Annual Report as of December 31, 2015

IFRS

Luxottica Group S.p.A., Piazzale L. Cadorna, 3, 20123 Milano - C.F. Iscr. Reg. Imp. Milano n. 00891030272 - Partita IVA 10182640150

Corporate bodies

BOARD OF DIRECTORS *In office until the approval of the financial statements as of and for the year ending December 31, 2017*	
Executive Chairman	Leonardo Del Vecchio
Deputy Chairman	Luigi Francavilla
Chief Executive Officer Product & Operations	Massimo Vian
Directors	Marina Brogi* (Lead Independent Director) Luigi Feola* Elisabetta Magistretti* Francesco Milleri** Mario Notari Karl Heinz Salzburger* Maria Pierdicchi* Luciano Santel* Cristina Scocchia* Sandro Veronesi* Andrea Zappia *

** Independent directors*
*** Director with Deputy Functions coopted on March 1, 2016*

HUMAN RESOURCES COMMITTEE	Andrea Zappia (Chairman) Marina Brogi Mario Notari
INTERNAL CONTROL COMMITTEE	Elisabetta Magistretti (Chairman) Luciano Santel Cristina Scocchia
BOARD OF STATUTORY AUDITORS *In office until the approval of the financial statements as of and for the year ending December 31, 2017*	
Regular Auditors	Francesco Vella (Chairman) Alberto Giussani Barbara Tadolini
Alternate Auditors	Maria Venturini Roberto Miccù
OFFICE RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS	Stefano Grassi
INDEPENDENT AUDITORS *In office until the approval of the financial statements as of and for the year ending December31, 2020*	PricewaterhouseCoopers SpA

1. MANAGMENT REPORT

2. REPORT ON CORPORATE GOVERNANCE

<u>CONSOLIDATED FINANCIAL STATEMENTS</u>

3. CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. ATTACHMENTS

6. CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATMENTS PERSUANT TO ARTICLE 154 OF THE LEGISLATIVE DECREE 58/98

7. AUDITORS' REPORT

<u>DRAFT STATUTORY FINANCIAL STATEMENTS</u>

8. SEPARATE FINANCIAL STATEMENTS

9. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

10. CERTIFICATION OF THE SEPARATE FINANCIAL STATMENT PERSUANT TO ART.154 OF THE LEGISLATIVE DECREE 58/98

11. AUDITORS' REPORT

12. BOARD OF DIRECTORS PROPOSAL

13. BOARD OF STATUTORY AUDITORS' REPORT ON THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

1. *MANAGEMENT REPORT*

Luxottica Group S.p.A.

Headquarter and registered office: Piazzale Luigi Cadorna, 3 – 20123 Milan, Italy

Capital Stock € 29.019.199,98

Authorized and issued

MANAGEMENT REPORT
AS OF DICEMBER 31, 2015

1. OPERATING PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2015

The Group's growth continued throughout 2015. In a challenging economic environment net sales increased from Euro 7,652.3 million in 2014 to Euro 8,836.6 million in 2015 (+15.5 percent at current exchange rates and +4.3 percent at constant exchange rates[1]).

Adjusted net sales[2] increased from Euro 7,698.9 million in 2014 to Euro 9,010.8 million in 2015 (+17.0 percent at current exchange rates and +5.5 percent at constant exchange rates[2]). Adjusted net sales were impacted by the modification of an EyeMed reinsurance agreement with an existing underwriter whereby the Company assumes less reinsurance revenues and less claims expense. The impact of the new contract for the twelve month period ended December 31, 2015 was Euro 174.3 million and Euro 46.6 million for the twelve month period ended December 31, 2014 (the "EyeMed Adjustment").

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")[3] in 2015 rose by 20.2 percent to Euro 1,853.3 million from Euro 1,541.6 in 2014. Additionally, adjusted EBITDA[3] increased by 22.9 percent to Euro 1,919.7 million from Euro 1,561.6 million in 2014.

Operating income for 2015 increased by 18.9 percent to Euro 1,376.4 million from Euro 1,157.6 million during the same period of the previous year. The Group's operating margin continued to grow rising from 15.1 percent in 2014 to

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1 We calculate constant exchange rates by applying to the current period the average exchange rates between the Euro and the relevant currencies of the various markets in which we operated during the year ended December 31, 2015. Please refer to Attachment 1 for further details on exchange rates.
2 For a further discussion of adjusted net sales, see the "Non-IFRS Measures" section of this Report.
3 For a further discussion of EBITDA and adjusted EBITDA, see the "Non-IFRS Measures" section of this Report.

15.6 percent in 2015. Additionally, adjusted operating income[4] in 2015 increased by 22.5 percent to 1,442.8 million from Euro 1,177.6 million in 2014. Adjusted operating margin[5] in 2015 increased to 16.0 percent from 15.3 percent in 2014.

In 2015 net income attributable to Luxottica Stockholders increased by 25.1 percent to Euro 804.1 million from Euro 642.6 million in the same period of 2014. Adjusted net income[6] attributable to Luxottica stockholders increased by 24.2 percent to Euro 854.0 million in 2015 from Euro 687.4 million in 2014. Earnings per share ("EPS") was Euro 1.68 and EPS expressed in USD was 1.86 (at an average rate of Euro/USD of 1.10951). Adjusted earnings per share[7] ("EPS") was Euro 1.78 and adjusted EPS expressed in USD was 1.98 (at an average rate of Euro/USD of 1.10951).

Careful control of our working capital as well as a significant improvement in our operating results, created strong free cash flow[8] equal to Euro 767.0 million. Net debt as of December 31, 2015 was Euro 1,005.6 million (Euro 1,012.9 million at the end of 2014), with a ratio of net debt to adjusted EBITDA[9] of 0.5x (0.6x as of December 31, 2014).

2. SIGNIFICANT EVENTS DURING 2015

January

On January 19, 2015 the Board of Directors appointed Adil Mehboob-Khan as the Group CEO for Markets and Massimo Vian as the Group CEO for Product and Operations. The appointment of a CEO for Markets and a CEO for Product and Operations, entrusting them with all executive responsibilities, is a governance model that the Group believes is more aligned to the global competitive landscape and able to fully grasp growth opportunities. It also unites the Group's organizational model with its strategic vision.

April

At the Stockholders' Meeting on April 24, 2015, Group's stockholders approved the Statutory Financial Statements as of December 31, 2014 as proposed by the Board of Directors and the distribution of a cash dividend of Euro 1.44 per ordinary share. The aggregate dividend amount of Euro 689.7 million was fully paid in May 2015.

May

On May 14, 2015, the Company and Prada S.p.A., part of Prada Group, announced the renewal of an exclusive license agreement for the design, production and worldwide distribution of prescription frames and sunglasses under the Prada and Miu Miu brands. The 10-year agreement will extend through December 31, 2025.

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4 For a further discussion of adjusted operating income, see the "Non-IFRS Measures" section of this Report.
5 For a further discussion of adjusted operating margin, see the "Non-IFRS Measures" section of this Report.
6 For a further discussion of adjusted net income, see the "Non-IFRS Measures" section of this Report.
7 For a further discussion of adjusted earnings per share, see the "Non-IFRS Measures" section of this Report.
8 For a further discussion of free cash flow, see the "Non-IFRS Measures" section of this Report.
9 For a further discussion of net debt and net debt to adjusted EBITDA, see the "Non-IFRS Measures" section of this Report.

On May 19, 2015, the Company announced the grant of free treasury shares to the Group's employees in Italy in honor of the 80th birthday of its Chairman and Founder, Mr. Leonardo Del Vecchio. This share award is a gift from the Founder with an aggregate amount of 119,755 Luxottica Group treasury shares distributed. Delfin S.a.r.l. assumed all costs and expenses of the share grant.

June

On June 25, 2015, the Company signed an agreement to enhance the market liquidity of its 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 agreement is between the Company and Kepler Capital Markets SA, as Intermediary.

July

On July 1, 2015, the Series B Senior Unsecured Notes issued in a private placement by Luxottica U.S. Holdings Corp. matured and were fully repaid in the amount of U.S.$ 127.0 million.

On July 29, 2015, the Company and Burberry Group announced the renewal of an exclusive license agreement for the development, production and worldwide distribution of sunglasses and prescription frames under the Burberry name. The 10-year agreement will extend to December 31, 2025.

November

On November 10, 2015, notes issued in a private placement issued on November 10, 2010 matured and were fully repaid in the amount of Euro 500.0 million.

December

On December 16, 2015, the Company and Dolce&Gabbana announced the renewal of an exclusive license agreement for the development, production and worldwide distribution of sunglasses and prescription frames under the Dolce&Gabbana brand. The agreement was extended to December 31, 2025.

3. FINANCIAL RESULTS

We are a global leader in the design, manufacture and distribution of fashion, luxury and sport eyewear, with net sales reaching Euro 8.8 billion in 2015, approximately 79,000 employees and a strong global presence. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Note 5 of the Notes to the Consolidated Financial Statements as of December 31, 2015 for additional disclosures about our operating segments. Through our manufacturing and wholesale distribution segment, we are engaged in the design, manufacture, wholesale distribution and marketing of proprietary and designer lines of mid- to premium-priced prescription frames and sunglasses.

We operate our retail distribution segment principally through our retail brands, which include, among others, LensCrafters, Sunglass Hut, OPSM, Laubman & Pank, Oakley "O" Stores and Vaults, David Clulow, GMO and our Licensed Brands (Sears Optical and Target Optical).

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 to an average exchange rate of Euro 1.00 = U.S. $1.1095 in 2015 and from Euro 1.00 = U.S. $1.3285 in 2014. Our results of operations are also susceptible to currency fluctuations between the Euro and the Australian Dollar due to the Australian subsidiary OPSM group. Additionally, we incur part of our manufacturing costs in Chinese Yuan; therefore, the fluctuation of the Chinese Yuan could impact the demand of our products or our consolidated profitability. 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. The Group does not engage in long-term hedging activities to mitigate translation risk.

Results of operations

(Amounts in thousands of Euro)	2015	% of net sales	2014 (*)	% of net sales
Net sales	**8,836,578**	**100.0%**	**7,652,317**	**100.0%**
Cost of sales	2,835,426	32.1%	2,574,685	33.6%
Gross profit	***6,001,152***	***67.9%***	**5,077,632**	**66.4%**
Selling	2,778,837	31.4%	2,352,294	30.7%
Royalties	168,669	1.9%	149,952	2.0%
Advertising	589,718	6.7%	511,153	6.7%
General and administrative	1,087,484	12.3%	906,620	11.8%
Total operating expenses	**4,624,708**	**52.3%**	**3,920,019**	**51.2%**
Income from operations	***1,376,445***	***15.6%***	**1,157,613**	**15.1%**
Other income/(expense)				
Interest income	11,190	0.1%	11,672	0.2%
Interest expense	(106,439)	(1.2%)	(109,659)	(1.4%)
Other—net	(3,281)	0.0%	455	(0.0%)
Income before provision for income taxes	***1,277,914***	***14.5%***	**1,060,080**	**13.9%**
Provision for income taxes	(471,042)	(5.3%)	(414,066)	(5.4%)
Net income	***806,873***	***9.1%***	**646,014**	**8.4%**
Attributable to				
—Luxottica Group stockholders	**804,119**	**9.1%**	**642,596**	**8.4%**
—non-controlling interests	2,753	0.0%	3,417	0.0%
NET INCOME	**806,873**	***9.1%***	**646,014**	**8.4%**

(*)Through 2014, the retail distribution segment's fiscal year was a 52 or 53 week period ending on the Saturday nearest December 31. In 2015, the retail distribution segment 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 the Company and other subsidiaries in the consolidated Group that report on a calendar-year basis. Had certain 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.

In order to represent the Group's operating performance on a consistent basis in this Management Report, net sales and operating expenses as represented in the Group's Consolidated Financial Statements have been adjusted in the tables below to take into account the following events:

- including the EyeMed Adjustment (as defined above) which is equal to Euro 174.3 million and 46.6 million for the year ended December 31, 2015 and 2014, respectively;
- excluding the costs incurred by the Group equal to Euro 66.4 million related to the reorganization of Oakley and other minor projects for the year ended December 31, 2015;
- excluding non recurring costs related to the termination of Andrea Guerra and Enrico Cavatorta as Group's CEOs for Euro 20 million, Euro 14.5 million net of tax effect, for the year ended December 31, 2014;
- excluding non recurring costs related to the tax audit of Luxottica S.r.l. (fiscal years from 2008 to 2011), amounting to Euro 30.3 million for the year ended December 31, 2014.

The Group's income from operations, EBITDA and net income attributable to Luxottica Group stockholders adjusted for items set forth above are as follows:

(In millions of Euro)

Adjusted Measures[10]	2015	% of net sales	2014	% of net sales	% change
Adjusted net sales	**9,010.8**	100%	**7,698.9**	100%	17.0%
Adjusted cost of sales	**3,009.0**	33.4%	**2,621.3**	34.0%	14.8%
Adjusted income from operations	**1,442.8**	16.0%	**1,177.6**	15.3%	22.5%
Adjusted EBITDA	**1,919.7**	21.3%	**1,561.6**	20.3%	22.9%
Adjusted net Income attributable to Group's Stockholders	**854.0**	9.5%	**687.4**	8.9%	24.2%

Net Sales. Net sales increased by Euro 1,184.3 million, or 15.5%, to Euro 8,836.6 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 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 Company 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").

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:

(in millions of Euro)	2015	2014
Net sales	**8,836.5**	**7,652.3**
- EyeMed Adjustment	174.3	46.6
Adjusted net sales	**9,010.8**	**7,698.9**

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

10 For a further discussion of Adjusted Measures, see the "Non-IFRS Measures" section of this Report.

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:

(in millions of Euro)	2015	2014
Net sales	**5,244.0**	**4,458.6**
- EyeMed Adjustment	174.3	46.6
Adjusted net sales	**5,418.3**	**4,505.1**

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.

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 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 the 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 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 in 2015 and includes the EyeMed Adjustment of Euro 46.6 million in 2014.

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.

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

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.

Adjusted gross profit, excluding expenses of Euro 0.7 million, was Euro 6,001.8, or 66.6% as percentage of net sales.

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

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.

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

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

(in millions of Euro)	2015	2014
Selling expenses	**2,778.8**	**2,352.3**
- Adjustment for the reorganization of Oakley and other minor projects	(5.5)	-
Adjusted selling expenses	**2,773.3**	**2,352.3**

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. The increase was primarily related to the reorganization of Oakley and for other minor projects of Euro 60.1 million.

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

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

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

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

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 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.

(in millions of Euro)	2015	2014
Net income before taxes	**1,277.9**	**1,060.1**
- Adjustment for the termination of the former Group CEOs	-	20.0
- Adjustment for the reorganization of Oakley and other minor projects	66.4	-
Adjusted net income before taxes	**1,344.3**	**1,080.1**

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

(in millions of Euro)	2015	2014
Net income attributable to Luxottica Group stockholders	**804.1**	**642.6**
- 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
Adjusted net income attributable to Luxottica Group stockholders	**854.0**	**687.4**

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.

Adjusted basic earnings per share were Euro 1.78 in 2015 and Euro 1.44 in 2014. Adjusted diluted earnings per share were Euro 1.77 in 2015 and Euro 1.43 in 2014.

Cash Flow

The following table sets forth certain items included in our statements of consolidated cash flows included in Item 2 of this report for the periods indicated.

		As of December 31	
	(in thousands of Euro)	2015	2014
A)	**Cash and cash equivalents at the beginning of the period**	**1,453,587**	**617,995**
B)	Net cash provided by operating activities	1,197,291	1,170,116
C)	Cash provided/(used) used in investing activities	(483,319)	(459,254)
D)	Cash provided/(used) in financing activities	(1,354,291)	72,267
E)	Effect of exchange rate changes on cash and cash equivalents	51,582	52,464
F)	Net change in cash and cash equivalents	(588,735)	835,593
G)	**Cash and cash equivalents at the end of the period**	**864,852**	**1,453,587**

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

Depreciation and amortization were Euro 476.9 million in 2015 as compared to Euro 384.0 million in 2014. The increase in depreciation and amortization in 2015 as compared to 2014 is mainly due to the strengthening of the major currencies (Euro 53.1 million), in particular the U.S. dollar, and to the acquisition completed in the period.

Non-cash stock-based compensation expense was Euro 49.7 million in 2015 as compared to Euro 31.8 million in 2014. The increase in 2015 as compared to 2014 is was primarily 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 extraordinary PSP Plan.

The change in accounts receivable was Euro (108.6) million in 2015 as compared to Euro (41.3) million in 2014. The change in 2015 as compared to 2014 was primarily due to the higher volume of sales in 2015 as compared to 2014. The inventory change was Euro (85.2) million in 2015 as compared to Euro 7.3 million in 2014. The change 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. The change in 2015 as compared to 2014 was primarily due to the change in reporting calendar of certain retail subsidiaries of the Group, which resulted in a reduction of the net liability. The change in accounts payable was Euro 115.6 million in 2015 as compared to Euro 24.6 million in 2014. 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. Income tax payments in 2015 were Euro 565.9 million as compared to Euro 349.2 million in 2014. 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. Interest paid was Euro 79.8 million in 2015 as compared to Euro 93.1 million in 2014. The change in 2015 as compared to 2014 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 and Euro 459.3 million in 2015 and 2014, 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, (iii) the acquisition of glasses.com for Euro 30.1 million, and (iv) and other minor acquisitions in the retail segment for Euro 11.0 million.

Financing Activities. The Company's net cash (used in)/provided by financing activities was Euro (1,354.3) million in 2015 and Euro 72.3 million in 2014. Cash used by 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 (39.0) million related to the decrease in bank overdrafts, and (iv) Euro (19.0) million related the acquisition of the remaining 49% of Luxottica Netherlands. 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.

Consolidated statement of financial position

(in thousands of Euro)	As of December 31	
ASSETS	**2015**	**2014**
CURRENT ASSETS:		
Cash and cash equivalents	864,852	1,453,587
Accounts receivable—net	858,053	754,306
Inventories—net	833,272	728,404
Other assets	272,932	231,397
Total current assets	***2,829,109***	***3,167,695***
NON-CURRENT ASSETS:		
Property, plant and equipment—net	1,435,524	1,317,617
Goodwill	3,596,983	3,351,263
Intangible assets—net	1,442,148	1,384,501
Investments	65,378	61,176
Other assets	105,574	123,848
Deferred tax assets	174,433	188,199
Total non-current assets	***6,820,040***	***6,426,603***
TOTAL ASSETS	**9,649,148**	**9,594,297**

	As of December 31	
LIABILITIES AND STOCKHOLDERS' EQUITY	**2015**	**2014**
CURRENT LIABILITIES:		
Short term borrowings	110,450	151,303
Current portion of long-term debt	44,882	626,788
Accounts payable	927,186	744,272
Income taxes payable	34,179	42,603
Short term provisions for risks and other charges	118,779	187,719
Other liabilities	671,424	636,055
Total current liabilities	***1,906,900***	***2,388,740***
NON-CURRENT LIABILITIES:		
Long-term debt	1,715,104	1,688,415
Employee benefits	136,200	138,475
Deferred tax liabilities	277,327	266,896
Long term provisions for risks and other charges	104,508	99,223
Other liabilities	91,391	83,770
Total non-current liabilities	***2,324,529***	***2,276,778***
STOCKHOLDERS' EQUITY:		
Luxottica Group stockholders' equity	5,412,524	4,921,479
Non-controlling interests	5,196	7,300
Total stockholders' equity	***5,417,719***	***4,928,779***
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**9,649,148**	**9,594,297**

As of December 31, 2015, total assets increased by Euro 54.8 million to Euro 9,649.1 million, compared to Euro 9,594.3 million as of December 31, 2014 as a result of an increase in non-current assets of Euro 393.4 million partially offset by a decrease in current assets of Euro 338.6 million.

The decrease in current assets of Euro 338.6 was due to a decrease in cash and cash equivalents of Euro 588,7 mainly due to the repayment of financial liabilities as described in prior paragraph. This effect in partially offset by the following: (i) increase in trade payables (Euro 103.7 million) mainly due to the increase in sales during 2015; (ii) increase in inventory (Euro 104.9 million) aimed at improving the quality of the customer experience by having inventory levels in line with customer demand; (iii) increase in other assets (Euro 41.5 million) mainly due to tax receivables and prepaid expenses.

In 2015, non-current assets increased by Euro 393.4 million, due to increases in property, plant and equipment of Euro 117.9 million, increases in intangible assets (including goodwill) of Euro 303.4 million. Those effects are partially offset by the following: (i) decrease in other assets (Euro 18,3 million) mainly due to royalties advanced payments; (ii) decrease in deferred tax assets (Euro 13.8 million) to be analyzed jointly with deferred tax liabilities. The net amount of deferred tax liabilities increased by Euro 24 million mainly due to the positive effects of foreign currency fluctuations.

The increase in property, plant and equipment was due to additions that occurred in 2015 of Euro 362.4 million, to the positive currency fluctuation effects of Euro 47.8 million, acquisitions of Euro 0.8 million, and which were partially offset by depreciation and disposals for the period of Euro 273.5 million and Euro 19.7 million, respectively.

The increase in intangible assets was due to additions for the period of Euro 151.6 million, to the positive effects of foreign currency fluctuations of Euro 338.9 million, acquisitions that occurred in the period for Euro 19.5 million and which were partially offset by amortization of the period for Euro 203.4 million.

The increase in total liabilities of Euro 54.9 as of December 31, 2015 compared to prior period was due to an increase in equity of Euro 488,9 million and an increase in non-current liabilities of Euro 47.8 million partially offset by a decrease in current liabilities of Euro 481.8 million.

The decrease in current liabilities was mainly due to: (i) a decrease in financial liabilities (Euro 622.8 million) as described in the following paragraph; (ii) a decrease in short-term provision for risks and other charges of Euro 68,9 million mainly due to the payment made by Luxottica S.r.l. and related to a tax audit for fiscal years 2008 through 2011; (iii) an increase in trade payables (Euro 182,9 million) 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; and (iv) an increase in other liabilities (Euro 35.4 million) mainly due to wages and salaries.

The increase in non-current liabilities was mainly due to an increase in long-term debt (Euro 26.7 million) as noted in the following paragraph.

Our net financial position as of December 31, 2015 and December 31, 2014 was as follows:

	As of December	
(in thousands of Euro)	2015	2014
Cash and cash equivalents	864,852	1,453,587
Bank overdrafts	(110,450)	(151,303)
Current portion of long-term debt	(44,882)	(626,788)
Long-term debt	(1,715,104)	(1,688,415)
Total net debt	**(1,005,584)**	**(1,012,918)**

Bank overdrafts consist of the utilized portion of short-term uncommitted revolving credit lines borrowed by various subsidiaries of the Group.

As of December 31, 2015, Luxottica together with our wholly-owned Italian subsidiaries, had credit lines aggregating Euro 194.8 million. The interest rate is a floating rate of EURIBOR plus a margin on average of approximately 100 basis points. As of December 31, 2015 these credit lines was not utilized.

As of December 31, 2015, our wholly-owned subsidiary Luxottica U.S. Holdings Corp. maintained unsecured lines of credit with an aggregate maximum availability of Euro 119.4 million (USD 130.0 million converted at applicable exchange rate for the period ended December 31, 2015). The interest is at a floating rate of approximately LIBOR plus 50 basis points. As of December 31, 2015 these credit lines were not utilized. At December 31, 2015 there was Euro 45.2 million in aggregate face amount of stand-by letters of credit outstanding related to guarantees on these lines of credit.

