p.A. Restated 2001 Stock Option Plan, as amended (unofficial English translation incorporated herein by reference to our Annual Report on Form 20-F for the year ended December 31, 2012, as filed with the Commission on April 29, 2013).
4.3	Amendment No. 2 to Agreement and Plan of Merger, dated as of July 14, 2004, by and between Luxottica Group S.p.A., Colorado Acquisition Corp. and Cole National Corporation (incorporated herein by reference to our Report on Form 6-K, dated July 14, 2004, as filed with the Commission on July 16, 2004).
4.4	Luxottica Group S.p.A. 2006 Stock Option Plan, as amended (incorporated herein by reference to our Annual Report on Form 20-F for the year ended December 31, 2012, as filed with the Commission on April 29, 2013).
4.5	Agreement and Plan of Merger, dated as of June 20, 2007, by and among Luxottica Group S.p.A., Norma Acquisition Corp. and Oakley, Inc. (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on June 25, 2007).
4.6	Luxottica Group S.p.A. 2008 Performance Shares Plan (unofficial English translation incorporated herein by reference to our Annual Report on Form 20-F for the year ended December 31, 2007, as filed with the Commission on June 26, 2008).

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<b>Exhibit Number</b>	<b>Exhibits</b>
4.7	Form of Note Purchase Agreement, dated as of June 30, 2008, by and between Luxottica U.S. Holdings Corp. and each of the Purchasers listed in Schedule A attached thereto (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on July 11, 2008).
4.8	Amendment Letter to Note Purchase Agreement dated June 30, 2008, dated April 14, 2016, by and among Luxottica U.S. Holdings Corp., Luxottica Group S.p.A. and each of the holders identified therein (filed herewith).
4.9	Form of Parent Guarantee, dated as of July 1, 2008, granted by Luxottica Group S.p.A. (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on July 11, 2008).
4.10	Form of Subsidiary Guarantee, dated as of July 1, 2008, granted by Luxottica S.r.l. (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on July 11, 2008).
4.11	Form of Note Purchase Agreement, dated as of January 29, 2010, by and between Luxottica U.S. Holdings Corp. and each of the Purchasers listed in Schedule A attached thereto (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on February 11, 2010).
4.12	Amendment to Note Purchase Agreement, dated April 14, 2016, by and among Luxottica U.S. Holdings Corp., Luxottica Group S.p.A. and each of the holders identified therein (filed herewith).
4.13	Form of Parent Guarantee, dated as of January 29, 2010, granted by Luxottica Group S.p.A. (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on February 11, 2010).
4.14	Form of Subsidiary Guarantee, dated as of January 29, 2010, granted by Luxottica S.r.l. (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on February 11, 2010).
4.15	Note Purchase Agreement, dated as of September 30, 2010, by and between Luxottica Group S.p.A., and each of the Purchasers listed in Schedule A attached thereto (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on November 1, 2010).
4.16	Amendment to Note Purchase Agreement, dated April 14, 2016, by and between Luxottica Group S.p.A. and each of the holders identified therein (filed herewith).
4.17	Subsidiary Guarantee, dated as of September 30, 2010, granted by Luxottica S.r.l. and Luxottica U.S. Holdings Corp. (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on November 1, 2010).
4.18	Form of Note Purchase Agreement, dated as of December 15, 2011, by and between Luxottica U.S. Holdings Corp. and each of the Purchasers listed in Schedule A attached thereto (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on December 23, 2011).
4.19	Amendment Letter to Note Purchase Agreement dated December 15, 2011, dated April 14, 2016, by and among Luxottica U.S. Holdings Corp., Luxottica Group S.p.A. and each of the holders identified therein (filed herewith).