As of December 31, 2015 the aggregate of current and non-current long-term debt compared to December 31, 2014 decreased by Euro 555,2 million mainly due to the repayment of two private placements amounting to Euro 500 million and Euro 114.4 million (USD 127 million), respectively. This effect is partially offset by the positive effects of foreign currency fluctuations (Euro 76.9 million) and 2015 issuances (Euro 14.4 million).

4. CAPITAL EXPENDITURES

Capital expenditures amounted to Euro 513.6 million in 2015 and Euro 418.9 million in 2014, analyzed as follows (in millions of Euro):

(in millions of Euro)	2015	2014
Manufacturing and wholesale distribution	211.0	175.6
Retail distribution	302.6	243.4
Group total	**513.6**	**418.9**

Capital expenditures in the manufacturing and wholesale distribution segment were primarily in Italy (Euro 86.9 million in 2015 and Euro 95.2 million in 2014), in China (Euro 51.0 million in 2015 and Euro 35.1 million in 2014) and in North America (Euro 53.8 million in 2015 and Euro 31.4 million in 2014). The overall increase in capital expenditures in 2015 as compared to 2014 is related to the routine technology upgrades and expansion of the manufacturing structure and to the continued roll-out of an IT platform.

Capital expenditures in the retail distribution segment were primarily in North America (Euro 236.4 million in 2015 and Euro 178.6 million in 2014) and Australia and China (Euro 29.2 million in 2015 and Euro 32.6 million in 2014) and related, for both 2015 and 2014, to the opening of new stores, the remodeling of older stores, and to projects for upgrading the management information system.

Intangible assets of Euro 5,039.1 million primarily reflect the Group's investment in goodwill and trademarks as a result of acquisitions over the years.

Amortization recognized in the statement of consolidated income was Euro 476.9 million in 2015 as compared to Euro 384.0 million in 2014.

5. HUMAN RESOURCES

Group workforce

As of December 31, 2015, Luxottica Group had 78,933 employees, of which 60.7% were dedicated to the retail business, 12.7% to the wholesale business and 25.9% to production and distribution activities. Central Corporate services based in Milan represent 0.7% of the total Group workforce.

In terms of geographical distribution, 53.6% of the total Luxottica workforce operates in North America, 15.9% in Europe, 23.2% in Asia-Pacific, 6.7% in Latin America and 0.6% in the Middle East and South Africa.

Business Area	No. Employees 2015	% 2015
Retail	47,942	60.7%
Operations	20,420	25.9%
Wholesale	10,023	12.7%
Corporate	548	0.7%
Total Group	**78,933**	**100.0%**

Geographic Area	No. Employees 2015	% 2015
North America	42,313	53.6%
Asia Pacific	18,313	23.2%
Europe	12,579	15.9%
Latin America	5,255	6.7%
Middle East & South Africa	473	0.6%
Total Group	**78,933**	**100.0%**

The success of Luxottica and its Human Resource management strategy in 2015 was based on the following elements: dedicated focus on the employee development of key skill sets, realization of career potential and a merit-based work environment free of discrimination. The strategic pillars set forth above are detailed in the initiatives and activities described below.

Development and Organizational Wellness Initiatives

Planning and Professional Development

In 2015, Luxottica further developed its initiatives supporting Professional Requirements Planning and Technical and Managerial Career Development. It also consolidated strategies at the regional level, allowing a greater attention to the specific needs of management in different markets. The Talent Management and Leadership Planning process, based on a shared and synchronized global calendar, identifies and promotes employees who demonstrate the potential to take on increasing responsibilities within the organization. A desire for strong leadership at every organizational level resulted in the launch of several initiatives. The Group concluded the Pipeline Program which started in 2014, and targeted the most talented leaders in the organization. This one-year program offered four different training events where high-potential participants could leverage different learning methods, develop leadership skills and meet their international colleagues from London to Palo Alto and from Singapore to Milan. A second edition of this program has been planned for 2016. Another program called Leadership Lab helps managers from different businesses and geographies across Europe create their own authentic leadership style. The program, structured into three modules, aims at developing self-awareness and personal vision, the ability to enhance team performance and understanding of the organizational context and dynamics. Participants are invited to share their daily challenges and opportunities with key leaders of the Group.

Culture of Feedback and Meaningful Conversation

Given the results achieved in organizational effectiveness and positive impact on employee engagement, the Group decided to continue the work started in 2014 to develop a ''Culture of Feedback'', which aims to strengthen the relationship between managers and their staff. Top managers, in partnership with local HR teams in each geography and business unit have established regular ''Meaningful Conversations'' with their staff and this has been added to their performance objectives.

The Pulse Survey, the tool Luxottica uses to measure the ''Feedback culture'' within the Company, has been maintained. On average, as measured in the four quarters 2015, as many as 88% of respondents said they had had a Meaningful Conversation with their managers in the previous three months. These results were aided by training and promotion activities implemented at all levels within the organization. Among the different activities undertaken (ad hoc workshops, video tutorials, conversation cards to be used during manager-employee meetings, etc.), two international programs, Personal Excellence and the Coaching Academy should be highlighted. Both programs, the former at the global level and the latter at regional level, consist of training programs for senior and middle managers, in order to continue to develop in their role, become ambassadors of the Culture of Feedback, focus on their own leadership style and acquire additional managerial skills. Luxottica also implemented an online platform to generate a common feedback language across the organization.

The Culture of Feedback Platform can be accessed easily by more than 7,000 individuals across the Group. The Culture of Feedback will be maintained in 2016, creating an open, honest and meaningful environment that will give Luxottica a long term competitive advantage.

6. CORPORATE GOVERNANCE

Information about ownership structure and corporate governance is contained in the corporate governance report which is an integral part of the annual financial report. For additional details please refer to *Report on Corporate Governance*.

7. RELATED PARTY TRANSACTIONS

Our related party transactions are neither atypical nor unusual and occur in the ordinary course of our business. Management believes that these transactions are fair to the Company. For further details regarding related party transactions, please refer to Note 29 of the Notes to the Consolidated Financial Statements as of December 31, 2015.

8. RISK FACTORS

Our future operating results and financial condition may be affected by various factors, including those set forth below.

Risks Relating to Our Industry and General Economic Conditions

a) ***If current economic conditions deteriorate, demand for our products will be adversely impacted, access to credit will be reduced and our customers and others with which we do business will suffer financial hardship. All of these factors could reduce sales and in turn adversely impact our business, results of operations, financial condition and cash flows.***

Our operations and performance depend significantly on worldwide economic conditions. Uncertainty about global economic conditions poses a risk to our business because consumers and businesses may postpone spending in response to tighter credit markets, unemployment, negative financial news and/or declines in income or asset values, which could have a material adverse effect on demand for our products and services. Discretionary spending is affected by many factors, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates, availability of consumer credit, conditions in the real estate and mortgage markets, currency exchange rates and other matters that influence consumer confidence. Many of these factors are outside our control. Purchases of discretionary items could decline during periods in which disposable income is lower or prices have increased in response to rising costs or in periods of actual or perceived unfavorable economic conditions. If this occurs or if unfavorable economic conditions continue to challenge the consumer environment, our business, results of operations, financial condition and cash flows could be materially adversely affected.

In the event of financial turmoil affecting the banking system and financial markets, additional consolidation of the financial services industry or significant failure of financial services institutions, there could be a tightening of the credit markets, decreased liquidity and extreme volatility in fixed income, credit, currency and equity markets. In addition, the credit crisis could continue to have material adverse effects on our business, including the inability of customers of our wholesale distribution business to obtain credit to finance purchases of our products, restructurings, bankruptcies, liquidations and other unfavorable events for our consumers, customers, vendors, suppliers, logistics providers, other service providers and the financial institutions that are counterparties to our credit facilities and other derivative transactions. The likelihood that such third parties will be unable to overcome such unfavorable financial difficulties may increase. If the third parties on which we rely for goods and services or our wholesale customers are unable to overcome financial difficulties resulting from the deterioration of worldwide economic conditions or if the counterparties to our credit facilities or our derivative transactions do not perform their obligations as intended, our business, results of operations, financial condition and cash flows could be materially adversely affected.

b) ***If our business suffers due to changing local conditions, our profitability and future growth may be affected.***

We currently operate worldwide and have our operations in many countries, including certain developing countries in Asia, South America and Africa. Therefore, we are subject to various risks inherent in conducting business internationally, including the following:

- exposure to local economic and political conditions;
- export and import restrictions;
- currency exchange rate fluctuations and currency controls;
- cash repatriation restrictions;
- application of the Foreign Corrupt Practices Act and similar laws;
- difficulty in enforcing intellectual property and contract rights;
- disruptions of capital and trading markets;
- accounts receivable collection and longer payment cycles;
- potential hostilities and changes in diplomatic and trade relationships;
- legal or regulatory requirements;
- withholding and other taxes on remittances and other payments by subsidiaries;
- local antitrust and other market abuse provisions;
- investment restrictions or requirements; and
- local content laws requiring that certain products contain a specified minimum percentage of domestically produced components.

The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable, but any such occurrence may result in the loss of sales or increased costs of doing business and may have a material adverse effect on our business, results of operations, financial condition and prospects.

c) ***If vision correction alternatives to prescription eyeglasses become more widely available, or consumer preferences for such alternatives increase, our profitability could suffer through a reduction of sales of our prescription eyewear products, including lenses and accessories.***

Our business could be negatively impacted by the availability and acceptance of vision correction alternatives to prescription eyeglasses, such as contact lenses and refractive optical surgery. Increased use of vision correction alternatives could result in decreased use of our prescription eyewear products, including a reduction of sales of lenses and accessories sold in our retail outlets, which could have a material adverse impact on our business, results of operations, financial condition and prospects.

d) ***Unforeseen or catastrophic losses not covered by insurance could materially adversely affect our results of operations and financial condition.***

For certain risks, we do not maintain insurance coverage because of cost and/or availability. Because we retain some portion of our insurable risks, and in some cases self-insure completely, unforeseen or catastrophic losses in excess of insured limits could materially adversely affect our results of operations and financial condition.

Risks Relating to Our Business and Operations

e) ***If we are unable to successfully introduce new products and develop and defend our brands, our future sales and operating performance may suffer.***

The mid- and premium-price categories of the prescription frame and sunglasses markets in which we compete are particularly vulnerable to changes in fashion trends and consumer preferences. Our historical success is attributable, in part, to our introduction of innovative products which are perceived to represent an improvement over products otherwise available in the market and our ability to develop and defend our brands, especially our Ray-Ban and Oakley proprietary brands. Our future success will depend on our continued ability to develop and introduce such innovative products and continued success in building our brands. If we are unable to continue to do so, our future sales could decline, inventory levels could rise, leading to additional costs for storage and potential write-downs relating to the value of excess inventory, and there could be a negative impact on production costs since fixed costs would represent a larger portion of total production costs due to the decline in quantities produced, which could materially adversely affect our results of operations.

f) ***If we are not successful in completing and integrating strategic acquisitions to expand or complement our business, our future profitability and growth could be at risk.***

As part of our growth strategy, we have made, and may continue to make, strategic business acquisitions to expand or complement our business. Our acquisition activities, however, can be disrupted by overtures from competitors for the targeted candidates, governmental regulation and rapid developments in our industry. We may face additional risks and uncertainties following an acquisition, including (i) difficulty in integrating the newly acquired business and operations in an efficient and effective manner, (ii) inability to achieve strategic objectives, cost savings and other benefits from the acquisition, (iii) the lack of success by the acquired business in its markets, (iv) the loss of key employees of the acquired business, (v) a decrease in the focus of senior management on our operations, (vi) difficulty integrating human resources systems, operating systems, inventory management systems and assortment planning systems of the acquired business with our systems, (vii) the cultural differences between our organization and that of the acquired business and (viii) liabilities that were not known at the time of acquisition or the need to address tax or accounting issues.

If we fail to timely recognize or address these matters or to devote adequate resources to them, we may fail to achieve our growth strategy or otherwise realize the intended benefits of any acquisition. Even if we are able to integrate our business operations successfully, the integration may not result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that may be possible from the integration or in the achievement of such benefits within the forecasted period of time.

g) ***If we are unable to achieve our business objectives and manage growth, operating margins may be reduced as a result of decreased efficiency of distribution.***

In order to achieve our business objectives and manage our growth effectively, we are required to increase and streamline production and implement manufacturing efficiencies where possible, while maintaining strict quality control and the ability to deliver products to our customers in a timely and efficient manner. We must also continuously develop new product designs and features, expand our information systems and operations, and train and manage an increasing number of management level and other employees. If we are unable to manage these matters effectively, our distribution process could be adversely affected and we could lose market share in affected regions, which could materially adversely affect our business prospects.

If we do not correctly predict future economic conditions and changes in consumer preferences, our sales of premium products and profitability could suffer.

The fashion and consumer products industries in which we operate are cyclical. Downturns in general economic conditions or uncertainties regarding future economic prospects, which affect consumer disposable income, have historically adversely affected consumer spending habits in our principal markets and thus made the growth in sales and profitability of premium-priced product categories difficult during such downturns. Therefore, future economic downturns or uncertainties could have a material adverse effect on our business, results of operations and financial condition, including sales of our designer and other premium brands.

The industry is also subject to rapidly changing consumer preferences and future sales may suffer if the fashion and consumer products industries do not continue to grow or if consumer preferences shift away from our products. Changes in fashion could also affect the popularity and, therefore, the value of the fashion licenses granted to us by designers. Any event or circumstance resulting in reduced market acceptance of one or more of these designers could reduce our sales and the value of our models from that designer. Unanticipated shifts in consumer preferences may also result in excess inventory and underutilized manufacturing capacity. In addition, our success depends, in large part, on our ability to anticipate and react to changing fashion trends in a timely manner. Any sustained failure to identify and respond to such trends could materially adversely affect our business, results of operations and financial condition and may result in the write-down of excess inventory and idle manufacturing facilities.

h) ***If we do not continue to negotiate and maintain favorable license arrangements, our sales or cost of sales could suffer.***

We have entered into license agreements that enable us to manufacture and distribute prescription frames and sunglasses under certain designer names, including Chanel, Prada, Miu Miu, Dolce & Gabbana, Bvlgari, Tiffany & Co., Versace, Burberry, Ralph Lauren, DKNY, Paul Smith, Brooks Brothers, Tory Burch, Coach, Armani, Michael Kors and Starck Eyes. These license agreements typically have terms of between four and ten years and may contain options for renewal for additional periods and require us to make guaranteed and contingent royalty payments to the licensor. We believe that our ability to maintain and negotiate favorable license agreements with leading designers in the fashion and luxury goods industries is essential to the branding of our products and, therefore, material to the success of our business. Accordingly, if we are unable to negotiate and maintain satisfactory license arrangements with leading designers, our growth prospects and financial results could materially suffer from a reduction in sales or an increase in advertising costs and royalty payments to designers. For the years ended December 31, 2015 and 2014, no single license agreement represented greater than 5.0% of total sales.

i) ***As we operate in a complex international environment, if new laws, regulations or policies of governmental organizations, or changes to existing ones, occur and cannot be managed efficiently, the results could have a negative impact on our operations, our ability to compete or our future financial results.***

Compliance with European, U.S. and other laws and regulations that apply to our international operations increases our costs of doing business, including cost of compliance, in certain jurisdictions, and such costs may rise in the future as a result of changes in these laws and regulations or in their interpretation or enforcement. This includes, in particular, our manufacturing activities and services provided to us by third parties within our supply chain, which are subject to numerous workplace health and safety laws, environmental laws, labor laws and other similar regulations and restrictions on the sourcing of materials (including with respect to “conflict mineral” zones) that may vary from country to country and are continuously evolving. In certain countries, failure to comply with applicable laws and regulations relating to workplace health and safety protection and environmental matters could result in criminal and/or civil penalties being imposed on responsible individuals and, in certain cases, the Company. In addition, effective in 2016, the European Union has put in place new rules and regulations regarding privacy concerns, which impose fines and penalties for non-compliance that are calculated as a percentage of net sales. In certain circumstances, even if no fine or penalty is imposed for our failure to comply with an applicable law or regulation, we may suffer reputational harm if we fail to comply with applicable laws and regulations. We have implemented policies and procedures designed to facilitate our compliance with these laws and regulations, but there can be no assurance that our employees, contractors or agents will not violate such laws and regulations or our policies. Any such violations could individually, or in the aggregate, materially adversely affect our financial condition or operating results.

Additionally, our Oakley, Eye Safety Systems and EyeMed subsidiaries are U.S. government contractors or subcontractors and, as a result, we must comply with, and are affected by, U.S. laws and regulations related to conducting business with the U.S. government. These laws and regulations may impose various additional costs and risks on our business. For example, Oakley and Eye Safety Systems are required to obtain applicable governmental approvals, clearances and certain export licenses. We also may become subject to audits, reviews and investigations of our compliance with these laws and regulations.

j) If we are unable to protect our proprietary rights, our sales might suffer, and we may incur significant additional costs to defend such rights.

We rely on trade secret, unfair competition, trade dress, trademark, patent and copyright laws to protect our rights to certain aspects of our products and services, including product designs, brand names, proprietary manufacturing processes and technologies, product research and concepts and goodwill, all of which we believe are important to the success of our products and services and our competitive position. However, pending trademark or patent applications may not in all instances result in the issuance of a registered trademark or patent, and trademarks or patents granted may not be effective in thwarting competition or be held valid if subsequently challenged. In addition, the actions we take to protect our proprietary rights may be inadequate to prevent imitation of our products and services. Our proprietary information could become known to competitors, and we may not be able to meaningfully protect our rights to proprietary information. Furthermore, other companies may independently develop substantially equivalent or better products or services that do not infringe on our intellectual property rights or could assert rights in, and ownership of, our proprietary rights. Moreover, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States or of the member states of the European Union.

Consistent with our strategy of vigorously defending our intellectual property rights, we devote substantial resources to the enforcement of patents issued and trademarks granted to us, to the protection of our trade secrets or other intellectual property rights and to the determination of the scope or validity of the proprietary rights of others that might be asserted against us. However, if the level of potentially infringing activities by others were to increase substantially, we might have to significantly increase the resources we devote to protecting our rights. From time to time, third parties may assert patent, copyright, trademark or similar rights against intellectual property that is important to our business. The resolution or compromise of any litigation or other legal process to enforce such alleged third party rights, regardless of its merit or resolution, could be costly and divert the efforts and attention of our management. We may not prevail in any such litigation or other legal process or we may compromise or settle such claims because of the complex technical issues and inherent uncertainties in intellectual property disputes and the significant expense in defending such claims. An adverse determination in any dispute involving our proprietary rights could, among other things, (i) require us to coexist in the market with competitors utilizing the same or similar intellectual property, (ii) require us to grant licenses to, or obtain licenses from, third parties, (iii) prevent us from manufacturing or selling our products, (iv) require us to discontinue the use of a particular patent, trademark, copyright or trade secret or (v) subject us to substantial liability. Any of these possibilities could have a material adverse effect on our business by reducing our future sales or causing us to incur significant costs to defend our rights.

k) If we are unable to maintain our current operating relationship with host stores including of our retail licensed brands and other host relationships, we could suffer a loss in sales and possible impairment of certain intangible assets.

Our sales depend in part on our relationships with the host stores that allow us to operate our retail licensed brands , including Sears Optical and Target Optica land other host relationships, including Macy's. Our leases and licenses with Sears Optical are terminable upon short notice. If our relationship with Sears Optical, Target Optical or Macy's were to end, we would suffer a loss of sales and the possible impairment of certain intangible assets. This could have a material adverse effect on our business, results of operations, financial condition and prospects.

l) 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 mid- and premium-price categories of the prescription frame and sunglasses markets in which we operate are highly competitive. We believe that, in addition to successfully introducing new products, responding to changes in the market environment and maintaining superior production capabilities, our ability to remain competitive is highly dependent on our success in maintaining an efficient distribution network. If we are unable to maintain an efficient and resilient distribution and production network or a significant disruption thereto should occur, our sales may decline due to the inability to timely deliver products to customers and our profitability may decline due to an increase in our per unit distribution costs in the affected regions, which may have a material adverse impact on our business, results of operations and financial condition.

m) 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.

We are currently a party to certain legal proceedings. In addition, in the ordinary course of our business, we become involved in various other claims, lawsuits, investigations and governmental and administrative proceedings, some of which are or may be significant. Adverse judgments or determinations in one or more of these proceedings could require us to change the way we do business or use substantial resources in adhering to the settlements and could have a material adverse effect on our business, including, among other consequences, by significantly increasing the costs required to operate our business.

Ineffective communications, during or after these proceedings, could amplify the negative effects, if any, of these proceedings on our reputation and may result in a negative market impact on the price of our securities.

n) ***Changes in our tax rates or exposure to additional tax liabilities could affect our future results.***

We are subject to taxes in Italy, the United States and numerous other jurisdictions. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Any of these changes could have a material adverse effect on our profitability. We also are regularly subject to the examination of our income tax returns by the Italian tax authority, the U.S. Internal Revenue Service as well as the governing tax authorities in other countries where we operate. We routinely assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for tax risks. Currently, some of our companies are under examination by various tax authorities. There can be no assurance that the outcomes of the current ongoing examinations and possible future examinations will not materially adversely affect our business, results of operations, financial condition and prospects.

o) ***If there is any material failure, inadequacy, interruption, security failure or breach of our information technology systems, whether owned by us or outsourced or managed by third parties, this may result in remediation costs, reduced sales due to an inability to properly process information and increased costs of operating our business.***

We rely on information technology systems both managed internally and outsourced to third parties across our operations, including for management of our supply chain, point-of-sale processing in our stores and various other processes and transactions. Our ability to effectively manage our business and coordinate the production, distribution and sale of our products depends on, among other things, the reliability and capacity of these systems. The failure of these systems to operate effectively, network disruptions, problems with transitioning to upgraded or replacement systems, or a breach in data security of these systems could cause delays in product supply and sales, reduced efficiency of our operations, unintentional disclosure of customer or other confidential information of the Company leading to additional costs and possible fines or penalties, legal defense and settlement costs, or damage to our reputation, and potentially significant capital investments and other costs could be required to remediate the problem, which could have a material adverse effect on our results of operations.

p) ***If we record a write-down for inventories that are obsolete or exceed anticipated demand or other assets the net realizable value of which is below the carrying amount, such charges could have a material adverse effect on our results of operations.***

We record a write-down for product and component inventories that have become obsolete or exceed anticipated demand or net realizable value. We review our long-lived assets for impairment whenever events or changed circumstances indicate that the carrying amount of an asset may not be recoverable, and we determine whether valuation allowances are needed against other assets, including, but not limited to, accounts receivable. If we determine that impairments or other events have occurred that lead us to believe we will not fully realize these assets, we record a write-down or a valuation allowance equal to the amount by which the carrying value of the assets exceeds their fair market value. Although we believe our inventory and other asset-related provisions are currently adequate, no assurance can be made that, given the rapid and unpredictable pace of product obsolescence, we will not incur additional inventory or asset-related charges, which charges could have a material adverse effect on our results of operations.

q) ***Leonardo Del Vecchio, our chairman and principal stockholder, controls61.45% of our voting power and is in a position to affect our ongoing operations, corporate transactions and any matters submitted to a vote of our stockholders, including the election of directors and a change in corporate control.***

As of December 31, 2015, Mr. Leonardo Del Vecchio, the Chairman of our Board of Directors, through the company Delfin S.à r.l., has voting rights over 297,218,025 Ordinary Shares, or 61.45% of the issued share capital. As a result, Mr. Del Vecchio has the ability to exert significant influence over our corporate affairs and to control the outcome of virtually all matters submitted to a vote of our stockholders, including the election of our directors, the amendment of our Articles of Association or By-laws, and the approval of mergers, consolidations and other significant corporate transactions.

Mr. Del Vecchio's interests may conflict with or differ from the interests of our other stockholders. In situations involving a conflict of interest between Mr. Del Vecchio and our other stockholders, Mr. Del Vecchio may exercise his control in a manner that would benefit him to the potential detriment of other stockholders. Mr. Del Vecchio's significant ownership interest could delay, prevent or cause a change in control of our company, any of which may be adverse to the interests of our other stockholders.

r) ***If we are not successful in transitioning our leadership structure as currently intended, our future growth and profitability may suffer.***

In October 2014, we announced the introduction of a management structure based on a co-CEO model, pursuant to which two co-chief executive officers are appointed to manage the principal executive officer responsibilities of the Group, with one chief executive officer focused on Markets and the other focused on Product and Operations. The co-CEO leadership structure allocates distinct yet complementary responsibilities between the two co-chief executive officers and is designed to promote stronger management of the Group, which has rapidly increased in size, complexity and global presence in recent years. In January 2016, our Board of Directors approved a modification to our governance structure by assigning executive 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 Director. Mr. Massimo Vian continues in his role of CEO for Product and Operations. If the new model proves ineffective, there may be delays in the implementation of the Group's strategic plans and reductions or slowdowns of our future growth and profitability.

s) ***If our procedures designed to comply with Section 404 of the Sarbanes-Oxley Act of 2002 cause us to identify material weaknesses in our internal control over financial reporting, the trading price of our securities may be adversely impacted.***

Our annual report on Form 20-F includes a report from our management relating to its evaluation of our internal control over financial reporting, as required under Section 404 of the U.S. Sarbanes-Oxley Act of 2002, as amended. There are inherent limitations on the effectiveness of internal controls, including collusion, management override and failure of human judgment. In addition, control procedures are designed to reduce, rather than eliminate, business risks. Notwithstanding the systems and procedures we have implemented to comply with these requirements, we may uncover circumstances that we determine to be material weaknesses, or that otherwise result in disclosable conditions. Any identified material weaknesses in our internal control structure may involve significant effort and expense to remediate, and any disclosure of such material weaknesses or other conditions requiring disclosure may result in a negative market reaction to our securities.

Financial Risks

t) If the U.S. dollar or the Australian dollar weaken relative to the Euro or the Chinese Yuan strengthens relative to the Euro, our profitability as a consolidated group could suffer.

Our principal manufacturing facilities are located in Italy and China. We also maintain manufacturing facilities in Brazil, India and the United States as well as sales and distribution facilities throughout the world. As a result, our results of operations could be materially adversely affected by foreign exchange rate fluctuations in two principal areas:

- we incur most of our manufacturing costs in Euro and in Chinese Yuan, and receive a significant part of our revenues in other currencies such as the U.S. dollar and the Australian dollar. Therefore, a strengthening of the Chinese Yuan could negatively impact our consolidated results of operations; and
- a substantial portion of our assets, liabilities, revenues and costs are denominated in various currencies other than Euro, with a substantial portion of our revenues and operating expenses being denominated in U.S. dollars. As a result, our operating results, which are reported in Euro, are affected by currency exchange rate fluctuations, particularly between the U.S. dollar and the Euro.

As our international operations grow, future changes in the exchange rate of the Euro against the U.S. dollar and other currencies may negatively impact our reported results, although we have in place policies designed to manage such risk.

u) If economic conditions around the world worsen, we may experience an increase in our exposure to credit risk on our accounts receivable which may result in a higher risk that we are unable to collect payments from our customers and, potentially, increased costs due to reserves for doubtful accounts and a reduction in sales to customers experiencing credit-related issues.

A substantial majority of our outstanding trade receivables are not covered by collateral or credit insurance. While we have procedures to monitor and limit exposure to credit risk on our trade and non-trade receivables, there can be no assurance such procedures will effectively limit our credit risk and avoid losses, which could have a material adverse effect on our results of operations.

9. 2016 OUTLOOK

We operate in an industry with significant opportunity for growth. Over the past few years, by capitalizing on available opportunities and maintaining its strong competitive position, we have laid the foundation for long-term sustainable growth.

In 2016, consistent with the results achieved over the past five years, we expect solid revenue growth at constant exchange rates and our annual profitability to grow at a rate that is more than proportional to sales growth. The Group expects to benefit from continued development across its various businesses in new and established markets, with notable contributions from Ray-Ban, Oakley and Sunglass Hut.

Looking forward, we will continue to drive innovation and develop new competencies and innovation. Long-term drivers include Luxottica's strong brand portfolio and service levels, further penetration of premium sunglasses, global expansion of new sales channels and the Group's presence in emerging markets.

10. SUBSEQUENT EVENTS

For a description of significant events after December 31, 2015 please refer to Note 37 of the footnotes of the consolidated financial statements as of December 31, 2015.

11. ADAPTATION TO THE ARTICLES 36-39 OF THE REGULATED MARKET

Articles 36 – 39 of the regulated markets applies to 46 entities based on the financial statements as of December 31, 2015, in particular the Group:

- applies to all the Extra European Union subsidiaries, internal procedures under which it is requested that all Group companies release a quarterly representation letter that contains a self-certification of the completeness of the accounting information and controls in place, necessary for the preparation of the consolidated financial statements of the parent;
- ensures that subsidiaries outside of Europe also declare in these representation letters their commitment to provide auditors of the Company with the information necessary to conduct their monitoring of the parent's annual and interim period financial statements;
- as set out in Part III, Title II, Chapter II, Section V of Regulation No. 11971/1999 and subsequent amendments, makes available the balance sheet and income statement of the aforementioned subsidiaries established in states outside the European Union, used to prepare the consolidated financial statements.

12. OTHER INFORMATION

As required by Section 2428 of the Italian Civil Code, it is reported that:

- The Group carries out research and development activities in relation to production processes in order to improve their quality and increase their efficiency. The costs incurred for research and development are immaterial.

- No atypical and/or unusual transactions, as defined by Consob Communication 6064293 dated July 28, 2006, were undertaken during 2015.
- The information required by Section 123-bis par.1 of Italian Legislative Decree 58 dated February 29, 1998, is disclosed in the corporate governance report forming an integral part of the annual financial report.
- The Company is not subject to direction and coordination by others, as discussed in more detail in the corporate governance report.
- The Company has made a national group tax election (sections 117-129 of the Italian Tax Code). Under this election, Luxottica Group S.p.A., as the head of the tax group for the Group's principal Italian companies, calculates a single taxable base by offsetting taxable income against tax losses reported by participating companies in the same year.

On January 29, 2013 the Company elected to avail itself of the options provided by Article 70, Section 8, and Article 71, Section 1-bis, of CONSOB Issuers' Regulations and, consequently, will no longer comply with the obligation to make available to the public an information memorandum in connection with transactions involving significant mergers, spin-offs, increases in capital through contributions in kind, acquisitions and disposals.

APPENDIX

RECONCILIATION BETWEEN PARENT COMPANY NET INCOME AND STOCKHOLDERS' EQUITY AND CONSOLIDATED NET INCOME AND STOCKHOLDERS' EQUITY

	Dec 31, 2015	
(In thousands of Euro)	**Net income**	**Stockholders' equity**
PARENT COMPANY FINANCIAL STATEMENTS	**541.171**	**2.826.031**
Elimination of intragroup dividends	(91.655)	-
Trademarks and other intangible assets (*)	(47.134)	(1.211.720)
Elimination of internal profits on inventories (*)	(39.326)	(253.618)
Difference between value of investments in consolidated companies and related share of stockholders' equity	-	4.057.027
Net income of consolidated companies	443.817	-
Minority interests	(2.753)	(5.196)
CONSOLIDATED FINANCIAL STATEMENTS	**804.119**	**5.412.524**

(*) net of tax effect

NON-IFRS MEASURES

Adjusted measures

In this Management Report we discuss 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 on 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.

Such measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors. Such non-IFRS measures are explained in detail and reconciled to their most comparable IFRS measures below.

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

In 2015, we made adjustments to the following measures: net sales, cost of sales, operating income and operating margin, EBITDA, EBITDA margin. We have also made adjustments to net income, earnings per share, operating expenses, selling expenses and general, administrative expenses and income taxes. We adjusted the above items by (i) excluding the costs relating to the Oakley integration project (including minor reorganization activities across the Group) which had a Euro 66.4 million impact on Group operating income and a Euro 49.8 million on Group net income in 2015, (ii) starting from July 1, 2014 following the modification of an EyeMed reinsurance agreement with an existing underwriter, the Group assumes less reinsurance revenues and less claims expense with an impact from the new contract for the twelve month period ended December 31, 2015 equal to Euro 174.3 million. Effective January 1, 2016, the Group's managed vision care business modified the terms of this reinsurance agreement with an existing underwriter whereby the Group will assume more reinsurance revenue and claims expense.

In 2014, we made adjustments to the following measures: net sales, cost of sales, operating income and operating margin, EBITDA, EBITDA margin. We have also adjusted net income, earnings per share, operating expenses, selling expenses and general, administrative expenses and income taxes. We adjusted the above items by (i) excluding non-recurring costs related to the termination of Andrea Guerra and Enrico Cavatorta as Group's CEOs for Euro 20 million, Euro 14.5 million net of tax effect, (ii) excluding non-recurring costs related to the tax audit of Luxottica S.r.l. (fiscal years from 2008 to 2011), amounting to Euro 30.3 million and (iii) starting from July 1, 2014 following the modification of an EyeMed reinsurance agreement with an existing underwriter, the Group assumes less reinsurance revenues and less claims expense with an impact from the new contract for the twelve month period ended December 31 2014 equal to Euro 46.6 million.

The adjusted measures referenced above are not measures of performance in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and endorsed by the European Union. The Group believes that these adjusted measures are useful to both management and investors in evaluating the Group's operating performance compared with that of other companies in its industry in order to provide a supplemental view of operations that exclude items that are unusual, infrequent or unrelated to our ongoing operations.

Non – IFRS measures such as EBITDA, EBITDA margin, free cash flows and the ratio of net debt to EBITDA are included in this Management Report in order to:

- improve transparency for investors;
- assist investors in their assessment of the Group's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Group's cost of debt;
- ensure that these measures are fully understood in light of how the Group evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

See the tables below for a reconciliation of the adjusted measures discussed above to their most directly comparable IFRS financial measures or, in the case of adjusted EBITDA, to EBITDA, which is also a non-IFRS measure. For a reconciliation of EBITDA to its most directly comparable IFRS measure, see the pages following the tables below:

Non-IAS/IFRS Measure: Reconciliation between reported and adjusted P&L items

Luxottica Group	2015					
(in millions of Euro)	**Net sales**	**Cost of Sales**	**EBITDA**	**Operating Income**	**Net Income**	**Base EPS**
Reported	**8,836.6**	**(2,835.4)**	**1,853.3**	**1,376.4**	**804.1**	**1.68**
- EyeMed Adjustment	174.3	(174.3)				
- Oakley's integration costs and other minor projects		0.7	66.4	66.4	49.8	0.10
Adjusted	**9,010.8**	**(3,009.0)**	**1,919.7**	**1,442.8**	**854.0**	**1.78**

Luxottica Group	2014					
(in millions of Euro)	**Net sales**	**Cost of Sales**	**EBITDA**	**Operating Income**	**Net Income**	**Base EPS**
Reported	**7,652.3**	**(2,574.7)**	**1,541.6**	**1,157.6**	**642.6**	**1.35**
- EyeMed Adjustment	46.6	(46.6)				
- Adjustment for Former group's CEOs			20.0	20.0	14.5	0.03
- Adjustment for the accrual for the tax audit relating to Luxottica S.r.l. (fiscal years from 2008 to 2011)					30.3	0.06
Adjusted	**7,698.9**	**(2,621.3)**	**1,561.6**	**1,177.6**	**687.4**	**1.44**

EBITDA and EBITDA margin

EBITDA represents net income attributable to Luxottica Group stockholders, before non-controlling interest, provision for income taxes, other income/expense, depreciation and amortization. EBITDA margin means EBITDA divided by net sales. We believe that EBITDA is useful to both management and investors in evaluating our operating performance compared to that of other companies in our industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business. For additional information on Group's non-IFRS measures used in this report, see "NON-IFRS MEASURES – *Adjusted Measures*" set forth above.

EBITDA and EBITDA margin are not meant to be considered in isolation or as a substitute for items appearing on 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 Group.

The Group cautions that these measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors.

Investors should be aware that our method of calculating EBITDA may differ from methods used by other companies. We recognize that the usefulness of EBITDA has certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and amortization expense may have material limitations;
- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss.

We compensate for the foregoing limitations by using EBITDA as a comparative tool, together with IFRS measurements, to assist in the evaluation of our operating performance and leverage. The following table provides a reconciliation of EBITDA to net income, which is the most directly comparable IFRS financial measure, as well as the calculation of EBITDA margin on net sales:

(in millions of Euro)	2015	2014
Net income/(loss) (+)	**804.1**	**642.6**
Net income attributable to non-controlling interest (+)	2.8	3.4
Provision for income taxes (+)	471.0	414.1
Other (income)/expense (+)	98.5	97.5
Depreciation and amortization (+)	476.9	384.0
EBITDA (=)	**1,853.3**	**1,541.6**
Net sales (/)	8,836.6	7,652.3
EBITDA margin (=)	**21.0%**	**20.1%**

Non-IAS/IFRS Measure: *Adjusted* EBITDA and *Adjusted* EBITDA margin

(in millions of Euro)	FY 2015(1,4)	FY 2014(1,2,3)
Adjusted net income/(loss) (+)	**854.0**	**687.4**
Net income attributable to non-controlling interest (+)	2.8	3.4
Adjusted provision for income taxes (+)	487.6	389.2
Other (income)/expense (+)	98.5	97.5
Depreciation and amortization (+)	476.9	384.0
Adjusted EBITDA (=)	**1,919.7**	**1,561.6**
Net sales (/)	9,010.8	7,698.9

Adjusted EBITDA margin (=)	21.3%	20.3%

The adjusted figures :

(1) include the EyeMed adjustment. Starting from July 1, 2014 following the modification of an EyeMed reinsurance agreement with an existing underwriter, the Group assumes less reinsurance revenues and less claims expense. The impact of the new contract was Euro 174.3 million and Euro 46.6 million, for the twelve month period ended December 31, 2015 and 2014 respectively;

(2) exclude accrual for the tax audit relating to Luxottica S.r.l. (fiscal years from 2008 to 2011) of approximately Euro 30.3 million in 2014;

(3) exclude non-recurring costs of Euro 20.0 million, Euro 14.5 million net of tax in 2014, related to the termination of the former Group's CEOs;

(4) exclude the costs related to the integration of Oakley and other minor projects with an impact on operating income of Euro 66.4 million and an impact on net income of Euro 49.8 million for the twelve-month period ended December 31, 2015.

Free Cash Flow

Free cash flow represents EBITDA, as defined above, plus or minus the decrease/(increase) in working capital over the period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. Our calculation of free cash flow provides a clearer picture of our ability to generate net cash from operations, which is used for mandatory debt service requirements, to fund discretionary investments, pay dividends or pursue other strategic opportunities. For additional information on Group's non-IFRS measures used in this report, see "NON-IFRS MEASURES – *Adjusted Measures*" set forth above.

Free cash flow is not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IFRS. Rather, this non-IFRS measure should be used as a supplement to IFRS results to assist the reader in better understanding the operational performance of the Group.

The Group cautions that this measure is not a defined term under IFRS and its definition should be carefully reviewed and understood by investors.

Investors should be aware that our method of calculation of free cash flow may differ from methods used by other companies. We recognize that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

- The manner in which we calculate free cash flow may differ from that of other companies, which limits its usefulness as a comparative measure;
- Free cash flow does not represent the total increase or decrease in the net debt balance for the period since it excludes, among other things, cash used for funding discretionary investments and to pursue strategic opportunities during the period and any impact of the exchange rate changes; and
- Free cash flow can be subject to adjustment at our discretion if we take steps or adopt policies that increase or diminish our current liabilities and/or changes to working capital.

We compensate for the foregoing limitations by using free cash flow as one of several comparative tools, together with IFRS measurements, to assist in the evaluation of our operating performance.

The following table provides a reconciliation of free cash flow to EBITDA and the table above provides a reconciliation of EBITDA to net income, which is the most directly comparable IFRS financial measure:

Non-IFRS Measure: Free cash flow

(in millions of Euro)	2015
EBITDA[(1)]	**1,920**

Δ working capital	31
Capex	(514)
Operating cash flow	**1,437**
Financial charges[2]	(95)
Taxes	(566)
Other—net	(8)
Free cash flow	**768**

[1] EBITDA is not an IFRS measure; please see table on the earlier page for a reconciliation of EBITDA to net income.
[2] Equals interest income minus interest expense.

Net debt to EBITDA ratio

Net debt represents the sum of bank overdrafts, the current portion of long- term debt and long-term debt, less cash. The ratio of net debt to EBITDA is a measure used by management to assess the Group's level of leverage, which affects our ability to refinance our debt as it matures and incur additional indebtedness to invest in new business opportunities. The ratio also allows management to assess the cost of existing debt since it affects the interest rates charged by the Company's lenders.

EBITDA and the ratio of net debt to EBITDA are not meant to be considered in isolation or as a substitute for items appearing on 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 Group. For additional information on Group's non-IFRS measures used in this report, see "NON-IFRS MEASURES – *Adjusted Measures*" set forth above.

The Group cautions that these 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 EBITDA and the ratio of net debt to EBITDA may differ from methods used by other companies.

The Group recognizes that the usefulness of EBITDA and the ratio of net debt to EBITDA as evaluative tools may have certain limitations. Apart from the limitations stated above on EBITDA, the ratio of net debt to EBITDA is net of cash and cash equivalents, restricted cash and short-term investments, thereby reducing our debt position.

Because we may not be able to use our cash to reduce our debt on a dollar-for-dollar basis, this measure may have material limitations. We compensate for the foregoing limitations by using EBITDA and the ratio of net debt to EBITDA as two of several comparative tools, together with IFRS measurements, to assist in the evaluation of our operating performance and leverage.

See the table below for a reconciliation of net debt to long-term debt, which is the most directly comparable IFRS financial measure, as well as the calculation of the ratio of net debt to EBITDA. For a reconciliation of EBITDA to its most directly comparable IFRS measure, see the table on the earlier page.

Non-IFRS Measure: Net debt and Net debt/EBITDA

(in millions of Euro)	Al 31 dicembre	
	2015	**2014**
Long-term debt (+)	1,715.1	1,688.4
Current portion of long-term debt (+)	44.9	626.8
Bank overdrafts (+)	110.5	151.3
Cash (-)	(864.9)	(1,453.6)
Net debt (=)	1,005.6	1,012.9
EBITDA	1,853.3	1,541.6
Net debt/EBITDA	**0.5x**	**0.7x**
Net debt @ avg. exchange rates[1]	991.9	984.3
Net debt @ avg. exchange rates[1]/EBITDA	0.5x	0.6x

[1] Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures.

Non-IFRS Measure: Net debt and Net debt/*Adjusted* EBITDA

(in millions of Euro)	2015 [1, 2]	2014 [1, 3]
Long-term debt (+)	1,715.1	1,688.4
Current portion of long-term debt (+)	44.9	626.8
Bank overdrafts (+)	110.5	151.3
Cash (-)	(864.9)	(1,453.6)
Net debt (=)	1,005.6	1,012.9
LTM Adjusted EBITDA	1,919.7	1,561.6
Net debt/LTM Adjusted EBITDA	0.5x	0.6x
Net debt @ avg. exchange rates[1]	991.9	984.3
Net debt @ avg. exchange rates[1]/LTM EBITDA	0.5x	0.6x

(1) Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures.
(2) Adjusted figures exclude costs related to the integration of Oakley and other minor projects with an impact of Euro 66.4 million on operating income and Euro 49.8 million impact on net income.
(3) Adjusted figures exclude the non-recurring costs of approximately 20.0 million, Euro 14.5 million net of tax, related to the termination of former Group's CEOs.

FORWARD-LOOKING INFORMATION

Throughout this report, management has made certain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 which are considered prospective. These statements are made based on management's current expectations and beliefs and are identified by the use of forward-looking words and phrases such as "plans," "estimates," "believes" or "belief," "expects" or other similar words or phrases.

Such statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, our ability to manage the effect of the uncertain current global economic conditions on our business, our ability to successfully acquire new businesses and integrate their operations, our ability to predict future economic conditions and changes in consumer preferences, our ability to successfully introduce and market new products, our ability to maintain an efficient distribution network, our ability to and achieve our business objectives and manage growth, our ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, our ability to protect our proprietary rights, our ability to maintain our relationships with host stores, any failure of our information technology, inventory and other asset risk, credit risk on our accounts, insurance risks, changes in tax laws, as well as other political, economic, legal and technological factors and other risks and uncertainties described in our filings with the U.S. Securities and Exchange Commission. These forward - looking statements are made as of the date hereof, and we do not assume any obligation to update them.

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Milan, March 1, 2016

Luxottica Group S.p.A.

On behalf of the Board of Directors

Leonardo Del Vecchio	Massimo Vian
(Executive Chairman)	(C.E.O for Product and Operations)

2. *REPORT ON CORPORATE GOVERNANCE*

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

PURSUANT TO ART.123-*BIS* OF THE ITALIAN CONSOLIDATED FINANCIAL LAW

YEAR 2015

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 1, 2016

TRADITIONAL ADMINISTRATION AND CONTROL SYSTEM

LUXOTTICA GROUP S.P.A.

REGISTERED OFFICE: MILAN, PIAZZALE LUIGI CADORNA, 3

WEBSITE: www.luxottica.com

Set out below are the corporate governance rules and procedures of the management and control system of the group of companies controlled by Luxottica Group S.p.A. (hereinafter, "Luxottica" or the "Company").

*Luxottica complies, as illustrated below, with the Code of Conduct prepared by the Committee for Corporate Governance of listed companies promoted by Borsa Italiana S.p.A. (hereinafter the "**Code of Conduct**", the text of which was updated in July 2015 and is available on the website of the Committee for Corporate Governance at http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015cleaneng.en.pdf). The Report refers to the fiscal year which ended on December 31, 2015 and has been updated with the most relevant subsequent events up to the date of its approval.*

SECTION I – GENERAL INFORMATION AND OWNERSHIP STRUCTURE

I. INTRODUCTION

The group of companies controlled by Luxottica Group S.p.A. (hereinafter "Luxottica Group" or the "Group"), one of the major global companies in the eyewear sector, implements its business strategies through the presence of subsidiary companies in the various countries in which it operates. The Group is a leader in the design, manufacture and distribution of fashion, luxury, sports and performance eyewear. Its global wholesale organization covers more than 130 countries and is complemented by an extensive retail network of over 7,000 stores mostly located in North America, Latin America and Asia-Pacific. Product design, development and manufacturing take place in six production facilities in Italy, three in the People's Republic of China, one in India, one in Brazil and one in the United States devoted to sports and performance eyewear.

Luxottica is listed on the New York Stock Exchange ("NYSE") and on the Telematic Stock Exchange organized and managed by Borsa Italiana ("MTA") and complies with the provisions of U.S. and Italian law for listed companies, as well as with the provisions issued both by the U.S. Securities and Exchange Committee ("SEC") and the Italian Commissione Nazionale per le Società e la Borsa ("CONSOB"). As a result of its being listed in the United States, the Company is subject to the provisions of the Sarbanes-Oxley Act ("SOX"), which influence its governance structure with regard to internal controls. Luxottica, the parent company of the Group, manages and coordinates its subsidiary companies, acting in the interest of the Luxottica Group as a whole.