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<b>Exhibit Number</b>	<b>Exhibits</b>
4.20	Form of Parent Guarantee, dated as of December 15, 2011, granted by Luxottica Group S.p.A. (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on December 23, 2011).
4.21	Form of Subsidiary Guarantee, dated as of December 15, 2011, granted by Luxottica S.r.l. (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on December 23, 2011).
4.22	Subscription Agreement, dated March 15, 2012, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Guarantors, and Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Merrill Lynch International, The Royal Bank of Scotland plc and Unicredit Bank AG, as Joint Lead Managers (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on April 12, 2012).
4.23	Trust Deed, dated March 19, 2012, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Original Guarantors, and BNP Paribas Trust Corporation UK Limited, as Trustee (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on April 12, 2012).
4.24	Paying Agency Agreement, dated March 19, 2012, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Guarantors, BNP Paribas Trust Corporation UK Limited, as Trustee, and BNP Paribas Securities Services, Luxembourg Branch, as Principal Paying Agent (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on April 12, 2012).
4.25	Luxottica Group S.p.A. Performance Shares Plan 2013-2017 (incorporated herein by reference to our Annual Report on Form 20-F for the year ended December 31, 2012, as filed with the Commission on April 29, 2013).
4.26	Subscription Agreement, dated February 6, 2014, by and among Luxottica Group S.p.A., Luxottica U.S. Holdings Corp., Luxottica S.r.l. and Banca IMI S.p.A., BNP Paribas, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, and UniCredit Bank AG, as Joint Lead Managers (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on March 6, 2014).
4.27	Trust Deed, dated May 10, 2013, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Original Guarantors, and BNP Paribas Trust Corporation UK Limited, as Trustee (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on March 6, 2014).
4.28	Agency Agreement, dated May 10, 2013, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Guarantors, BNP Paribas Securities Services, Luxembourg Branch, as Paying Agent, and BNP Paribas Trust Corporation UK Limited, as Trustee (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on March 6, 2014).
4.29	Programme Agreement, dated May 10, 2013, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Guarantors, and Banca IMI S.p.A., BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, Mediobanca Banca di Credito Finanziario S.p.A., Merrill Lynch International, The Royal Bank of Scotland plc and UniCredit Bank AG, as Initial Dealers (incorporated herein by reference to our Report on Form 6-K, as filed with the Commission on March 6, 2014).

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**Exhibit  
Number**

**Exhibits**

- 4.30 First Supplemental Trust Deed, dated May 9, 2014, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Original Guarantors, and BNP Paribas Trust Corporation UK Limited, as Trustee (incorporated herein by reference to our Annual Report on Form 20-F for the year ended December 31, 2014, as filed with the Commission on April 24, 2015).
- 4.31 Amended and Restated Agency Agreement, dated May 9, 2014, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Guarantors, BNP Paribas Securities Services, Luxembourg Branch, as Paying Agent, and BNP Paribas Trust Corporation UK Limited, as Trustee (incorporated herein by reference to our Annual Report on Form 20-F for the year ended December 31, 2014, as filed with the Commission on April 24, 2015).
- 4.32 Amended and Restated Programme Agreement, dated May 9, 2014, by and among Luxottica Group S.p.A., as Issuer, Luxottica U.S. Holdings Corp. and Luxottica S.r.l., as Guarantors, and Banca IMI S.p.A., BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, Mediobanca Banca di Credito Finanziario S.p.A., Merrill Lynch International, The Royal Bank of Scotland plc and UniCredit Bank AG, as Initial Dealers (incorporated herein by reference to our Annual Report on Form 20-F for the year ended December 31, 2014, as filed with the Commission on April 24, 2015).
- 8.1 List of Subsidiaries (filed herewith).
- 12.1 Certificate of Principal Executive Officer Pursuant to §302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 12.2 Certificate of Principal Executive Officer Pursuant to §302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 12.3 Certificate of Principal Financial Officer Pursuant to §302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 13.1 Certificate of Principal Executive Officer Pursuant to §906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 13.2 Certificate of Principal Executive Officer Pursuant to §906 of the Sarbanes Oxley Act of 2002 (filed herewith).
- 13.3 Certificate of Principal Financial Officer Pursuant to §906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 15.1 Consent of PricewaterhouseCoopers S.p.A. (filed herewith).

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

LUXOTTICA GROUP S.p.A.  
(Registrant)

By:           /s/ LEONARDO DEL VECCHIO          

Leonardo Del Vecchio  
Executive Chairman

By:           /s/ MASSIMO VIAN          

Massimo Vian  
Chief Executive Officer for  
Product and Operations

Dated: April 21, 2016

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