The main instruments for implementing unified management of the subsidiary companies are represented by:

- preparation of Group industrial and commercial plans;
- preparation of budgets and the assignment of objectives and projects;
- forecasting of adequate information flows for management and control;
- review and approval of extraordinary or particularly significant operations;
- preparation of certain financial policies (for example, the definition of indebtedness and cash investment or cash equivalent investment criteria);
- establishment of central structures to provide professional services and support to all the companies belonging to the Group;

- adoption of codes of conduct and procedures binding on the entire Group;
- adoption of common organization models; and
- formulation of guidelines on the composition, operation and role of the board of directors of the subsidiary companies as well as on the assignment of management responsibilities in the subsidiary companies, consistent with those adopted by the parent company.

The Italian subsidiary companies have acknowledged Luxottica as the company that exercises the activities of management and coordination pursuant to art. 2497 *et seq*. of the Italian Civil Code.

The principles on which the corporate governance system of the parent company is founded are also applicable to all the companies belonging to the entire Luxottica Group, namely:

1. defined, acknowledged and shared values, which are set out in the Code of Ethics;
2. the central role of the Board of Directors;
3. the effectiveness and transparency of management decisions;
4. the adoption of an adequate internal control system;
5. the adoption of proper and transparent rules regarding transactions carried out by related parties and the processing of confidential information;
6. a proactive risk management system; and
7. a remuneration and general incentive system for managers linked to the creation of sustainable value over time.

The corporate governance system is established in compliance with the regulations of Borsa Italiana, CONSOB, SEC and NYSE, according to the highest standards of corporate governance.

The values established in the Code of Ethics of Luxottica Group bind all employees to ensure that the activities of the Group are performed in compliance with applicable law, in the context of fair competition, with honesty, integrity and fairness, respecting the legitimate interests of stockholders, employees, clients, suppliers, business and financial partners, as well as of the societies of the countries in which the Luxottica Group operates.

II. STRUCTURE OF LUXOTTICA AND INFORMATION ON THE OWNERSHIP STRUCTURE PURSUANT TO ART. 123-*BIS* OF ITALIAN CONSOLIDATED FINANCIAL LAW

The Luxottica governance system – based on a traditional management and control system – is characterized by the presence of:

- a board of directors (“Board of Directors” or “Board”), responsible for the management of the Company;
- a board of statutory auditors (“Board of Statutory Auditors”), responsible for supervising: (i) compliance with applicable law and with the Company’s by-laws; (ii) compliance with the principles of correct administration; (iii) the adequacy of the organizational structure, the internal control system and the accounting management system, as well as its reliability to correctly report the affairs of the Company; (iv) the procedures to implement the corporate governance rules provided for by the codes of conduct compiled by organizations managing regulated markets or by trade associations, with which the Company declares to comply by making a public announcement; (v) the adequacy of the regulations given by the Company to the subsidiary companies pursuant to art. 114, paragraph 2 of the Italian Legislative Decree no. 58/1998 (hereinafter also the “Italian Consolidated Financial Law”); and, according to the provisions of Italian Legislative Decree no. 39/2010; (vi)

on statutory audits, the process of collecting financial information, the effectiveness of the internal auditing and management risk system, the auditing of accounts and the independence of the statutory auditor. The Luxottica Group Board of Statutory Auditors also acts as the Audit Committee pursuant to SOX;

- the meeting of stockholders ("Meeting of Stockholders"), which has the power to vote – both in ordinary and extraordinary meetings – among other things, upon (i) the appointment and removal of the members of the Board of Directors and of the Board of Statutory Auditors and their remuneration, (ii) the approval of the annual financial statements and the allocation of profits, (iii) amendments to the Company's by-laws; (iv) the appointment of the function responsible for the statutory auditing of accounts, upon the recommendation of the Board of Statutory Auditors; (v) adoption of equity incentive plans.

The task of auditing is assigned to an audit firm ("Audit Firm") listed on the special CONSOB register and appointed by the Meeting of Stockholders.

The powers and responsibilities of the Board of Directors, of the Board of Statutory Auditors, of the Ordinary Meeting of Stockholders and of the Audit Committee are illustrated more in detail later in the Report.

The Company's share capital is made up exclusively of ordinary, fully paid-up voting shares, entitled to voting rights both at the ordinary and extraordinary meeting of stockholders. As at January 31, 2016 the share capital was 29,019,754.98 Euro, made up of 483,662,583 shares each with a nominal value of Euro 0.06.

There are no restrictions on the transfer of shares. No shares have special controlling rights. There is no employee shareholding scheme.

The Company's stockholders with an equity holding greater than 2% of Luxottica's share capital are stated below, and it is specified that, in the absence of a more recent direct announcement to the Company, the percentage communicated to CONSOB, pursuant to article 120 of the Italian Consolidated Financial Law, is given:

- Delfin S.à.r.l., with 61.595% of the share capital as at January 31, 2016;
- Deutsche Bank Trust Company Americas, with 5.492% of the share capital as at January 31, 2016; the shares held by Deutsche Bank Trust Company Americas represent ordinary shares that are traded in the U.S. financial market through issuance by the Bank of a corresponding number of American Depositary Shares; these ordinary shares are deposited at Deutsche Bank S.p.A., which in turn issues the certificates entitling the holders to participate and vote in the meetings.
- Giorgio Armani, with 4.955%, of which 2.947% is held in the form of ADRs at Deutsche Bank and therefore included in Deutsche Bank's shareholding; it is specified that these percentages correspond to the last filing made on March 30, 2006, and are equal to 4.698% and 2.794% respectively of the share capital as at January 31, 2016, assuming that the number of shares held is unchanged.

The Chairman Leonardo Del Vecchio controls Delfin S.à r.l.

The Company is not subject to management and control as defined in the Italian Civil Code. The Board of Directors made its last assessment in this respect on January 29, 2016, as it deemed that the presumption indicated in article 2497-*sexies* of the Italian Civil Code was overcome, as Delfin S.à.r.l. ("the parent holding company") acts as a holding company and from an operational and business perspective there is no common managing interest with Luxottica nor with the other affiliates of Luxottica. In particular, in the aforesaid Board meeting it was deemed that no management and coordination activities on the part of the parent holding company existed as: (a) the parent holding company does not prepare and approve industrial, financial and strategic plans nor does it approve the budgets that are to be implemented by Luxottica; (b) the parent holding company is not involved in the definition of business or market strategies aimed at any subsidiary company; (c) no directives or instructions on financial or credit matters are issued to Luxottica, or regarding the choice of contracting parties or extraordinary transactions; (d) the parent holding company is not required to approve investment transactions of the subsidiary company Luxottica in advance; or (e) there are no policies or regulations that are “imposed” on any subsidiary by the parent holding company. It was also observed that the Chairman is the only common director of the parent holding company and the Company, and this circumstance, although undoubtedly significant, is not such as to integrate a form of direction in the management of the Company.

Information on the stock option plans, the share capital increases approved by stockholders and reserved to stock option plans, and the performance share plans assigned to employees is available in the annual financial report, in the documents prepared pursuant to article 84-*bis* of the Regulations for Issuers, available on the Company’s website in the Company/Governance/Compensation section and in the Report on Remuneration prepared in accordance with 123-*ter* of Italian Consolidated Financial Law.

The Company is not aware of any agreements among stockholders pursuant to article 122 of the Italian Consolidated Financial Law.

With the exception of the statements hereafter, Luxottica and its subsidiary companies are not party to any significant agreement which is amended or terminated in the event of a change in control and that can be disclosed without causing damages to the Company.

On June 30, 2008 the subsidiary company Luxottica U.S. Holdings made a private placement of notes in the U.S. market for a total amount of USD 275 million with the following expiry dates: USD 20 million which expired on July 1, 2013; USD 127 million, which expired on July 1, 2015; and USD 128 million, which will expire on July 1, 2018. The agreement with institutional investors provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of at least 50% of the Company’s shares.

On January 29, 2010 the subsidiary company Luxottica U.S. Holdings made a private placement of notes in the U.S. market for a total amount of USD 175 million with the following expiry dates: USD 50 million on January 29, 2017; USD 50 million on January 29, 2020; and USD 75 million on January 29, 2019. The Note Purchase Agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of at least 50% of the Company shares.

On September 30, 2010 Luxottica Group S.p.A. made a private placement of notes in the U.S. market for a total amount of Euro 100 million with the following expiry dates: Euro 50 million on September 15, 2017; and Euro 50 million on September 15, 2020. The Note Purchase Agreement provides for the advance payment of the loan in the event that a third party not linked to the Del Vecchio family gains control of at least 50% of the Company shares.

On November 10, 2010 the Company issued a bond listed on the Luxembourg Stock Exchange (code ISIN XS0557635777) for a total amount of Euro 500 million. This bond was fully paid off on November 10, 2015.

On December 15, 2011 the subsidiary Luxottica U.S. Holdings Corp. made a private placement of notes in the U.S. market for a total amount of USD 350 million, expiring on December 15, 2021. The Note Purchase Agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of at least 50% of the Company shares.

On April 17, 2012 Luxottica Group S.p.A. and the subsidiary Luxottica U.S. Holdings Corp. entered into a revolving loan agreement for Euro 500 million expiring on April 10, 2019 with Unicredit AG - Milan Branch as agent, and with Bank of America Securities Limited, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank – Milan Branch, Banco Santander S.A., The Royal Bank of Scotland PLC and Unicredit S.p.A. as backers, guaranteed by its subsidiary Luxottica S.r.l. The agreement provides for the advance repayment of the loan in the event that a third party not linked to the Del Vecchio family gains control of the Company and at the same time the majority of lenders believe, reasonably and in good faith, that this party cannot repay the debt. This loan was paid off on February 27, 2015.

On March 19, 2012 the Company issued a bond listed on the Luxembourg Stock Exchange (code ISIN XS0758640279) for a total amount of Euro 500 million, expiring on March 19, 2019. The offering prospectus contains a clause concerning the change of control, which provides for the possibility of the holders of the bonds to exercise a redemption option of 100% of the value of the notes in the event that a third party not linked to the Del Vecchio family gains control of the Company. This clause is not applied in the event that the Company obtains an investment grade credit rating. On January 20, 2014 the Standard & Poor's rating agency awarded the Long Term Credit Rating "A-" to the Company.

On February 10, 2014 the Company issued a bond listed on the Luxembourg Stock Exchange (code ISIN XS1030851791) for a total amount of Euro 500 million, expiring on February 10, 2024. The transaction was issued using the EMTN Program, whose prospectus contains a clause concerning the change of control, which provides for the possibility of the holders of the bonds to exercise a redemption option of 100% of the value of the notes in the event that a third party not linked to the Del Vecchio family gains control of the Company. This clause is not applied in the event that the Company obtains an investment grade credit rating. The Standard & Poor's rating agency awarded the Long Term Credit Rating "A-" to the Company and the bonds.

With regard to the agreements between the Company and the Directors on the indemnity to be paid in the event of resignation or termination of employment without just cause or in the event of termination of the employment relationship following a take-over bid, and in general for all the information on the remuneration of Directors and managers with strategic responsibilities and the implementation of the recommendations of the Code of Conduct with regard to remuneration, please refer to the Report on Remuneration prepared in accordance with article 123-*ter* of the Italian Consolidated Financial Law.

The appointment and the removal of Directors and Auditors are respectively governed by article 17 and by article 27 of the Company's by-laws, which are available for review on the Company website www.luxottica.com in the Company/Governance/By-laws section. With regard to any matters not expressly provided for by the by-laws, the current legal and regulatory provisions shall apply.

The Company's by-laws can be modified by an extraordinary Meeting of Stockholders, which convenes and passes resolutions based on a majority vote according to the provisions of law and, as provided for by article 23 of the by-laws, by the Board of Directors within certain limits in modifying the by-laws to adapt to legal provisions.

Pursuant to article 12 of the Company's by-laws, the stockholders for whom the Company has received notice from the relevant intermediaries pursuant to the centralized management system of financial instruments, in accordance with the law and regulations in force at that time, are entitled to participate and vote in the Meeting.

Each share carries the right to one vote.

The Meeting of Stockholders is held on single call. Pursuant to article 14 of the Company's by-laws, the validity of the composition of the meetings of stockholders and of the related resolutions shall be determined in accordance with the provisions of the law. The Ordinary Meeting of Stockholders is properly constituted irrespective of the percentage of capital represented and resolutions are passed with the absolute majority of capital represented. The Extraordinary Meeting of Stockholders is properly constituted with the presence of the number of stockholders that represent at least one fifth of the share capital and passes resolutions with the vote in favor of at least two thirds of the capital represented.

The Board of Directors has not been granted a proxy to increase the share capital pursuant to article 2443 of the Italian Civil Code.

The Meeting of Stockholders held on September 20, 2001 approved the increase in capital by a maximum of Euro 660,000 (six hundred and sixty thousand) in one or several tranches by March 31, 2017, through the issue of new ordinary shares to be offered exclusively by subscription to employees of the Company and/or its subsidiaries. The Meeting of Stockholders held on June 14, 2006 approved the further increase in capital by a maximum of Euro 1,200,000 (one million two hundred thousand) in one or several tranches by June 30, 2021 through the issue of new ordinary shares to be offered exclusively by subscription to employees of the Company and/or its subsidiaries.

The Meeting of Stockholders held on April 24, 2015 authorized the purchase and subsequent utilization of a maximum number of 10 million Luxottica Group shares. The Company will be able to purchase treasury shares, in one or several tranches, until the next meeting of stockholders called to approve the financial statements, but no later than eighteen months after the date of adoption of the applicable resolution. The authorization to purchase and dispose of treasury shares will again be submitted to the Meeting of Stockholders to be held on April 29, 2016.

As at January 31, 2016, Luxottica directly holds 3,029,192 treasury shares acquired through two buyback programs which were authorized at the Meetings of Stockholders in 2008 and 2009, as well as 166,644 treasury shares acquired through the activity to support market liquidity undertaken in June 2015 with the signing of an agreement with Kepler Capital Markets S.A. 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, amounting to a total of 3,195,836 treasury shares.

Please note that the information concerning the characteristics of the risk management and internal control system referred to in article 123-bis, paragraph 2, letter b) of the Italian Consolidated Financial Law, are listed below in Section II of this Report, which describes the Risk Management and Internal Control System.

SECTION II – INFORMATION ON THE IMPLEMENTATION OF THE PROVISIONS OF THE CODE OF CONDUCT

I. BOARD OF DIRECTORS

Role and duties

The Board of Directors plays a central role in Luxottica's corporate governance.

It is responsible for the management of the Company, with the objective of maximizing value for stockholders in the medium to long-term.

To this end, the Board passes resolutions on actions necessary to achieve the Company's business purpose, except for those matters which, under applicable law or the Company by-laws, are expressly reserved for the Meeting of Stockholders.

Pursuant to art. 23, paragraph 5, of the Company by-laws, the Board of Directors is solely responsible for passing resolutions on the following matters:

1. the definition of general development and investment programs and of the Company and Group objectives;
2. the preparation of the budget;
3. the definition of the financial plans and the approval of indebtedness transactions exceeding 18 months' duration; and
4. the approval of strategic agreements.

With reference to the last item above, the Board of Directors resolved that in any case the following are to be deemed to be of a strategic nature:

i. the agreements and decisions with a value exceeding 30 (thirty) million euros, intended as a unit amount (or aggregate amount in the case of transactions of the same nature or with a similar subject), concluded within the same context, also by other companies of the Group and/or with different counterparties, with the exception of the following transactions, even if they exceed the threshold of 30 million euros (so-called "Over-Threshold Transactions"): intra-group transactions; the purchase of raw materials, semi-finished products and manufacturing components; supply and distribution agreements for glasses; the payment of overdue debts for tax, salaries, dividends or interim dividends allocated for distribution, bonds and other loans;
ii. the agreements and decisions concerning the acquisition or disposal, temporary or permanent, or the availability of trademark rights, be they owned or licensed, exclusive or non-exclusive, regardless of the value of the transaction (and therefore even if less than the limit referred to in the previous point), with the exception of inter-group transactions, merchandising agreements and agreements for the manufacture of goods and services directly used by the Company and/or its subsidiaries;
iii. the agreements and decisions concerning the employment, promotion, transfer or termination of employment or collaboration relationships, of any kind and for any amount, even if with companies of the Group, related to the following managerial positions with strategic roles ("Strategic Managers"): Chief Financial Officer; Group Human Resources Officer; Group Investor Relations and Corporate Communications Officer; Group Manufacturing Officer; Group Design Officer; Corporate Business Services Officer; President Wholesale; President Retail Optical; President Retail Luxury and Sun.

Subject to the concurrent competence of the extraordinary meeting of stockholders, the Board of Directors shall also have 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 entrusted with the power of representing the Company, the reduction of the outstanding capital stock in the event of withdrawal of a stockholder, the amendment of the by-laws to comply with legal requirements, and the transfer of the principal place of business within Italian territory.

The Board of Directors approves the strategic plan of the Group, monitoring its implementation, as well as the budget.

The Board of Directors annually assesses the adequacy of the organizational, administrative and accounting structure of Luxottica and of the strategically relevant subsidiary companies through the examination of a report prepared each fiscal year, as well as the adequacy of the internal control and risk management system. The Board of Directors reviews and approves the Company's governance system also in connection with the Group structure.

The Board, upon the review of the Control and Risk Committee, is responsible for the definition of the guidelines for the internal control and risk management system in order to identify, measure, manage and monitor the main risks concerning the Company and its subsidiaries, defining the risk level that is compatible with the strategic objectives of the Company.

The Board of Directors grants and revokes managing powers, defining their limits and conditions of exercise. For a more detailed description of the existing managing powers as well as the frequency with which the executive bodies must report to the Board on the activities performed in exercising such powers, please refer to the sub-section entitled Executive Directors of this Section II.

The Board of Directors evaluates the general performance of the Company, paying particular attention to the information received from the executive bodies and by the Control and Risk Committee, periodically comparing the results achieved with the forecast data within their area of responsibility.

In particular, the Board carries out its assessments taking into account the information supplied by the executive bodies, which, on the basis of the guidelines issued by the Board, supervise all business structures and formulate proposals to be submitted to the Board with regard to the organizational structure of the Company and of the Group, the general development and investment plans, the financial plans and provisional financial statements as well as any other matter submitted to them by the Board itself.

The Directors report to the full Board and to the Board of Statutory Auditors on the transactions in which they hold an interest on their own behalf or on behalf of third parties. Each Director is responsible for reporting to the Board and to the Board of Statutory Auditors any such interest in a transaction.

For detailed information on the procedure for the approval of transactions with related parties, please refer to section III of this Report.

The members of the Board of Directors are called to carry out an annual evaluation on the composition, role and performance of the Board and the Committees by filling out a special questionnaire. For the assessment conducted for the 2015 fiscal year, the Company made use of the support of an independent expert, Prof. Alessandro Minichilli, associate professor in the Management and Technology faculty of the Università Bocconi, with whom Luxottica has not previously had any professional or business dealings.

The questionnaire, which had been modernized from previous years and supplemented with the contribution of the individual directors, is made up of specific questions that concern, among others: the adequacy of the number of its members and of the composition of the Board and of its Committees, the type of professionals represented in the Board and its Committees, the planning, organization, duration and number of meetings, the adequacy of documents sent before the meetings, the information provided to the non-executive directors during the meetings, the efficiency and effectiveness of the decision-making processes, and the role and contribution of the Board committees. In order to render the self-assessment process useful for the overall improvement of the efficiency of the Board, ample space was left to the qualitative assessments and suggestions of the individual Directors.

The results of the self-assessment were presented to the Board of Directors in the meeting held on March 1, 2016 by the Lead Independent Director, who anonymously reported on the opinions put forward by the Directors and the suggestions made to improve the running of the management bodies of the Company.

During fiscal year 2015 the Board of Directors of Luxottica met seven times - the record of attendance of the individual Directors listed in the table at the end of this Report and the average length of the meetings was more than one and a half hours. Where the Chairman deemed it appropriate to deal in greater depth with certain items on the agenda, senior managers of the Company were invited to participate in the Board meetings to discuss these items. In particular, during the fiscal year, the Chief Financial Officer, the Group Human Resources Officer, the Group Internal Audit Director, the Group Tax Director and the Chairman of the Supervisory Board were invited to attend the meetings for the subjects regarding their respective areas of competence.

The Board of Directors is convened with a notice period of at least three days; in an emergency this time may be reduced to one day.

The Board of Directors formally determined that the suitable notice period for sending supporting information documents is two days before each meeting. Throughout 2015 the relevant documents and information enabling the Board to make informed decisions were provided by the Directors with three days' advance notice of the meetings.

In July and September 2015 two induction sessions were held, attended by the Board of Statutory Auditors and top management, aimed at providing Directors with more in-depth knowledge of the business operations and dynamics of the Group. The first meeting, organized at "Luxottica Days" in Cernobbio – namely the days dedicated to exhibiting new collections and selling to major clients – was aimed at gathering knowledge of the Markets Division and taking an in-depth look at the specific business environments in which the Group operates, with particular attention to the wholesale and retail segments, e-commerce and the brands portfolio. The second meeting, held in Agordo – where the largest Italian factories of the Group are located – focused on the Operations Division and the knowledge of the various functions included therein, such as design, engineering, manufacturing, logistics, commercial services and IT. During this meeting the Board of Directors also visited the production plant.

In January 2016, the Company issued the calendar of corporate events for the 2016 fiscal year, which is available on the website: www.luxottica.com. During the period from January 1 through March 1, 2016 the Board of Directors met twice.

Composition

In accordance with its by-laws, the Company is managed by a Board of Directors composed of no less than five and no more than fifteen members, appointed by the Meeting of Stockholders, once the number of directors has been decided.

The Board of Directors currently in office was appointed by the Ordinary Meeting of Stockholders held on April 24, 2015, and shall remain in office until the Meeting of Stockholders approves the financial statements for the fiscal year ending on December 31, 2017.

The Board of Directors is composed of fourteen Directors.

On January 29, 2016 Adil Mehboob-Khan, former CEO for Markets, resigned. On March 1, 2016 the Board of Directors co-opted Francesco Milleri, whose office will expire concurrently with the Meeting of Stockholders on April 29, 2016.

The Board of Directors in office until April 24, 2015 was comprised of eleven members. For more detailed information please refer to the previous corporate governance report available on www.luxottica.com in the Company/Governance/Corporate Governance Report section of the website.

Detailed information on the powers assigned to the Board can be found below in the section on “Executive Directors”.

The composition of the Board of Directors on the date of approval of this Report is provided below, including specifics on the office held and committee membership.

Leonardo Del Vecchio	Executive Chairman
Luigi Francavilla	Deputy Chairman
Massimo Vian	Chief Executive Officer for Product and Operations
Francesco Milleri	Director with Deputy Functions
Marina Brogi*	Member of the Human Resources Committee and Lead Independent Director
Luigi Feola*	Director
Elisabetta Magistretti*	Chairperson of the Control and Risk Committee
Mario Notari	Member of the Human Resources Committee
Maria Pierdicchi*	Director
Karl Heinz Salzburger*	Director
Luciano Santel*	Member of the Control and Risk Committee
Cristina Scocchia*	Member of the Control and Risk Committee

Sandro Veronesi*	Director
Andrea Zappia*	Chairman of the Human Resources Committee

**Director satisfying the requirement of independence set forth in the Italian Consolidated Financial Law and in the Code of Conduct*

Massimo Vian is also an employee of the Company.

Set out below is a brief profile of each member of the Board of Directors in office. Information is provided regarding the initial year each director was appointed to the Board and the offices held in other listed companies, in financial, banking and insurance companies as well as in those companies of significant size, identified through the criteria implemented by the Company with regard to the accumulation of positions and detailed below. For Luxottica Group, only the most significant subsidiaries or those companies having strategic relevance are listed.

Leonardo Del Vecchio

The Company founder, Mr. Del Vecchio has been Chairman of the Board of Directors since its incorporation. In 1986, the President of Italy conferred on him the badge of honor Cavaliere dell'Ordine al "Merito del Lavoro". In May 1995 he was awarded an honorary business administration degree by the University Cà Foscari in Venice. In 1999, he was awarded an honorary Master's degree in International Business by MIB, Management School in Trieste and in 2002 he was awarded an honorary management engineering degree by the University in Udine. In March 2006, he received an honorary degree in materials engineering by the Politecnico in Milan. In December 2012 the Fondazione CUOA awarded him an honorary master's degree in business administration.

He is Chairman of Delfin S.à r.l., Deputy-Chairman of the Board of Directors of Foncière des Régions S.A., and a member of the Board of Directors of Beni Stabili S.p.A. SIIQ and Kairos Julius Baer SIM S.p.A.

Luigi Francavilla

Mr. Francavilla joined Luxottica Group in 1968. He has been a Director since 1985 and Deputy Chairman since 1991. During his long career with the Group he was the Group's Chief Quality Officer , the Group's Product & Design Director and Technical General Manager. He is the Chairman of Luxottica S.r.l. and Luxottica Tristar (Dongguan) Optical Co Ltd, which are among the major production subsidiary companies of the Group.

In April 2000, he was awarded an honorary business administration degree by the Constantinian University, Cranston, Rhode Island, U.S.A. In 2011 he was appointed 'Grande Ufficiale' of the Republic of Italy and in 2012 'Cavaliere del Lavoro'.

Mr. Francavilla is also a member of the Board of Directors of the Venice branch of Bank of Italy.

Massimo Vian

Mr. Vian was appointed Director of the Company on October 29, 2014, taking on all the powers of management *ad interim* until January 19, 2015, the date on which he took on the office of CEO for Product and Operations. He graduated with a degree in management engineering from the University of Padua and before joining Luxottica Group he held various positions in Momo S.r.l., EFESO Consulting and Key Safety Systems. Mr. Vian joined the Group in 2005 as Industrial Engineering Director. From 2007 until 2010 he held the office of Asia Operations Director and in 2010 he was appointed Chief Operations Officer. Within Luxottica Group he is the CEO of Luxottica S.r.l., a member of the Board of Directors of Luxottica U.S. Holding Corp., Luxottica Retail North America Inc., Luxottica North America Distribution LLC, Oakley Inc. and OPSM Group PTY Limited.

Francesco Milleri

Mr. Milleri was appointed 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 an MBA in Business Administration, with high merit, from the school of management at the 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. For more than 20 years he gained 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

Ms. Brogi has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. She graduated with a degree in Economics from Luigi Bocconi University and has over twenty years of experience in research and training in banking and finance at many universities and business schools. From 1993 to 1998 she was a 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 she 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. Ms. Brogi is a member of the Board of Directors of Salini Impregilo S.p.A. and member of the Supervisory Board of UBI Banca S.p.A.

Luigi Feola

Mr. Feola has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. He graduated with a degree in Business and Economics from Messina University in 1990. Thereafter he completed an MBA at Luigi Bocconi University in 1991 and an MBA through the International Exchange Program at the University of California, Berkeley, in 1992. In 1992 he also became a certified Chartered Public Accountant. Mr. Feola started his career in 1993 at Procter & Gamble Italy as a financial analyst, where he held positions of increasing responsibility. In 2009 he was appointed Chief Financial Officer, Global Prestige Products and lastly in 2014 Vice President and General Manager of Global Luxury Brands.

He is currently President of Value Retail Management Ltd, a company that develops and manages luxury shopping villages in Europe and China.

Elisabetta Magistretti

Ms. Magistretti has been a member of the Board of Directors of the Company since April 27, 2012. She graduated with a degree in economics and business from the Università Bocconi of Milan and is registered in the Association of Certified Accountants in Italy. She worked for Arthur Andersen from 1972 to 2001, becoming a partner in 1984. In 2001 she took up the position of Senior Executive which is responsible for the Administrative Governance Management department of Unicredit. From 2006 to 2009, while still at Unicredit, she became the Manager of the Internal Audit Department of the Group. From 2010 to 2012 she was a member of the Audit Committee of Unicredit Bulbank, Bulgaria, and the Supervisory Board of Zao Unicredit Russia. She was also a member of the Italian Accounting Body from 2002 to 2011, a member of the Board of Directors of the Interbank Deposit Protection Fund from 2002 until 2009 and a member of the Board of Directors of Pirelli & C S.p.A. from 2011 until February 2016. She is also a member of the Board of Directors of Mediobanca S.p.A.

Mario Notari

Mr. Notari has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. He is a Full Professor of Company and Business Law at Università Bocconi in Milan, Director of the Phd Board in Company Law at Università di Brescia and member of the Phd Board in Business Law at Università Bocconi. He is also a member of the Editorial Board of the journals "Osservatorio del diritto civile e commerciale" and "Contratto e impresa", as well as member of the Editorial Board and/or Scientific Board of "Rivista delle società", "Rivista del diritto commerciale", "Rivista dei dottori commercialisti", "Strumenti finanziari e fiscalità". He is a member and advisor of several academic and institutional boards. Mr. Notari is the founder and partner of the "Zabban – Notari – Rampolla & Associati" firm in Milan, practicing as a public notary and legal advisor of industrial and financial companies, listed companies and financial institutions and as an arbitrator in the areas of civil, corporate and financial markets law. Currently he is Chairman of the Board of Statutory Auditors of Kairos Investment management S.p.A., Kairos Partners SGR S.p.A. and Kairos Julius Baer SIM S.p.A. member of the Board of Directors of RCS Mediagroup S.p.A. and Chairman of the Supervisory Board in Assicurazioni Generali S.p.A.

Maria Pierdicchi

Ms. Pierdicchi has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. She graduated with a degree in Economics from Luigi Bocconi University in 1982. Thereafter she obtained an MBA in Finance cum laude, at New York University, Stern Graduate School of Business Administration in 1998. From 1981 to 1985 she was a Research Assistant in Banking and International Financial Intermediaries at Luigi Bocconi University and Assistant Professor of International Banking for the SDA Business School. From 1985 to 1986 she served as a consultant at The World Bank in Washington D.C. From 1988 to 1991 she worked at Citibank N.A. as Senior Financial Analyst. In 1991 she joined Premafin S.p.A. where she became General Manager and she stayed with the company until 1998 when she joined Borsa Italiana S.p.A, as Senior Director in charge of the "Nuovo Mercato". In 2003 she joined Standard & Poor's, McGraw Hill Financial Group, where she was appointed Chief Executive Officer of S&P CMSI, Managing Director, Head of Southern Europe, until March 2015. Ms. Pierdicchi is a member of the Board of Directors 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

Mr. Salzburger has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. He graduated from the University of Verona in 1981 with a degree in Economics. In 1983 he obtained a Master's degree in International Marketing from CUOA in Vicenza. He 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 he worked for Benetton Sportsystem S.p.A. where he held several positions until he became responsible for the Benetton Sportsystem 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 until the end of 2000. After May 2000, when The North Face Inc. was acquired by the VF Corporation, he was appointed President for the International Outdoor Coalition and thereafter in 2006, President of VF International, which includes the responsibility for all VF brands in Europe, Middle East and Asia. Since 2010 he has been the Group President of VF Corporation International, a group leader in apparel, sportswear, outdoor products, and which owns among others the following brands Lee, Wrangler, Jansport, Eastpak, The North Face, Vans, Napapijri and 7 For All Mankind. He holds the position of director in various companies of the VF Group, such as VF International Sagl, of which he is Chairman.

Luciano Santel

Mr. Santel has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. After graduating with a degree in Business and Economics from Ca Foscari University of Venice, he began his career in independent international auditing firms (Reconta Ernst & Young and Arthur Andersen). He also served as Finance Director in IVG and in Rossignol Group. In 1996 he was appointed as Chief Operating Officer of Retail Brand Alliance (f/k/a Casual Corner Group Inc.) where he remained until 1999 when he joined Luxottica as V.P. Group International Development. In 2001, he joined Geox S.p.A. as Chief Corporate Officer until 2009, when he was appointed Chief Executive Officer of Stefanel S.p.A. Since September 2013 he has been Chief Corporate Officer of Moncler S.p.A.

Cristina Scocchia

Ms. Scocchia has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. After graduating in Management of International Firms from Luigi Bocconi University, she completed a PhD in Business Administration at the University of Torino.

She started her career at Procter & Gamble, where from 1997 she held positions of increasing responsibility working on mature and emerging markets until she was appointed in September 2012 as Cosmetics International Operations Division leader, with the responsibility of supervising the brands in her portfolio in over 70 countries around the world. In July 2013 she joined L'Oréal Italia S.p.A. and since January 1, 2014 she has been its Chief Executive Officer. Furthermore she is Vice President of Cosmetics Italy and of Centromarca and member of the Board and of the Advisory Board of Federchimica and UPA. She is also member of the Board of Industrial Union of Turin and Indicod-ECR and member of Assolombarda Committee, of the Advisory Board of the Foreign Investors Council and of the Sodalitas Foundation. Since 2015 she has been a member of the Auditel Board of Directors.

Sandro Veronesi

Mr. Veronesi has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. He graduated in Business and Economics at University of Verona and began his career at Golden Lady S.p.A., where he held key positions until 1993. Since 1993 he has been exclusively dedicated to Calzedonia S.p.A., a company he founded in 1986 and that currently counts more than 3800 shopping locations in more than 35 countries, owning several brands, among others Intimissimi, Falconeri, Signorvino and Atelier Aimée. In 1999, Mr. Veronesi established Fondazione San Zeno, a foundation allocating part of Calzedonia revenues to help disadvantaged people. In 2009, the President of the Republic of Italy conferred on Mr. Veronesi the honor of "Cavaliere dell'Ordine al Merito del Lavoro". In addition to being Chairman of Calzedonia S.p.A., he is a member of the Board of Directors of Banco Popolare Società Cooperativa.

Andrea Zappia

Mr. Zappia has been a member of the Board of Directors of Luxottica Group S.p.A. since April 24, 2015. He holds a degree in Business and Economics and began his career at Procter & Gamble, where he served as European Group Marketing Manager. From 1996 to 2001 he held the position of Global Sales and Marketing Director respectively for Ferrari and Maserati and thereafter, he was Vice President of Marketing and Product Development worldwide in Fila. In 2003 he joined Sky Italia as Vice President, Marketing, Promotion and Business Development and other several 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 a member of the board of directors of Banca Sistema S.p.A.

Limitations to the accumulation of positions

To assess the maximum number of positions a Director may hold as a director or an auditor in other companies listed on regulated markets, in financial companies, banks, insurance companies or other companies of a significant size that is compatible with the office of Director at Luxottica, the Board of Directors confirmed the following criteria at the Board meeting held on April 24, 2015:

MAXIMUM NUMBER OF APPOINTMENTS AS DIRECTOR OR AUDITOR IN OTHER COMPANIES	
	Listed companies, financial companies, banks, insurance companies or companies of a significant size
Executive role	3 + LUXOTTICA
Non-executive role	9 + LUXOTTICA

For the purpose of multiple appointments, (i) the only positions to be taken into consideration are those as member of the board of directors or auditor for companies listed on regulated markets (domestic and foreign), in banks, insurance companies, or companies of a significant size, which are defined as companies with a total value of business or revenues exceeding Euro 1000 million (hereinafter, “Large Companies”), (ii) the appointments by one or more Large Companies belonging to the same group, including Luxottica Group, are counted as one, whereby the appointment requiring the most significant commitment (i.e. the executive role) shall be considered the prevailing one.

The appointments held by the members of the Board of Directors in other companies, in compliance with the criteria indicated above, are compatible with the appointment at Luxottica Group S.p.A. With regard to the Chairman, he serves in four relevant roles pursuant to the above-mentioned criteria. However, after taking into consideration the fact that his role in Beni Stabili S.p.A. SIIQ is directly related to his role in Foncière des Régions S.A., and that the offices held in other companies are not executive positions, the Board of Directors on January 29, 2016 agreed that such appointments were compatible with his role in Luxottica Group.

The members of the Board of Directors possess the required professionalism and experience to perform their roles effectively and efficiently. In particular, it is guaranteed that they possess adequate experience in the business sector in which the Company operates, as well as specific managerial, financial, legal and internal control skills.

Neither the Company by-laws, nor any board resolutions, have authorized, generally or conditionally, any derogations from the non-competition clause.

Committees

The Board of Directors has set up the Human Resources Committee and the Control and Risk Committee within the Board. Special regulations approved by the Board of Directors regulate their operations and respective tasks. In the performance of their respective functions, these Committees are entitled to access the information and Company functions necessary for the performance of their respective tasks, and may work with external consultants at the expense of the Company, within the limits of the budget approved by the Board for each committee. In this regard, it is to be noted that if the Human Resources Committee intends to make use of the services of a consultant in order to obtain information on market practices regarding remuneration policies, it must check beforehand that the aforesaid consultant is not in any position that may clearly compromise its independent judgment.

Further information can be found in this Report, and with respect to the Human Resources Committee, in the Remuneration Report published pursuant to article 123-*ter* of the Italian Consolidated Financial Law.

The Board of Directors, at its meeting held on April 24, 2015, did not deem it necessary to set up an "Appointments Committee" which is recommended by the Code of Conduct. This is due to the composition of the ownership structure of the Company. Moreover, responsibilities regarding succession plans, which would be the responsibility of the Appointments Committee, if set up, are assigned to the Human Resources Committee of Luxottica, which, *inter alia*, evaluates the organizational requirements of the Group and the action taken for the effective assignment of key positions.

Executive Directors

At the meeting held on April 24, 2015 the Board of Directors confirmed the appointment of Mr. Adil Mehboob-Khan and Mr. Massimo Vian, respectively as the CEO for the marketing and sales division ("Markets Division") and the CEO for the product and operations division ("Product and Operations Division"), under the coordination and strategic supervision of the Chairman, Leonardo Del Vecchio. Each of the CEOs had been assigned autonomous and exclusive powers in their respective areas of competence, in addition to shared common powers for the management of the functions not exclusively related to the Markets Division or the Product and Operations Division (i.e. typically so-called "corporate functions").

On January 29, 2016 following the resignation of the CEO for Markets, Mr. Adil Mehboob-Khan, the Board of Directors appointed Mr. Leonardo Del Vecchio as Executive Chairman, granting him the powers for the Markets Division and confirming the powers of Mr. Massimo Vian for the Product and Operations Division.

The Executive Chairman was granted the powers of ordinary and extraordinary management of the Markets Division, which includes the departments and functions related to the marketing and sales area (Wholesale, Retail Optical, Retail Luxury and Sun, EyeMed, E-Commerce, Marketing, Business Development, Mergers & Acquisitions). In particular, he was granted the powers of management and representation for all the agreements and decisions in the Markets Division that are not reserved for the Board of Directors, as well as for the Over-Threshold Transactions concerning the Markets Division and the Shared Divisions. The Executive Chairman has the powers of management and representation, with the obligation to coordinate and adequately inform the other CEO of the agreements and decisions that do not fall within the Reserved Decisions, with regard to the following corporate functions: Accounting, Finance and Control, Human Resources and Internal Communications, Corporate and Legal Affairs, Investor Relations and Corporate Communications. He was also granted the powers of management and representation aimed at the coordination, supervision and strategic direction of the activities of the Company and the Group, as the person in charge of strategic supervision.

Mr. Massimo Vian, as CEO for Product and Operations, was assigned the powers of ordinary and extraordinary management of the Product and Operations Division, which includes the departments and functions related to the product and production area (the management of Style and Design; Research and Development; Purchasing; Manufacturing Frames and Lenses; Logistics and Distributions; Quality Assurance; Industrial Planning; Business Services; Risk Management and Compliance, Assortment Strategy and Management Support System-Go to Market). In particular, he has autonomous powers of management and representation with regard to agreements and decisions in the Product and Operations Division with a value not exceeding 15 million euros, as well as the Above-Threshold

Transactions concerning the Product and Operations Division and the Shared Divisions. In the exercising of autonomous powers, the CEO for Product and Operations properly informs the Chairman of the agreements and decisions regarding his Division that – having a value of no more than 15 million euros - are not ordinary and recurring. He has the powers of management and representation, with the obligation to coordinate and inform the Executive Chairman, with regard to the following:

a. the agreements and decisions with a value not exceeding 15 million euros involving the Shared Divisions; and
b. the agreements and decisions concerning the employment, promotion, transfer or termination of employment or collaboration relationships, of any kind and for any amount, even if with companies of the Group, together with the amendments to the structure and creation of new roles for directors that form the "front lines" of the Product and Operations Division.

The CEO for Product and Operations, Mr. Massimo Vian, also has joint powers of management and representation with the Executive Chairman, with regard to the following significant decisions:

a. the agreements and decisions with a Transaction Value, as defined above, of between 15 and 30 million euros in the Product and Operations Division and the Shared Divisions;
b. the agreements and decisions regarding the employment, promotion, transfer or termination of employment or collaboration relationships, of any kind and for any amount, even if with companies of the Group, together with the amendments to the structure and creation of new roles for directors that form the "front lines" of the Shared Divisions.

The limits on the amounts stated above for the Executive Chairman and the CEO for Product and Operations are not applicable to Over-Threshold Transactions.

The Executive Chairman and the CEO for Product and Operations, exclusively within the scope of their respective areas of competence and jointly within the scope of the Shared Divisions:

- are responsible for supervising the related business units on the basis of the instructions received from the Board of Directors, as well as ensuring that the organization, administration and accounting structure of the Company is suitable to its nature and size.
- are responsible for formulating proposals to be submitted to the Board of Directors regarding the organization of the Company and of the Group, the general development and investment programs, the financial programs and the budget, as well as regarding any other matter the Board may request.
- have been identified as directors responsible for the internal control and risk management system.

Mr. Luigi Francavilla, Deputy Chairman, is granted the powers to perform transactions with a value not exceeding Euro 10 million.

On March 1, 2016, the Board of Directors co-opted Francesco Milleri and appointed him as Director with Deputy Functions with the task to assist the Executive Chairman in the exercise of his duties. The Board has granted Francesco Milleri deputy and substitute powers to be exercised upon specific request and authorization of the Executive Chairman, under his coordination and responsibility.

In compliance with the provisions of the Company's by-laws, the executive bodies report to the Board of Directors and to the Board of Statutory Auditors promptly and regularly and, in any case, at least quarterly, on the general performance of the business and on the procedures to exercise the managing powers granted to them, as well as on the most relevant economic, financial and asset transactions performed by the Company and by its subsidiaries.

In light of the above, the Board has four Executive Directors: Leonardo Del Vecchio, Luigi Francavilla, Massimo Vian and Francesco Milleri.

Non-executive Directors

Ms. Marina Brogi, Mr. Luigi Feola, Ms. Elisabetta Magistretti, Mr. Mario Notari, Ms. Maria Pierdicchi, Mr. Karl Heinz Salzburger, Mr. Luciano Santel, Ms. Cristina Scocchia, Mr. Sandro Veronesi and Mr. Andrea Zappia are non-executive Directors.

At the time of their candidacy, the following members of the Board of Directors Ms. Marina Brogi, Mr. Luigi Feola, Ms. Elisabetta Magistretti, Ms. Maria Pierdicchi, Mr. Karl Heinz Salzburger, Mr. Luciano Santel, Ms. Cristina Scocchia, Mr. Sandro Veronesi and Mr. Andrea Zappia, declared that they satisfy the requirement of independence set forth by art.148, paragraph 3 of the Consolidated Financial Law, as quoted in art.147-*ter* of the latter and in art. 3 of the Code of Conduct for Listed Companies.

On April 24, 2015, following its appointment by the Meeting of Stockholders, the Board of Directors verified that the independence requirements of Directors Brogi, Feola, Magistretti, Pierdicchi, Salzburger, Santel, Scocchia, Veronesi and Zappia were met and notified the market of this conclusion.

On January 29, 2016 the Board of Directors verified the independence requirements continue to be met on the basis of the information available and information provided by the parties involved, acknowledging that these Directors can continue to be qualified as independent.

The Board of Statutory Auditors verified the correctness of the evaluation carried out by the Board of Directors on the independence of the Directors based on the criteria set forth in the Code of Conduct.

Therefore, in accordance with the provisions of the Italian Consolidated Financial Law and the Code of Conduct, nine out of fourteen Directors are independent, i.e. more than one-third in accordance with the recommendations of the Regulations for issuers such as Luxottica that belong to the FTSE Mib index.

On April 24, 2015, the Board of Directors appointed Ms. Marina Brogi as the Lead Independent Director as a point of reference and coordinator of the requests and contributions of the non-executive and, in particular, independent directors. On her initiative, the independent Directors exclusively met once in 2015, in which *inter alia* the methods for the performance of the "Board evaluation" were discussed.

The Board of Directors in office until April 24, 2015 included seven non-executive members out of an eleven member Board. Of these, six qualified as independent directors in compliance with the Consolidated Financial Law and the Code of Conduct.

Appointment of Directors

The Board of Directors in office was appointed by the Meeting of Stockholders held on April 24, 2015. The minimum percentage of share capital required to present a list, as established by CONSOB resolution no.19109 dated January 28, 2015, was equal to 0.5%.

Twelve of the fourteen Directors currently in office were selected from the list submitted by the majority stockholder Delfin S.à r.l. Ms. Marina Brogi was drawn from the minority list submitted by a group of international and national institutional investors (Anima Sgr S.p.A., APG Asset Management NV, Arca SGR S.p.A., Etica SGR S.p.A., Eurizon Capital S.G.R. S.p.A., Eurizon Capital SA, Fideuram Investimenti S.G.R. S.p.A., Fideuram Asset Management (Ireland) Limited, Interfund SICAV, Generali Investments Europe S.p.A. SGR, Legal & General Investment Management Limited, Mediolanum Gestione Fondi SGR S.p.A., Mediolanum International Funds Limited, Pioneer Asset Management S.A., Pioneer Investment Management SGRpA, Ubi Pramerica SGR). Mr. Francesco Milleri was co-opted by the Board of Directors on March 1, 2016, with a favorable opinion from the Board of Statutory Auditors.

The lists and supporting documentation, filed and published within the deadlines prescribed by law at the time of their appointment, are available for review on the Company's website under the Company/Governance/General Meeting/Archive section.

The appointment of Directors is regulated by article 17 of the Company by-laws (please refer to the by-laws for additional information).

Due to the Company's ownership structure, on the occasion of the Meeting of Stockholders called to renew the Company's governing bodies, the Board of Directors did not express its recommendation on the professional qualifications considered appropriate to be represented in the Board.

It is to be noted that during the annual self-assessment, the Board of Directors expressed its satisfaction with regard to the skills represented, highlighting that it was not necessary to add other professional figures.

Human Resources Committee

On April 24, 2015 the Board of Directors appointed the independent Directors Mr. Andrea Zappia, Chairman and Ms. Marina Brogi, as well as the non-executive Director Mr. Mario Notari to be members of the Human Resources Committee, all of whom are in possession of the knowledge and experience of financial matters or remuneration policies required by the Code of Conduct. The Human Resources Committee in office until April 24, 2015 was composed of the independent Directors Mr. Claudio Costamagna, Ms. Anna Puccio and Mr. Marco Mangiagalli.

The Committee is responsible for offering consultations and submitting proposals to the Board of Directors, mainly with regard to the remuneration of executive directors and managers with strategic responsibilities.

The Committee reports to the Board of Directors at least twice a year prior to the approval of the financial statements and the six-month report.

In 2015, the Committee met 5 times for an average of seventy-five minutes per meeting. In the first two months of 2016 the Committee met 3 times.

For further information on the responsibilities and activities of the Committee, as well as the remuneration of Directors, Statutory Auditors and managers with strategic responsibilities, please refer to the Remuneration Report published in accordance with article 123-*ter* of Italian Consolidated Financial Law.

Succession plans

In 2015, the Human Resources Committee reviewed the Company's processes aimed at identifying talented and qualified individuals who could assume managerial positions from one generation to the next and identified succession plans for the key managers of the Group. In light of the changes that occurred during the first part of the 2016 to the Company's top management, the Human Resources Committee is planning to review, in the coming months, the succession plans for the Executive Directors and will update the succession plans for individuals designated as "managers with strategic responsibilities".

II. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Information on the internal control and risk management system of the Group is provided below and also pursuant to art. 123-*bis*, paragraph 2, letter b, of Italian Consolidated Financial Law.

Definitions and Objectives:

Luxottica believes in the importance of developing an internal control culture and management of risk that promotes the undertaking of informed decisions and contributes to the safeguarding of company assets, the efficiency and effectiveness of company processes, the reliability of financial reporting and compliance with laws and regulations, as well as with company by-laws and internal procedures.

The internal control system over financial reporting and risk management ("ICFR System") consists of tools, organizational structures and procedures for each area of activity, which are set forth in the manuals updated and distributed within the Group and which are aimed at contributing to the fair management of the Company in line with predetermined objectives.

The ICFR system, which is integrated into more general organizational structures and the corporate governance of the Company and the Group, is aimed at enabling the Group's primary risks to be identified, measured, managed and monitored, as well as ensuring that financial reporting is reliable, accurate and disclosure is made promptly. Luxottica is aware that the efforts made to define an efficient internal control system, capable of ensuring complete, accurate and correct financial reporting, do not represent a one off activity but rather a dynamic process that must be renewed and adapted to the evolution of the business, of the socioeconomic environment and of the regulatory framework.

According to the provisions of the Code of Ethics of Luxottica, each recipient of internal control procedures must cooperate fully with the internal functions and the external bodies appointed to check the efficiency of the ICFR System.

Best practice principles of the Group

The structure of the ICFR System of Luxottica Group, which monitors the preparation and disclosure of financial reporting, is consistent with national best practices, such as the guidelines of Confindustria and the principles of the Code of Conduct for Listed Companies, and international best practices, such as the COSO (Committee Of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework and the COBIT (Control Objectives for Information and Related Technology) of ISACA (Information Systems Audit and Control Association).

Sarbanes-Oxley Act (SOX)

Adjustment to the provisions of SOX is compulsory for Luxottica Group since it is listed on the NYSE, and therefore it has represented and represents a significant motivation for the Group to continually improve its ICFR System.

In particular, in the process of adjusting to SOX, Luxottica intended not only to comply with a regulation but has also taken a real opportunity to improve its administrative and financial governance and the quality of its internal control system in order to make it more systematic, consistently monitored and methodologically better defined and documented.

Main features of the internal control and risk management system in relation to the financial reporting process

System Structure and Phases

(I) Structure and Phases

As mentioned above, the structure of the ICFR System was defined consistently with the model provided by the COSO *Internal Control - Integrated Framework* (the so-called "COSO Report"), which establishes 5 components:

a) control environment inside the organization (*Internal Environment*);
b) assessment of the risks that could compromise the achievement of corporate goals (*Risk Assessment*);
c) control activities for the reduction of risks (*Control Activities*);
d) the information system represented by the exchange of information between top management and operating staff (*Information and Communication*);
e) monitoring activities over time of the quality and results of internal controls (*Monitoring Activities*).

Following its revision in 2013, the COSO Report introduced a total of 17 principles that make up the fundamental elements of each of the 5 components of the model with the aim of creating an efficient internal control system.

In particular, in compliance with the ICFR System:

i. for the most important companies of the Group (so-called Material Control Units) controls were designed and their effectiveness was assessed both at general/cross level (entity level controls) and at the level of each operational/administrative process;
ii. for the smaller companies, which were however still significant, especially when considered in the aggregate (so-called Material When Aggregated), the assessment was performed on the general effectiveness level of the control system.

Anti-fraud Programs & Controls

Among the cross level controls, the controls to reduce the risk of fraud are particularly important. To this end, Luxottica has developed Anti-Fraud Programs & Controls derived from an in-depth risk assessment which, after mapping the possible ways in which fraud could be committed, defined the necessary controls to reduce the risk of fraud and/or allowing its identification. This "anti-fraud" system is constantly updated and improved.

Enterprise Risk Management

With regard corporate risk management**,** since 2011 an Enterprise Risk Management process has been implemented based on the following features and in line with the models and best practices recognized internationally:

i. the definition of a Risk Model for the Group, which classifies in 5 risk factors, those that may compromise the attainment of corporate objectives (strategic, contextual, operative, financial and compliance);
ii. the development of a risk assessment and risk analysis methodology to measure exposures in terms of impact and probability of occurrence; and
iii. the collection, analysis and aggregation of data and information necessary for processing a Risk Report for the Group directed to the top management of the company.

The process described above, which was devised to be implemented in cycles, involved a wide range of managers (77 in 2015), meaning that the most significant risk exposure for the Group was identified. In parallel to this activity, specific activities aimed at mitigating the risks identified previously were carried out directly by the Risk Management department and/or the Managers of the various businesses. The Control and Risk Committee is regularly updated on developments in the Group Enterprise Risk Management program as well as on the results of analysis and actions taken.

Compliance

With reference to compliance**,** in 2011 a specific program aimed at the mapping of all of the most relevant areas for the Group and gaining an understanding of the level of maturity and protection of processes was set up. On the basis of this program, specific compliance initiatives focused on Corporate Criminal Liability/Anti-Corruption, Privacy Data Management, Responsible Sourcing/Supply Chain Compliance and Antitrust & Competition Compliance were scoped, defined and developed over the two subsequent years.

In 2013 work has continued on the definition of a comprehensive governance model for the Group’s Compliance function, aimed at achieving a more efficient, rational and pervasive monitoring of the processes and through subsequently reorganization of this function.

(II) Control, management and analysis of financial risk

Within the context of the risk factors mentioned in the previous paragraph, the Enterprise Risk Management process paid particular attention to financial risk.

In order to deal with the developments in operating conditions and the legal framework, the Company implemented two policies that define the rules and principles to (i) identify; (ii) monitor; and (iii) analyze financial risk.

Financial Risk Management Policy:

The Financial Risk Management Policy was introduced in 2006, but was most recently updated by the Board of Directors in January 2016, given the new structure of the ICFR System.

The policy sets forth the principles and rules for the management and monitoring of financial risk and pays particular attention to the activities carried out by the Luxottica Group to minimize the risks deriving from the fluctuations of interest rates, exchange rates and the solvency of financial counterparties.

The policy clarifies that the instrument used for “*interest rate risk*” hedging is the plain vanilla “*interest rate swaps*”, whereas for “*exchange risk*” “*non-speculative*” derivative instruments, such as “*spot and forward exchange contracts*” are used. In certain circumstances and subject to the specific authorization of the CFO, more flexible instruments that replicate the effect of the forward exchange contract or “*zero cost collar*”, “*accumulator forward*” and “*average strike forward*” can be used.

The use of derivative instruments is aimed only at the actual hedging of exchange risk and interest rates that the group is exposed to, therefore the use of these instruments for speculative purposes is not permitted. In addition to the goal of reducing counterparty risk, the policy specifies the minimum criteria to be met in order to be able to transact with the Group. This guideline includes:

i. the obligation to operate with qualified banking counterparties through standard agreements (ISDA Master Agreement);
ii. a limit on exposure per individual counterparty and a limit on the total exposure of the Group,
iii. the fixing of the minimum credit credential requirements for the counterparties authorized to engage in derivative transactions.

A quarterly reporting system has also been implemented for the Control and Risk Committee since 2007 to highlight the debt exposure and the hedging transactions implemented to minimize "*interest rate*" risk, "*exchange rate*" risk and, since 2011, "*counterparty risk*". Since 2013, this reporting has also included information regarding evidence of High Yield Currencies exposure.

Credit Policy

This is another operational and control policy that has been implemented for some time and is applicable to all the wholesale companies of Luxottica Group. It was recently updated in February 2016.

This policy defines the rules and responsibilities for the management and collection of credit in order to prevent financial risk, optimize revolving credit and reduce losses on such credits. In particular, this policy sets the guidelines for the following activities:

- apportionment and control of credit lines;
- monitoring of credit trends;
- soliciting unpaid/expired credits;
- management and control of legal actions;
- management and control of the appropriations and losses on credits;
- determination and control of terms of payment in the various markets; and
- control over warranty terms.

(III) Objectives of the system

The objectives of the ICFR system have been defined consistently within the guidelines of SOX regulations, which differentiate between the following two components:

i. controls and procedures to comply with the disclosure obligations related to the consolidated financial statements and the Form 20-F (Disclosure controls and procedures - DC&P). The disclosure controls and procedures are designed to ensure that the financial information is adequately collected and communicated to the Group's Executive Chairman, Chief Executive Officer of Product and Operations (**CEO**) and Chief Financial Officer (**CFO**), so that they may make appropriate and timely decisions about the information to be disclosed to the market.
ii. internal control system that supervises the preparation of the financial statements (Internal Control Over Financial Reporting - ICFR). The internal control system that supervises the preparation of the financial statements has the objective of ensuring the reliability of the financial information in accordance with relevant

accounting principles.

In addition to defining and testing the internal ICFR system in compliance with SOX requirements, Luxottica has also identified the necessary actions to ensure its optimal functioning over time.

(IV) ICFR Monitoring and Updates

The entire ICFR System must, in turn, be monitored at two levels:

i. by line management, supervising the significant processes; and

ii. by the Internal Audit department, which independently and according to an approved intervention plan must check the effectiveness of the controls and report on them to the relevant functions and bodies.

Furthermore, as a result of a comparison with other companies listed on the NYSE, the designed control system is subject to continuous improvements. Since 2007, on the basis of experience gained internally, independent evaluations by Group's external auditors and the introduction of audit standard no. 5 adopted by the PCAOB (Public Company Accounting Oversight Board), a process for the evaluation and rationalization of the controls is in place, which allows the Company, on the one hand, to eliminate any redundant controls that burden operations without offering a real benefit in terms of strengthening the ICFR System and, on the other hand, to define and better protect the key controls and monitoring controls. This process is performed for all of the most important companies of the Group.

Roles and Functions involved

In compliance with the provisions of art. 2381 of the Italian Civil Code, on the basis of the information received by the executive bodies responsible for ensuring that the organizational, administrative and accounting structure is suitable to the nature and size of the business, the Board of Directors establishes guidelines for the ICFR System and assesses their adequacy so that the major risks for the Group may be correctly identified and monitored, checking that they are also in line with the strategic objectives of Luxottica.

To this end, the Board consults with the Control and Risk Committee, personnel within the Risk Management and Compliance organization, the Manager of the Internal Audit department and the Supervisory Board on the Organizational Model provided for by Italian Legislative Decree no. 231/2001.

The foregoing is without prejudice to the supervisory and control duties, which are by law reserved to the Board of Statutory Auditors, while auditing duties are assigned to an external auditing firm in accordance with Italian regulations.

In 2010, Luxottica appointed a Chief Risk & Compliance Officer ("**CR &CO**") of the Group who at the time reported directly to the Group's Chief Executive Officer. The CR&CO was called upon to work together with the corporate functions of the Group through his/her organizational structure in order to guarantee the implementation of an efficient risk management system and identify, monitor and control the primary risks as well as the consistent alignment of processes, procedures and, more generally, the conduct and corporate activities within the applicable legal framework and Code of Ethics adopted by the Group. To fulfill these tasks the CR&CO made use of a Corporate Risk Manager, a Corporate Compliance Manager and similar structures, in particular, for the protection and coordination of activities in the U.S. In 2013 this role was covered ad interim by the General Manager - Central Corporate Functions and on January

1, 2014 the Group Risk Management & Compliance Director, who reported directly to the General Manager of Central Corporate Functions and was appointed to replace the CR&CO. In January 2015, with the implementation of another governance model based on the appointment of two Chief Executive Officers, it was established that the Risk Management and Compliance function was to report directly to the CEO for Product and Operations. This approach was upheld in the model adopted in January 2016 which is now focused on an Executive Chairman and a Chief Executive Officer, as described in more detail below.

In brief, the ICFR System, as a whole, currently involves the corporate roles, described below:

1. Directors in charge of the Internal Control and Risk Management System
2. Control and Risk Committee
3. Internal Audit Manager
4. Organizational System pursuant to Italian Legislative Decree no. 231 dated June 8, 2001
5. Board of Statutory Auditors
6. External Audit Firm
7. Manager responsible for the preparation of the Company's financial reports

<u>Directors in charge of the Internal Control and Risk Management System</u>

In January 2015, the Board of Directors, in consideration of the decision to adopt a governance model based on the appointment of two Chief Executive Officers (Co-CEO Model) with the aim of more effectively responding to the growing complexity of the Group and global competitive demands, identified two CEOs - the CEO for the Product and Operations Division and the CEO for the Markets Division respectively - as Directors in charge of the Internal Control and Risk Management System of their respective areas of competence, with the roles and tasks indicated in the Code of Conduct for Listed Companies.

Subsequently, on January 29, 2016, the Board of Directors appointed Mr. Leonardo Del Vecchio as Executive Chairman and Mr. Massimo Vian as CEO for Product and Operations, heads respectively of the Markets Division and the Product and Operations Division, following a change in management and in order to replace the governance system previously in place.

Within this context respective powers of management and representation of the Executive Chairman and the CEO for Product and Operations are exercised in relation to the overall management of the business of the Group, for both the Parent Company Group Luxottica Group S.p.A. and as related to subsidiary companies of the Group. The decisions set forth by law and the company by-laws are reserved for the Board of Directors of Luxottica Group S.p.A., with particular regard to strategic decisions.

In particular, starting from January 2016, the Executive Chairman and the CEO for Product and Operations are granted the following powers: (i) autonomous and exclusive powers in their respective areas of competence (with adequate reporting, which, in any case, will be provided to the Executive Chairman by the CEO for Product and Operations); (ii) separate powers, with the obligation to provide information, in the shared divisions; and (iii) joint powers, for several important decisions. The Executive Chairman and the CEO for Product and Operations are obliged – separately in their exclusive areas of competence and jointly in the Shared Divisions – to implement the guidelines set by the Board of Directors, identifying the main risks to the Company, by planning, implementing and managing the ICFR System, and regularly assessing its overall adequacy, efficiency and effectiveness. They are also responsible for the adjustment of the aforesaid system to the changes in the operational conditions and of the legal and regulatory framework through the support of the relevant corporate structures.

The Control and Risk Committee

On April 24, 2015, the Board of Directors appointed the Control and Risk Committee, composed by independent directors Ms. Elisabetta Magistretti, Chairperson, Mr. Luciano Santel and Ms. Cristina Scocchia, all with experience in accounting, finance or risk management required by the Code of Conduct for Listed Companies. Until April 24, 2015 the Control and Risk Committee in office was made up of the following independent Directors: Mr. Mario Cattaneo, Chairman, Ms. Elisabetta Magistretti, Mr. Marco Reboa and Mr. Marco Mangiagalli, with combined extensive experience in accounting, finance and risk management.

According to the provisions of its charter, last updated in July 2012, the Committee is responsible for performing investigations, offering consultations and submitting proposals to the Board of Directors.

In particular, the Committee performs the following activities:

1. assists the Board of Directors in the execution of its tasks regarding internal controls;
2. evaluates the preparation of the accounting and company records, together with the manager appointed to carry out this task, having obtained the opinion of the independent auditor and the Board of Statutory Auditors; also reviews the application of accounting principles and their consistency of application for the purposes of preparation of the Group’s consolidated financial statements;
3. reviews the regular reports on the evaluation of the ICFR System and any particularly significant reports prepared by the Internal Audit department;
4. expresses opinions on specific aspects concerning the identification of corporate risks as well as the planning, implementation and management of the ICFR System.
5. reviews the work plan prepared by the Manager of the Internal Audit Department.

On January 29, 2016, in compliance with the comment referred to in article 4 of the Code of Conduct for Listed Companies, which was introduced in July 2015, the Board of Directors resolved to entrust the Control and Risk Committee with supervision of sustainability questions linked to Company activities.

Specific expertise on auditing is assigned to the Board of Statutory Auditors, acting as Audit Committee, described later on in this Report. Moreover, the Financial Expert was identified within the Board of Statutory Auditors by the Board of Directors.

The Control and Risk Committee meets whenever the Chairman deems it appropriate, usually prior to the Board meetings for the approval of the annual, six-month and quarterly reports, or whenever a meeting is requested to be called by him by another member.

When the Committee deemed it necessary, the management of the Company and the Luxottica Group were invited to participate in meetings to discuss specific items on the agenda and to review specifically the topics within their competence.

During the 2015 fiscal year, the Committee met 11 times, one of which also served as the Committee for Transactions with Related Parties, for an average meeting time of approximately two and a half hours and it, among other activities: (i) evaluated the financial risks for the Company; (ii) examined reports of the Supervisory Board and reports regarding complaints of alleged violations of the Code of Ethics (twice a year); (iii) reviewed the reports of the Internal Audit Manager on the activities carried out; (iv) assessed the development of activities aimed at compliance with the SOX; (v) evaluated the audit plan and the integration of same submitted over the year; (vi) reviewed the activities carried out to identify, monitor and manage risks; and (vii) met with representatives of various departments to review in detail the progress of specific projects or the management of several specific risk areas.

The Committee met twice in the first two months of 2016.

The meetings, attended by the Chairman of the Board of Statutory Auditors, or by an Auditor appointed by same, are regularly reported in the meeting minutes. Furthermore, certain meetings are joint meetings between the Committee and the Board of Statutory Auditors.

The Committee reports to the Board of Directors at least every six months on the activities performed.

The Committee has access to the information and the Company functions necessary for the performance of its task as well as to work with external consultants. The Board of Directors approved the allocation of funds totaling Euro 50,000 to the Committee for the 2015 fiscal year in order to provide it with the adequate financial resources to perform its tasks independently.

Internal Audit Manager

The Manager of the Internal Audit department is responsible for ensuring the effectiveness and suitability of the ICFR System.

Starting from October 1, 2013, on the proposal of the Director in charge of the Internal Control and Risk Management System, having obtained the favorable opinion of the Control and Risk Committee and having consulted the Board of Statutory Auditors, the Board of Directors appointed Mr. Alessandro Nespoli as Internal Audit Manager.

The Internal Audit Manager is not responsible for any operational area and has access to any information useful for the performance of his duties. He is provided with a budget, which is allocated consistently with the activities performed, to reach the objectives set forth in the plan approved by the competent bodies.

During the course of the fiscal year, the Internal Audit Manager performed his role through the implementation of an activities and verification plan which is related to Luxottica Group S.p.A. and its main subsidiaries. Such actions, which the Executive Chairman, the Chief Executive Officer and the Board of Directors were informed of, through the Control and Risk Committee and the Board of Statutory Auditors, have allowed the Company to identify areas for improvement of the ICFR System, for which specific plans have been implemented to further strengthen the foundation of the system itself.

The Internal Audit Manager is due the remuneration consistent with company policies, and it is clearly understood that the Control and Risk Committee approves all the decisions related to the performance evaluation criteria aimed at determining the variable remuneration of the aforesaid manager.

It is to be noted that in January 2015, following the implementation of the co-CEO model, in order to preserve the autonomy and independence of the entire Internal Audit department, the Board of Directors agreed that the latter: (i) would be subordinate hierarchically to the Board of Directors; (ii) from an organizational perspective, would be under the position of the Chairman of the Board of Directors; and (iii) from an operational point of view, would report to the two co-CEOs, who are Managers of the Internal Control and Risk Management System (each to the extent of their respective areas of competence), the Control and Risk Committee, and the Board of Statutory Auditors (the latter as it is a body that functions as the Audit Committee under U.S. law).

As mentioned above, with its resolution of January 29, 2016, the Board of Directors, in consideration of the choice to adopt a simplified governance model to be entrusted to an Executive Chairman for the Markets Division and a Chief Executive Officer for the Product and Operations Division, specified that the Executive Chairman, within his role of providing strategic supervision and as the organizational point of contact, was granted the power to supervise the Internal Audit department, with it being clearly understood that the latter was to report hierarchically to the Board of Directors, functionally to the Control and Risk Committee, and to the Chief Executive Officer of the different areas of competence, as well as to the Board of Statutory Auditors in its capacity as Audit Committee under U.S. law.

Organizational System pursuant to Italian Legislative Decree no. 231/2001

On October 27, 2005, the Board of Directors implemented the Organization, Management and Control System, as established by former Italian Legislative Decree no. 231/2001 in order to prevent the risk of employees and consultants of the Company carrying out illegal acts, with the consequent administrative liability as provided for by Italian Legislative Decree no. 231/2001 (hereinafter the "**Model**"). The Model, which was subsequently modified throughout the years, was last updated by the resolution of the Board of Directors on March 1, 2016. Particular importance is given to the "point persons" of the Supervisory Board (the Operational Unit Supervisors), or to the persons that perform functions considered to be the most "sensitive" activities pursuant to former Italian Legislative Decree no. 231/2001, who constantly monitor the implementation of the Model, within their area of responsibility, and report to the Supervisory Board every six months.

Following the update of the Model, and in continuation of the training programs from the past few years, training initiatives have been established for areas which are considered "sensitive" pursuant to former Italian Legislative Decree no. 231/2001.

The purpose of the Model is the establishment of a structured and organized system of procedures and control activities carried out mainly for prevention, such that the system cannot be overridden unless by fraudulently failing to comply with its provisions.

To this end, the Model serves the following purposes:

1. to make all those working in the name of and on behalf of Luxottica aware of the need to accurately comply with the Model, and that the violation thereof shall result in severe disciplinary measures;
2. to support the condemnation by the Company of any behavior which, due to a misunderstanding of corporate interest, is in conflict with the law, rules or more generally with the principles of fairness and transparency upon which the activity of the Company is based;
3. to provide information about the serious consequences which the Company may suffer (and therefore also its employees, managers and top managers) from the enforcement of pecuniary and prohibitory fines provided for in Italian Legislative Decree no. 231/2001 and the possibility that such measures may be ordered as an interim measure; and
4. to enable the Company to exercise constant control and careful supervision of its activities, in order to be able to react promptly in the event that risks arise and possibly enforce disciplinary measures provided for by the

Model itself.

The general part of the Model is available on the website www.luxottica.com in the Company/Governance/Model 231 section.

The Supervisory Board appointed on April 24, 2015 is composed of two external professionals, Mr. Enrico Maria Bignami and Mr. Ugo Lecis, and by the Internal Audit Manager, Mr. Alessandro Nespoli. The Board of Directors, at the time of its appointment on April 24, 2015, considered it appropriate to maintain a Supervisory Board made up of the Internal Audit Manager and two external, independent professionals, instead of entrusting the Board of Statutory Auditors with the task, as permitted by recent amendments introduced by Italian Legislative Decree 231/2001. This choice was deemed appropriate for combining the requirements of independence and expertise, both of which are fundamental for being able to guarantee authoritativeness and effectiveness to the work carried out by the Supervisory Board.

The Board reports every six months to the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors on the activities performed.

During the 2015 fiscal year, the Board of Directors allocated specific funds, totaling Euro 50,000, in order to provide the Supervisory Board with adequate financial resources to perform its duties.

On the basis of the guidelines provided by Luxottica Group S.p.A. and of the risk assessment performed, the subsidiary companies Luxottica S.r.l. and Luxottica Italia S.r.l. adopted and have updated their own Organization Model pursuant to Italian Legislative Decree no. 231/2001, appointing the respective Supervisory Bodies over the years, in order to implement specific control measures relating to the different risk profile of each company.

Board of Statutory Auditors

The Board of Statutory Auditors currently in office for the duration of three fiscal years, until the approval of the financial statements as at December 31, 2017 was appointed at the Stockholders Meeting held on April 24, 2015, and is composed of Francesco Vella, Chairman, Alberto Giussani and Barbara Tadolini. The alternate Auditors are Maria Venturini and Roberto Miccù. The appointment of the Board of Statutory Auditors currently in office took place through the list-based voting system: Alberto Giussani, Barbara Tadolini and Maria Venturini were appointed from the list submitted by the principal stockholder Delfin S.à.r.l.; Francesco Vella and Roberto Miccù were appointed from the minority list submitted by various Italian and foreign institutional investors (see the ‘Appointment of Directors’ paragraph).

The minimum percentage of share capital required to present a list, as established by CONSOB resolution no.19109 dated January 28, 2015, was equal to 0.5% of share capital.

The lists and their supporting documentation, which were filed and published within the deadlines prescribed by law at the time of the presentation of the candidacies, are available for review on the Company’s website under the Company/Governance/General Meeting/Archive section.

The procedures for the appointment of Auditors are governed by art. no. 27 of the Company by-laws; for more information, please refer to the Company’s by-laws.

The Board of Statutory Auditors supervises (i) compliance with the law and Company by-laws; (ii) compliance with proper management principles; (iii) the appropriateness of the instructions given by the Company to the subsidiary companies; (iv) the appropriateness of the Company structure with respect to the areas of responsibility; (v) the ICFR System and the administrative accounting system; (vi) the reliability of the latter in the correct reporting of the management-related issues; (vii) the financial information process pursuant to the provisions of Italian Legislative Decree no.39/2010; (viii) the efficiency of the internal auditing system; (ix) the auditing of accounts; and (x) the independence of the legal auditor.

Furthermore, the Board of Statutory Auditors (xi) verifies the procedures for the implementation of the corporate governance rules provided for by the Code of Conduct for Listed Companies; (xii) offers its opinion, pursuant to article 2389 of the Italian Civil Code, on the remuneration assigned to Directors with special roles; and (xiii) monitors the implementation of the remuneration policy.

Each Auditor reports to the other Auditors and to the Board of Directors on Company transactions in which they have an interest personally or on the account of a third-party.

The Board of Statutory Auditors presents its duly formed proposal to the Ordinary Meeting of Stockholders on the appointment of the external auditors.

In the performance of its duties, the Board of Statutory Auditors coordinates with the Internal Audit department, the Control and Risk Committee, the Risk Management department and Compliance.

The Board of Statutory Auditors verified the correct application of the criteria used by the Board of Directors to assess the independence of the Directors.

Following its appointment the Board of Statutory Auditors assessed the compliance of its members with the requirements of independence in accordance with the laws in force and the Code of Conduct for Listed Companies and also verified that these requirements were met during the 2015 fiscal year.

The Board of Statutory Auditors was identified by the Board of Directors as the suitable body to act as Audit Committee as provided for by the SOX, and SEC and NYSE rules and regulations. Furthermore, in accordance with Italian law, it acts as a Committee for Internal Control and Auditing.

Consequently, the Board of Statutory Auditors:

1. examines and discusses all the declarations required by SOX sections 302 and 906 with management;
2. examines the management reports on the ICFR System and the declaration of the auditing company on the conclusions of the management in compliance with SOX section 404;
3. examines the reports of the delegated bodies and CFO on any significant point of weakness in the planning or in the performance of internal controls which is reasonably capable of negatively affecting the capacity to record, process, summarize and disclose financial information and the shortcomings identified through the internal controls;
4. examines the reports by the delegated bodies and Chief Financial Officer on any fraud involving management or related officers in the context of the ICFR System;
5. evaluates the proposals of the auditing companies for the appointment as external auditor and submits its proposal on the appointment or revocation of the auditing company to the Meeting of Stockholders;
6. supervises the activities of the external auditors and their supply of consulting services, other auditing services or certificates;

7. reviews periodic reports of the external auditors on: (i) the critical accounting criteria and practices to be used; (ii) the alternative accounting processes generally accepted, once they have been analyzed together with management, the consequences of the use of such alternative processes and the related information, as well as the processes which are considered preferable by the external auditors; and (iii) any other relevant written communication between the external auditors and management;
8. makes recommendations to the Board of Directors on the settlement of disputes between management and the external auditors regarding financial reporting;
9. approves the procedures concerning: (i) the receipt, the archiving and the treatment of reports received by the Company on accounting matters, ICFR System matters related to the accounts and audit-related matters; (ii) the confidential and anonymous reporting on questionable accounting or auditing matters;
10. assesses the requests to make use of the auditing company appointed to perform the auditing of the balance sheet for permitted non-audit services and expresses their opinion on the matter to the Board of Directors;
11. approves the procedures prepared by the Company for the pre-emptive authorization of the permitted non-audit services, analytically identified, and examines the reports on the supply of the authorized services.

With particular reference to the Form 20-F (the Annual Report drawn up in compliance with the U.S. laws relevant for non-U.S. companies that are listed on the NYSE), the Board of Statutory Auditors, in its capacity as Audit Committee, also carries out the following tasks:

1. reviews the financial information to be disclosed in the Form 20-F, including the audited financial statements, the management report, selected financial information and the information on market risk, together with the company management and auditing firm;
2. reviews the assessment of the quality and acceptability of accounting principles, the reasonableness of significant evaluations, the clarity of the disclosure of financial information, the management report, the selected financial information and information on market risk, together with the CFO and audit firm; and
3. assesses the results of the regular and annual auditing of accounts and any other matters that must be communicated to the Board of Statutory Auditors by the auditing firm in accordance with the auditing principles in force in Italy and the U.S. and other applicable regulations.

In accordance with U.S. regulations, the Board of Directors confirmed the office of Mr. Alberto Giussani as Audit Committee Financial Expert on April 24, 2015.

The Board of Statutory Auditors has the appropriate skills and resources to perform the above-mentioned duties.

In 2015 the Board met 14 times for an average meeting of more than two and a half hours. In the first two months of 2016 the Board met three times.

During the year, the Statutory Auditors attended the meetings of the Control and Risk Committee, in addition to the Meeting of Stockholders and the meetings of the Board of Directors. Furthermore, the Chairman of the Board of Statutory Auditors or an Auditor appointed by the latter is invited to attend the meetings of the Human Resources Committee. In 2015, the Chairman or at least one Auditor appointed by the latter attended 2 of the 5 meetings of the Human Resources Committee.

Background information on the members of the Board of Statutory Auditors currently in office is provided below, with an indication of the year of their first appointment to the Board and the primary offices held in other companies as at December 31, 2015.

Francesco Vella, Chairman

An attorney at law, Mr. Vella is a full professor of commercial law at the University of Bologna, Italy, where he currently teaches in the Master's program. He has been Chairman of the Board of Statutory Auditors of the Company since April 2009.

He has written three essays and several publications for miscellaneous journals and magazines specialized in banking, financial and corporate matters. Mr. Vella is a member of the editorial board of the following magazines: "Banca Borsa, Titoli di Credito", "Mercato Concorrenza e Regole", "Il Mulino", "Banca, impresa e società", "Giurisprudenza Commerciale" and "Analisi giuridica dell'economia", which he helped to set up, as well as the website "lavoce.info".

He is Chairman of UnipolSai Assicurazioni S.p.A. and UnipolBanca S.p.A, Chairman of the Supervisory Body of Camst Soc. Coop. a.r.l. and member of the Supervisory Body of Hera S.p.A. and Bologna Fiere S.p.A.

Alberto Giussani – Statutory Auditor

Mr. Giussani received a degree in Business and Economics from the Università Cattolica in Milan, Italy, and he has been an Auditor of the Company since April 2009.

He is registered in the Register of Accountants and Tax Advisers since 1979 and in the Register of Chartered Accountants since 1995, when the Register was set up.

Between 1981 and 2000, he was a member of the Accounting Principles Commission of the Accountants and Tax Advisers and he serves currently as a member of the Management Board of the Italian Accounting Body. Between 2001 and 2008, he was a member of the Standard Advisory Council of the IASC Foundation for the provision of international accounting principles. He was a partner in the auditing company PricewaterhouseCoopers between 1981 and 2007.

He is also an auditor of Falck Renewables S.p.A. and Carlo Tassara S.p.A., member of the Board of Directors of Fastweb S.p.A., Chairman of the Board of Statutory Auditors of Vittoria Assicurazioni S.p.A. and Chairman of the Board of Directors of EI Towers S.p.A.

Barbara Tadolini – Statutory Auditor

Ms. Tadolini graduated with a degree in Economics and Business from the Università degli Studi in Genoa in 1985 and she has been an Auditor of Luxottica Group S.p.A. since April 2012.

She has been registered in the Association of Certified Accountants since 1986 and has been a registered statutory auditor since 1995. She has worked at the tax consultancy firm Arthur Andersen and leading professional firms in Genoa. She currently works independently in her own firm in Genoa. Barbara Tadolini was a member of the Board of Certified Accountants in Genoa, as well as member of the National Assembly of Delegates of the "Cassa Nazionale di Previdenza e Assistenza dei dottori Commercialisti", in which she currently holds the position of director. She is also an Auditor of Salmoiraghi & Viganò S.p.A., Burke & Novi S.r.l., Baretto S.p.A., member of the Board of Directors of UnipolSai Assicurazioni S.p.A. and independent auditor of ASP Emanuele Brignole.

All the Auditors comply with the legal requirements of such office and in particular with the requirements set forth in article no. 148, paragraph 3, of Italian Consolidated Financial Law, and are independent in accordance with the assessment criteria set forth in article 3 of the Code of Conduct for Listed Companies.

Audit Firm

The auditing activity is entrusted to an auditing company registered in the Register of Auditors, whose appointment is approved at the Ordinary Meeting of Stockholders.

The audit firm serving until the approval of the financial statements for the year 2020 is PricewaterhouseCoopers S.p.A., in accordance with the resolution of the Ordinary Meeting of Stockholders of April 28, 2011.

Manager responsible for the preparation of the Company's financial reports

On April 24, 2015, the Board of Directors confirmed the Chief Financial Officer Mr. Stefano Grassi's position as the manager responsible for the preparation of the Company's financial reports.

The appointed manager remains in office until: (a) termination of the entire Board of Directors that appointed him; (b) dismissal from the office; or (c) revocation of the office by the Board itself.

The appointed manager has been granted all the powers and resources necessary to perform his duties according to the applicable regulations of the Italian Consolidated Financial Law and of the related performance regulations. In particular, the appointed manager has been granted wide powers connected to: (i) the preparation of adequate administrative and accounting procedures for the preparation of both the separate and consolidated financial statements as well as of any notice of a financial nature; (ii) the issue of certifications pursuant to art. 154-*bis* paragraph 2, of the Italian Consolidated Financial Law with reference to the acts and the communications of the Company disclosed to the market and relating to the accounting report, including half-year reports, of the Company; and (iii) the issue, together with the Executive Chairman and the CEO of Product and Operations, of certificates pursuant to art. 154-*bis* paragraph 5, of the Italian Consolidated Financial Law, with reference to the separate financial statements, the consolidated financial statements and the half-year financial statements. More generally, the appointed manager has been granted the power to perform any activity necessary or useful for the appropriate performance of the above-mentioned task including power to expend Company funds within the limits of the powers already granted to him in a separate power of attorney, with exception of the possibility to spend amounts in excess of the above-mentioned limits, where necessary and upon specific and justified request by the appointed manager, subject to prior approval by the Board of Directors.

III. BY-LAWS, CODE OF CONDUCT AND PROCEDURES

By-laws

The current Company by-laws were most recently amended on the resolution of the Board of Directors on July 26, 2012 for the purpose of adapting the by-laws to the provision of Italian Law 120/2011 on the balance between the genders in the composition of the Company's governing bodies.

The Board of Directors, as authorized by article 23 of the by-laws, amended articles 17 and 27 on the appointment of the Board of Directors and Board of Statutory Auditors.

The text of the by-laws is available on the website www.luxottica.com in the Company/Governance/By-laws section.

The Extraordinary Meeting of Stockholders to be held on April 29, 2016 will resolve upon the amendments to articles

12, 19 and 30 of the By-Laws.

Code of Ethics and Procedure for handling reports and complaints regarding Violations of Principles and Rules Defined and/or Acknowledged by Luxottica Group

The Code of Ethics of Luxottica Group ("Code of Ethics") represents the values underlying all of the Group's business activities and is subject to constant verification and updating to reflect the proposals derived in particular from U.S. regulations.

The Code of Ethics, originally approved by the Board of Directors on March 4, 2004, has been adapted over the years and was updated by the Board in the resolution passed on January 29, 2016.

In addition to the Code of Ethics, there is a Procedure for the Handling of Reports and Complaints of Violations of principles and rules defined and/or acknowledged by Luxottica Group.

The procedure covers reports, complaints and notifications of alleged fraud, violation of ethical and behavioral principles set forth in the Code of Ethics of the Group and of irregularities or negligence in accounting, internal controls and auditing.

Complaints received from both internal and external subjects by the Group are taken into consideration: the Group undertakes to safeguard the anonymity of the informant and to ensure that the employee reporting the violation is not subject to any form of retaliation.

The reports of violations of principles and rules defined or recognized by the Group are submitted to the Internal Audit Manager, who in turn submits them to the Chairman of the Board of Statutory Auditors.

The Code of Ethics is available on www.luxottica.com, in the Company/Our Way/Our way of doing Business section.

Procedure for transactions with related parties

On October 25, 2010 the Board of Directors voted unanimously to adopt a new procedure to regulate transactions with related parties pursuant to the provisions of CONSOB regulation 17221/2010.

The procedure, which was approved by the former Internal Control Committee (composed exclusively of independent Directors), became applicable as of January 1, 2011.

On February 13, 2014, the Board of Directors, in compliance with the recommendation of CONSOB (see Communication no. 10078683 dated September 24, 2010), carried out an assessment on the possibility of revising the procedure, three years from its adoption. In this regard, the Board, having achieved the favorable opinion of the Control and Risk Committee (composed solely of Independent Directors), resolved to make amendments to the Procedure, in line with the best practices on this subject.

The procedure regulates the execution of major and minor transactions. Transactions with and among subsidiary companies, associated companies, ordinary transactions, transactions of an inferior amount (of an amount less than Euro 1 million or, with regard to the remuneration of a member of a management or control body or managers with strategic responsibilities, of an amount less than Euro 250,000) are excluded from the application of the procedure.

The Board of Directors also reached the following decisions, among others, with regard to the interested parties involved in each individual transaction, where possible each time that: (i) the Human Resources Committee was to 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 was to be involved in and consulted about other transactions with related parties.

Further information on the application of the procedure with regard to remuneration and assignment of benefits to the members of the management and control bodies and managers in strategic roles are stated in the Remuneration Report drawn up in accordance with art.123-*ter* of the Italian Consolidated Financial Law.

This Procedure was last updated on February 16, 2015.

The Procedure is available on the website www.luxottica.com, in the Company/Governance/Documents and Procedures section.

Internal Dealing Procedure

On March 27, 2006, in order to implement internal dealing regulatory changes, as set forth in art. 114, seventh paragraph, of the Italian Consolidated Financial Law and articles 152-*sexies* et seq. of the Regulations for Issuers, the Board of Directors approved the Internal Dealing Procedure. This Procedure was last updated on February 16, 2015.

The Procedure regulates in detail the behavioral and disclosure obligations relating to transactions in Luxottica shares or American Depositary Receipts (ADRs) completed by so-called “relevant parties”.

The relevant parties – namely Directors, Auditors of the Company and Managers with strategic responsibilities (pursuant to art. 152-*sexies* letter c2 of the Regulations for Issuers) - inform the Company, CONSOB and the public about any transactions involving the purchase, sale, subscription or exchange of Luxottica shares or financial instruments connected to them. Transactions with an overall value of less than 5,000 euros at the end of the year and, subsequently, the transactions that do not reach a total equivalent value of a further 5,000 euros by the end of the year do not need to be reported.

The Procedure provides for black-out periods during which the interested parties are not allowed to trade any Luxottica securities.

The Procedure is available on the website www.luxottica.com, in the Company/Governance/Documents and Procedures section.

Procedure for Handling Privileged Information

On March 27, 2006, in compliance with articles 114, 115-*bis* of the Italian Consolidated Financial Law and of articles 152-*bis* et seq. of the Regulations for Issuers, as well as the regulations contained in the Code of Conduct, the Board of Directors adopted a Procedure for handling privileged information (pursuant to article 181 of the Italian Consolidated Financial Law), in order to ensure that the disclosure thereof is timely, thorough and adequate. This Procedure was last updated on February 16, 2015.

The following persons are required to comply with the confidentiality of such documents and information: (i) Directors; (ii) Statutory Auditors; (iii) any manager in Luxottica and in the companies belonging to the Group; and (iv) any other employees of Luxottica and of the companies belonging to the Group who, by virtue of their function or position, become aware of information and/or acquire information classified as confidential information.

The Procedure also requires the identification of the persons responsible for external relations, their expected behavior, the operational procedures and related obligations to comply with the same. The Policy also indicates the characteristics, contents and procedures for updating the Register of people with access to confidential information.

This policy is available on the website www.luxottica.com, in the Company/Governance/Documents and Procedures section.

Appointment of External Auditors

U.S. regulations in force provide that either the Audit Committee or the equivalent body under the specific rules of the issuer's home country must approve the services provided by external auditors to the Company and to its subsidiaries.

To this end, the Board of Directors approved the 'Group Procedure for the Appointment of External Auditors' back in 2005, in order to protect the independence of the external auditor, which is the fundamental guarantee of the reliability of the accounting information regarding the appointing companies. This policy was last updated on July 26, 2012.

The parent company's external auditor is the main auditor for the entire Luxottica Group.

The limitations on the appointment contained in this policy derive from current regulations in Italy and in the United States, by virtue of the fact that the Company's shares are listed both on the NYSE and the MTA, without prejudice to any additional constraints imposed by any local laws applicable to the individual non-Italian subsidiary companies.

The policy is available on the website www.luxottica.com, in the Company/Governance/Documents and Procedures section.

IV. MEETING OF STOCKHOLDERS

The Board of Directors determines the venue, date and time of each Meeting of Stockholders in order to facilitate the participation of stockholders.

The Luxottica Directors and Auditors endeavor to attend the meetings, in particular the Directors who, by virtue of their position, may contribute significantly to the discussion and report on the activities performed.

The Ordinary Meeting of Stockholders is called through a notice published by the thirtieth day prior to the date fixed for the Meeting (or by the fortieth day, in the case of the appointment of company committees), on the Company website and using the other methods prescribed by CONSOB in its Regulations. The notice of call, in compliance with legal provisions, states the necessary instructions on how to participate in the General Meeting of Stockholders, including information on the methods for finding the proxy forms, which can also be accessed through the Company website.

The Company/Governance/General Meeting section of the Company's website contains the relevant information on Meetings of Stockholders held during the most recent fiscal years, including the resolutions passed, the notices of call, as well as the documentation concerning the items on the agenda.

Luxottica has adopted Regulations for Meetings of Stockholders to ensure the regular and functional management of the Meeting of Stockholders and to ensure that each stockholder is allowed to express an opinion on the items being discussed. The Regulations are available at the Company's registered office and at the venues in which the Meetings of Stockholders are held; the Regulation is also available to the public on the website www.luxottica.com, in the Company/Governance/Documents and Procedures section.

Pursuant to article 12 of the by-laws, those stockholders for whom the Company has received notice by the relevant intermediary pursuant to the centralized management system of the financial instruments, pursuant to the regulations and legal provisions in force at that time, shall be entitled to attend the Meeting and to vote.

All persons entitled to attend the Meeting may be represented by written proxy in accordance with the provisions of law.

The proxy can also be sent via a computerized document signed electronically in accordance with article 21, paragraph 2, of Italian Legislative Decree no. 82/2005.

The proxy may also be granted to the representative appointed by the Company with voting instructions on all or some of the proposals on the agenda in accordance with art.135-*undecies* of the Italian Consolidated Financial Law.

The Company by-laws do not provide for voting by mail.

Pursuant to article 14 of the by-laws, the provisions of the law are applied in relation to the validity of the composition of the meeting and the related resolutions.

In 2015 the Ordinary Meeting of Stockholders convened once on April 24 to pass resolutions on the following items on the agenda:

1. The approval of the Statutory Financial Statements for the year ended December 31, 2014.
2. The allocation of net income and distribution of dividends and further distribution of an extraordinary dividend.
3. Authorization to buy back and dispose of treasury shares pursuant to articles 2357 et seq. of the Italian Civil Code.
4. Appointment of the Board of Directors for the fiscal years 2015-2017:

   (a) Determination of the number of members of the Board of Directors;
   (b) Appointment of the Directors;
   (c) Determination of the remuneration of the Directors.

5. Appointment of the Board of Statutory Auditors for the fiscal years 2015-2017:

   (a) Appointment of the members of the Board of Statutory Auditors;
   (b) Determination of the remuneration of the Statutory Auditors.

6. An advisory vote on the first section of the remuneration report in accordance with article 123-ter, paragraph 6 of Italian Legislative Decree no. 58/1998.

V. INVESTOR RELATIONS

An investor relations team is dedicated to relations with the national and international financial community.

The website www.luxottica.com includes a dedicated "Investors" section to which provides information that may be of interest to the financial community. In order to facilitate knowledge of Luxottica's business strategies and development, information on senior management and other relevant matters, Investor Relations also utilizes financial communications tools, such as roadshows, conference calls and meetings with investors.

Documents on corporate governance are also available on the website www.luxottica.com in the Company/Governance section and may be requested via e-mail directed to the following address: investorrelations@luxottica.com.

SECTION III – SUMMARY OF THE MOST RELEVANT CORPORATE EVENTS SUBSEQUENT TO THE CLOSING OF FISCAL YEAR 2015

Below is a summary of the most significant events that occurred after the closing of fiscal year 2015 up to the date of this Report. The most significant events have been described in the paragraphs above.

After December 31, 2015 the Board of Directors of the Company:

a) approved the annual report concerning the organizational and accounting corporate structure of Luxottica Group, in accordance with paragraph 3 of art. 2381 of the Civil Code and Principle 1.c.1. of the Code of Conduct;
b) on the basis of the answers to a specific questionnaire, assessed the size, composition and performance of the Board itself and of the Committees;
c) evaluated whether the requirements for independence existed, based on the information available and the information provided by the non-executive Directors by virtue of the provisions of the Italian Consolidated Financial Law and of the Code of Conduct, determining the Directors Brogi, Feola, Magistretti, Pierdicchi, Salzburger, Santel, Scocchia, Veronesi and Zappia to be independent;
d) verified that the composition of the Board of Directors is compliant with the criteria established with respect to the maximum number of positions to be held in other companies;
e) decided to allocate specific funds to be made available to the Committees, as well as to the Board of Statutory Auditors in its capacity as Audit Committee and to the Supervisory Board in order to provide them with adequate financial resources to perform their respective tasks;
f) evaluated the adequacy of the internal control and risk management system as described in the report in point (a) above and by the report of the Control and Risk Committee and Internal Audit Reports;
g) reviewed the results of the Auditing activities carried out in 2015 and approved the audit plan for 2016, which had already been shared by the Control and Risk Committee;
h) resolved to entrust the Control and Risk Committee with the supervision of sustainability questions linked to the exercising of company activities;
i) on the proposal of the Human Resources Committee, approved the remuneration policy to be submitted to the Meeting of Stockholders to be held on April 29, 2016, for an advisory vote.

In accordance with the provisions of the Code of Conduct, the Board of Statutory Auditors assessed the evaluation made by the Directors on their independence and has verified compliance with the requirements for each individual Auditor as outlined by the Code of Conduct.

Milan, March 1, 2016

COMPOSITION OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Directors in office on December 31, 2015

BOARD OF DIRECTORS										Control and Risk Committee		Human Resources Committee	
Position	**Members/Year of birth**	**Date of first appointment**	**In charge from**	**In charge until**	**Executive**	**Non-executive**	**Independent Pursuant to Civil Code and Consolidated Financial Law**	*****	**Other positions in office held ** **	*****	*****	*****	*****
Chairman	LEONARDO DEL VECCHIO (1935)	1961	24/04/2015	Approval of 2017 Financial Statements	X			86%	4				
Deputy Chairman	LUIGI FRANCAVILLA (1937)	1985	24/04/2015	Approval of 2017 Financial Statements	X			100%	1				
CEO	MASSIMO VIAN (1973)	2014	24/04/2015	Approval of 2017 Financial Statements	X			100%	0				
CEO	ADIL MEHBOOB-KHAN (1964)	2014	24/04/2015	Ceased on January 29, 2016	X			100%	0				
Director	MARINA BROGI (1967)	2015	24/04/2015	Approval of 2017 Financial Statements			X	100%	2			X	100%
Director	LUIGI FEOLA (1967)	2015	24/04/2015	Approval of 2017 Financial Statements			X	100%	0				
Director	ELISABETTA MAGISTRETTI (1947)	2012	24/04/2015	Approval of 2017 Financial Statements			X	100%	2	X	100%		
Director	MARIO NOTARI (1964)	2015	24/04/2015	Approval of 2017 Financial Statements		X		100%	4			X	100%
Director	MARIA PIERDICCHI (1957)	2015	24/04/2015	Approval of 2017 Financial			X	100%	4				

				Statements									
Director	KARL HEINZ SALZBURGER (1957)	2015	24/04/2015	Approval of 2017 Financial Statements			X	100%	1				
Director	LUCIANO SANTEL (1956)	2015	24/04/2015	Approval of 2017 Financial Statements			X	100%	0	X	100%		
Director	CRISTINA SCOCCHIA (1973)	2015	24/04/2015	Approval of 2017 Financial Statements			X	100%	0	X	83%		
Director	SANDRO VERONESI (1959)	2015	24/04/2015	Approval of 2017 Financial Statements			X	100%	2				
Director	ANDREA ZAPPIA (1963)	2015	24/04/2015	Approval of 2017 Financial Statements			X	100%	2			X	100%
Number of meetings of the Board: 7							Meetings of the Control and Risk Committee: 11				Meetings of the Human Resources Committee: 5		

NOTES

*Indicates the percentage of participation of the Directors in the meetings of the Board of Directors and of the Committees.

**Lists the number of offices as director or auditor performed by the directors in office in other listed companies, banks, financial, insurance companies or companies of a significant size, in compliance with the criteria implemented by the Company and described in section II of this Report.

***An “X” indicates that the member of the Board of Directors is also a member of the Committee.

Directors ceased as at April 24, 2015

Board of Directors						**Control and Risk Committee**		**Human Resources Committee**	
Name/Year of birth	Date of first appointment	Executive	Non-executive	Independent Pursuant to Code and Italian Consolidated Financial Law	*	***	*	***	*
MARIO CATTANEO (1930)	2003		X	X	100%	X	100%		
CLAUDIO COSTAMAGNA (1956)	2006		X	X	33%			X	100%
CLAUDIO DEL VECCHIO (1957)	1986		X		100%				
MARCO MANGIAGALLI (1949)	2009		X	X	100%	X	100%	X	100%
ANNA PUCCIO (1964)	2012		X	X	100%			X	100%
MARCO REBOA (1955)	2006		X	X	100%	X	100%		

*Indicates the percentage of participation of the Directors in the meetings of the Board of Directors and of the Committees.

***An “X” indicates that the member of the Board of Directors is also a member of the Committee.

BOARD OF STATUTORY AUDITORS IN OFFICE AS AT DECEMBER 31, 2015

Board of Statutory Auditors	Members	Year of birth	Date of first appointment	In charge from	In charge until	Percentage of attendance at the Board meetings	Number of other positions in office held *
Chairman, taken from the minority list	FRANCESCO VELLA	1958	2009	24/04/2015	Approval of 2017 Financial Statements	100%	2 – 1 of which listed
Statutory Auditor, taken from the majority list	ALBERTO GIUSSANI	1946	2009	24/04/2015	Approval of 2017 Financial Statements	93%	5 - 3 of which listed
Statutory Auditor, taken from the majority list	BARBARA TADOLINI	1960	2012	24/04/2015	Approval of 2017 Financial Statements	93%	4 – 1 of which listed
Substitute Auditor, taken from the minority list	ROBERTO MICCU'	1965	2015	24/04/2015	Approval of 2017 Financial Statements		
Substitute Auditor, taken from the majority list	MARIA VENTURINI	1954	2015	24/04/2015	Approval of 2017 Financial Statements		
Number of meetings during the 2015 fiscal year: 14							

Ceased Statutory Auditors as at April 24, 2015

Board of Statutory Auditors	Members	Year of birth	Date of first appointment	In charge from:	In charge until:
Substitute Auditor, taken from the minority list	FABRIZIO RICCARDO DI GIUSTO	1966	2012	27/04/2012	Approval of 2014 Financial Statements
Substitute Auditor, taken from the majority list	GIORGIO SILVA	1945	2006	27/04/2012	Approval of 2014 Financial Statements

*Indicates the number of offices as director or auditor performed by the interested party in other listed companies indicated in book V, title V, paragraphs V, VI and VII of the Italian Civil Code, with the number of offices held in listed companies.

3. *CONSOLIDATED FINANCIAL STATEMENTS*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)		As of December 31,			
ASSETS	**Note Ref.**	**2015**	**of which related parties (note 29)**	**2014**	**of which related parties (note 29)**
CURRENT ASSETS:					
Cash and cash equivalents	6	864,852	-	1,453,587	-
Accounts receivable	7	858,053	12,472	754,306	10,168
Inventories	8	833,272	-	728,404	-
Other assets	9	272,932	11,617	231,397	3,245
Total current assets		***2,829,109***	***24,090***	***3,167,695***	***13,414***
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	53,367	61,176	49,478
Other assets	13	105,574	-	123,848	809
Deferred tax assets	14	174,433	-	188,199	-
Total non-current assets		***6,820,040***	***53,367***	***6,426,603***	***50,287***
TOTAL ASSETS		**9,649,148**	**77,456**	**9,594,297**	**63,701**

(in thousands of Euro)		As of December 31,			
LIABILITIES AND STOCKHOLDERS' EQUITY	**Note Ref.**	**2015**	**of which related parties (note 29)**	**2014**	**of which related parties (note 29)**
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	17,191	744,272	19,978
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	571	636,055	959
Total current liabilities		***1,906,900***	***17,763***	***2,388,740***	***20,937***
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	-
Total non-current liabilities		***2,324,529***	-	***2,276,778***	-
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)	-
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	-
Total stockholders' equity		***5,417,719***	-	***4,928,779***	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**9,649,148**	**17,763**	**9,594,297**	**20,937**

CONSOLIDATED STATEMENT OF INCOME

(in thousands of Euro)	Note Ref.	2015	of which related parties (note 29)	2014 (**)	of which related parties (note 29)
Net sales	27	**8,836,578**	**25,170**	**7,652,317**	**22,058**
Cost of sales	27	2,835,426	53,602	2,574,685	55,098
of which non-recurring	33	694	-		-
Gross Profit		***6,001,152***	***(28,431)***	***5,077,632***	***(33,040)***
Selling	27	2,778,838	14	2,352,294	16
of which non-recurring	33	*5,519*	-	-	-
Royalties	27	168,669	996	149,952	1,203
Advertising	27	589,718	118	511,153	125
General & Administrative	27	1,087,484	7,531	906,620	23,356
of which non-recurring	33	*60,149*	-	*20,000*	-
Total Operating expenses		**4,624,708**	**8,658**	**3,920,019**	**24,700**
Income from operations		***1,376,445***	***(37,089)***	***1,157,613***	***(57,741)***
Interest Income	27	11,190	-	11,672	-
Interest Expense	27	(106,439)	-	(109,659)	-
Other – net	27	(3,281)	(561)	455	3
Total other Income/(Expense)		**(98,530)**	**(561)**	**(97,533)**	**3**
Income before provision for income taxes		***1,277,914***	***(37,650)***	***1,060,080***	***(57,736)***
Provision for income taxes	27	(471,042)	-	(414,066)	-
of which non-recurring	33	*16,527*	-	*(24,817)*	-
Net Income		***806,873***		***646,014***	
of which attributable to:					
- Luxottica Group stockholders		804,119	-	642,596	-
- Non-controlling interests		2,753	-	3,417	-
Weighted average number of shares outstanding					
Basic	30	479,553,693		475,947,763	
Diluted	30	482,073,361		479,247,190	
EPS					
Basic	30	1.68		1.35	
Diluted	30	1.67		1.34	

(*) Except per share data
(**) 53-weeks

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	Note Ref.	2015	2014
Net Income		806,873	646,014
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	25	267,546	392,527
Total items that may be reclassified subsequently to profit or loss		**267,546**	**392,527**
Items that will not be reclassified to profit or loss			
Actuarial (loss)/gain on defined benefit plans	22	14,167	(84,187)
related tax effect		(3,994)	31,626
Total items that will not be reclassified to profit or loss		**10,173**	**(52,561)**
Total other comprehensive income/(loss)—net of tax		**277,720**	**339,966**
Total comprehensive income for the period		**1,084,592**	**985,980**
of which attributable to:			
- Luxottica Group stockholders		1,080,968	982,119
- Non-controlling interests		3,624	3,861

(In thousands of Euro)(*)	Capital Stock Number of Shares	Capital Stock Amount	Legal Reserve	Additional Paid in Capital	Retained Earnings	Stock-Options Reserve	Translation of foreign operations and other	Treasury Shares	Stockholders Equity	Non-Controlling interests
	Note 25									Note 26
Balance as of January 1, 2014	477,560,673	28,653	5,711	412,063	3,958,076	268,833	(447,447)	(83,060)	4,142,828	7,107
Total Comprehensive Income as of December 31, 2014	**-**	**-**	**-**	**-**	**590,036**	**-**	**392,083**	**-**	**982,119**	**3,861**
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 share)	-	-	-	-	(308,343)	-	-	-	(308,343)	(3,668)
Allocation of legal reserve	-	-	24	-	(24)	-	-	-	-	-
Balance as of December 31, 2014	**481,671,583**	**28,900**	**5,735**	**484,865**	**4,230,560**	**300,659**	**(55,364)**	**(73,875)**	**4,921,479**	**7,300**
Balance as of January 1, 2015	481,671,583	28,900	5,735	484,865	4,230,560	300,659	(55,364)	(73,875)	4,921,479	7,300
Total Comprehensive Income as of December 31, 2015	**-**	**-**	**-**	**-**	**814,292**	**-**	**266,675**	**-**	**1,080,968**	**3,624**
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)	-
Granting of treasury shares to employees	-	-	-	-	(12,118)	-	-	12,118	-	-
Contributions received from Delfin S.à.r.l.					7,171				7,171	-
Change in the consolidation perimeter	-	-	-	-	(15,397)	-	-	-	(15,397)	(3,594)
Dividends (Euro 1.44 per share)	-	-	-	-	(689,714)	-	-	-	(689,714)	(2,135)
Allocation of legal reserve	-	-	49	-	(49)	-	-	-	-	-
Balance as of December 31, 2015	**483,653,333**	**29,019**	**5,784**	**549,950**	**4,334,745**	**350,351**	**211,311**	**(68,636)**	**5,412,524**	**5,196**

(*) Except per share data

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Euro)	Note Ref.	2015	2014
Income before provision for income taxes		**1,277,914**	**1,060,080**
Stock-based compensation		49,692	31,826
Depreciation and amortization	10/11	476,888	383,996
Net loss on disposals of fixed assets and intangible assets	10/11	22,877	16,339
Financial expenses		106,439	109,659
Other non-cash items		(4,770)	(1,295)
Changes in accounts receivable		(108,648)	(41,254)
Changes in inventories		(85,217)	7,326
Changes in accounts payable		115,635	24,578
Changes in other assets/liabilities		(7,827)	21,194
Total adjustments		**565,069**	**552,369**
Cash provided by operating activities		**1,842,983**	**1,612,449**
Interest paid		(79,752)	(93,135)
Taxes paid		(565,940)	(349,196)
Net cash provided by operating activities		**1,197,291**	**1,170,118**
Additions of property, plant and equipment	10	(319,817)	(280,779)
Disposals of property plant and equipment			
Purchases of businesses—net of cash acquired(*)		(21,017)	(41,091)
Investments in equity investees	12	1,502	1,161
Additions to intangible assets	11	(143,987)	(138,547)
Net cash used in investing activities		**(483,319)**	**(459,256)**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Euro)	Note Ref.	2015	2014
Long-term debt			
—Proceeds	21	4,082	497,104
—Repayments	21	(649,310)	(318,500)
Short-term debt			
Increase in short-term lines of credit		-	135,686
(Decrease) in short-term lines of credit		(39,022)	-
Exercise of stock options	25	47,678	69,989
Purchases of Non-controlling interests (**)	25	(18,990)	-
Purchase of Treasury Shares		(6,879)	-
Dividends	35	(691,849)	(312,012)
Net cash provided by (used in) financing activities		**(1,354,291)**	**72,267**
Increase/(decrease) in cash and cash equivalents		**(640,319)**	**783,129**
Cash and cash equivalents, beginning of the period		1,453,587	617,995
Effect of exchange rate changes on cash and cash equivalents		51,582	52,464
Cash and cash equivalents, end of the period		**864,852**	**1,453,587**

(*) Purchases of business—net of cash acquired in 2015 included relate to the acquisition of Sunglass Warehouse. Purchases of business—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 minority interests relate to the acquisitio of the remaining 49% of Luxottica Netherland for Euro (19.0) million

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Milan, March 1, 2016

Luxottica Group S.p.A.

On behalf of the Board of Directors

Leonardo Del Vecchio (Executive Chairman)	Massimo Vian (C.E.O for Product and Operations)

4. *NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*

Luxottica Group S.p.A.

Headquarter and registered office: Piazzale Luigi Cadorna, 3 – 20123 Milan, Italy

Capital Stock € 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 distribution segment 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 the Company and other subsidiaries in the consolidated Group that report on a calendar-year basis. Had certain 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.

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.

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.

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.

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 their cost and their residual value, is allocated on a straight-line basis over their estimated useful lives as follows:

Category	Useful life
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 writedown 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 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, contractual customer relationships 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.

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.

(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.

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.

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 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.

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 the sale 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;
- 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 is 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;
- 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 compete the transaction can be measured reliably.

Wholesale division 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 division 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 division 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 division 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.

<u>Use of accounting estimates</u>

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 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 new accounting principle and the amendments did not have any significant impact on the consolidated financial statements of the Group.

IFRIC 21—Levies. The interpretation published by the IASB on May 20, 2013 is applicable to periods starting on or after June 17, 2014. IFRIC 21 is an interpretation of *IAS 37—Provision, Contingent Liabilities and Contingent Assets*, which requires that a provision is booked if, subject to certain other conditions met, an entity has a present obligation as a consequence of a past event ("obligating event"). The interpretation clarifies that the obligating event that requires an obligation to pay taxes to be recorded is the activity that determines the tax payments, as set forth by the law. The early adoption of the interpretation did not have a significant impact on the 2014 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.

<u>***New standards and amendments that are effective for reporting periods beginning after January 1, 2015 and not early adopted.***</u>

The Group is assessing the impact of the accounting principles and the amendments and on its consolidated financial statements.

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. The amendments are applicable to periods beginning on or after February 1, 2015.

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 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. The amendments are applicable to periods beginning on or after February 1, 2015.

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 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.

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.

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 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 unless changes after the European Union endorsment.

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 unless changes after the European Union endorsment.

Amendments to IAS 7— Disclosure Initiatives. 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 unless changes after the European Union endorsment.

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 15 is applicable to periods beginning on or after January 1, 2018 unless changes after the European Union endorsment.

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 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. IFRS 9 is applicable to periods beginning on or after January 1, 2018 unless changes after the European Union endorsment.

IFRS 16—Leases. The standard replaces IAS 17 "Leases" and requires all leases to be recorded on the balance sheet as assets and liabilities. IFRS 16 is applicable to periods beginning on or after January 1, 2019 unless changes after the European Union endorsement. 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 applicability has not been defined yet.

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.

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 2015 and 2014 actual 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 76.9 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.

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.

Credit risk

Credit risk exists in relation to accounts receivable, cash, financial instruments and deposits in banks and other financial institutions.

Credit risk related to commercial counterparties

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.

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 among different entities within the Group. Until the time of transfer, accounts receivable were regularly covered by the above-mentioned insurance. A new global insurance agreement has not yet been finalized.

Credit risk related to the management of financial resources and cash availabilities

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 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.

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.

(in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
As of December 31, 2015				
Cash and cash equivalents	864,852	—	—	—
Derivatives receivable	2,055	—	—	—
Accounts receivable	858,053	—	—	—
Other current assets	93,316	—	—	—

(in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
As of December 31, 2014				
Cash and cash equivalents	1,453,587	—	—	—
Derivatives receivable	1,008	—	—	—
Accounts receivable	754,306	—	—	—
Other current assets	89,882	—	—	—

(in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
As of December 31, 2015				
Debt owed to banks and other financial institutions	44,882	226,556	672,588	825,153(*)
Derivatives payable	2,173	—	—	—
Accounts payable	927,186	—	—	—
Other current liabilities	601,572	—	—	—

(in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
As of December 31, 2014				
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.

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.

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 derivate 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.

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):

(in thousands of Euro)

December 31, 2015	Financial assetsat fair value through profit and loss	Loans and receivables	Investments held until maturity	Financial assets available for sale	Financial liabilities at fair value through profit and loss	Hedging derivatives	Total	Note(*)
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

December 31, 2014	Financial assets at fair value through profit and loss	Loans and receivables	Investments held until maturity	Financial assets available for sale	Financial liabilities at fair value through profit and loss	Hedging derivatives	Total	Note(*)
Cash and cash equivalents	—	1,453,587	—	—	—	—	1,453,587	6
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.

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.

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/Proforma EBITDA":* this 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 / Pro forma Finance Charges":* this 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
- *" Priority Debt/Share Equity":* this 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.

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
- 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):

(In thousands of Euro)			Fair Value Measurements at Reporting Date Using		
Description	**Classification**	**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	—

(*) 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.

(In thousands of Euro)			Fair Value Measurements at Reporting Date Using		
Description	**Classification**	**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	—

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.

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, Sunglass Hut acquired certain assets from Sunglass Warehouse, Inc. ("SGW"). Management determined the transaction was a business combination in accordance with IFRS 3. The final purchase price paid by Sunglass Hut was approximatly 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):

(In thousands of Euro)	
Total consideration	**21,017**
Recognized amount of identifiable assets and liabilities assumed	
Inventory	1,877
Fixed assets	826
Total net identifiable assets	**2,703**
Goodwill	18,314
Total	**21,017**

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.

5. SEGMENT INFORMATION

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").

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 a modification to our governance by assigning executive responsibility for Markets, a role formerly held by Mr. Adil Mehboob-Khan, to Mr. Leonardo Del Vecchio, the Company's Chairman of the Board of Directors and majority shareholder, as Executive Chairman. Due to the this change in the governance structure, the Executive Chairman became the CODM assisted in his role by the CEO of Products and Operations. This change did not impact the operating segments as the information provided and reviewed by the CODM has not changed.

(in thousands of Euro)	Manufacturing and Wholesale Distribution	Retail Distribution	Inter-segment transactions and corporate adjustments[c]	Consolidated
2015				
Net sales[a]	3,592,555	5,244,023	—	8,836,578
Income from operations[b]	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
Of which attributable to:				
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
2014				
Net sales[a]	3,193,757	4,458,560	—	7,652,317
Income from operations[b]	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
Of which attributable to:				
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

(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 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.

(in thousands of Euro)	**Europe[1]**	**North America[2]**	**Asia-Pacific[3]**	**Latam**	**Other**	**Consolidated**
2015						
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
2014						
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

(1) Long-lived assets located in Italy represented 22% and 25% of the Group's total fixed assets as of December 31, 2015 and 2014, respectively. Net sales recorded in Italy were Euro 0.3 billion and Euro 0.2 billion in 2015 and 2014, respectively.

(2) Long-lived assets, located in the United States represented 48% and 45% of the Group's total fixed assets as of December 31, 2015 and 2014, respectively. Net sales recorded in the United States were Euro 4.9 billion and Euro 3.9 billion in 2015 and 2014, respectively.

(3) Long-lived assets located in China represented 15% and 14% of the Group's total fixed assets as of December 31, 2015 and 2014, 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):

	As of December 31	
(in thousands of Euro)	**2015**	**2014**
Cash at bank	856,611	1,441,145
Checks	5,596	9,611
Cash and cash equivalents on hand	2,645	2,831
Total	**864,852**	**1,453,587**

See Note 21 and the consolidated statements of cash flows for further details.

There is no restricted cash.

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):

	As of December 31	
(In thousands of Euro)	**2015**	**2014**
Accounts receivable	895,555	793,210
Allowance for doubtful accounts	(37,501)	(38,904)
Total accounts receivable	**858,053**	**754,306**

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):

	As of December 31	
(In thousands of Euro)	**2015**	**2014**
Balance as of January 1	38,904	35,231
Increases	6,555	3,891
Decreases	(6,872)	(5,313)
Translation difference and other	(1,086)	5,095
Balance as of December 31	**37,501**	**38,904**

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.

The table below summarizes the quantitative information required by IFRS 7 based on the categories of receivables pursuant to Group policies:

(in thousands of Euro)

December 31, 2015	Gross receivables	Allowance for doubtful accounts	Maximum exposure to credit risk	Accounts receivable overdue but not included in the allowance for doubtful accounts	Overdue accounts receivable not included in the allowance for doubtful accounts 0 – 30 days overdue	Overdue accounts receivable not included in the allowance for doubtful accounts > 30 days overdue
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
Total	**895,555**	**(37,501)**	**858,053**	**88,454**	**44,008**	**44,734**

(In thousands of Euro)

December 31, 2014	Gross receivables	Allowance for doubtful accounts	Maximum exposure to credit risk	Amount of accounts receivable overdue but not included in the allowance for doubtful accounts	Overdue accounts receivable not included in the allowance for doubtful accounts 0 - 30 days overdue	Overdue accounts receivable not included in the allowance for doubtful accounts > 30 days overdue
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
Total	**793,210**	**(38,904)**	**754,306**	**63,089**	**41,541**	**21,549**

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):

	As of December 31	
(In thousands of Euro)	2015	2014
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)
Total	**833,272**	**728,404**

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:

(in thousands of Euro)	Balance at beginning of period	Provision	Utilization	Other[1]	Balance at end of period
2014	119,263	80,142	(69,284)	3,042	133,163
2015	133,163	65,077	(67,834)	(505)	129,901

(1) Other includes translation differences for the period.

9. OTHER ASSETS

Other assets comprise the following items:

	As of December 31	
(in thousands of Euro)	2015	2014
Sales taxes receivable	38,016	40,494
Prepaid expenses	1,458	1,915
Other assets	55,896	48,479
Total financial assets	**95,370**	**90,888**
Income tax receivables	70,038	50,356
Advances to suppliers	15,070	14,343
Prepaid expenses	72,985	44,771
Other assets	19,468	31,039
Total non-financial assets	**177,561**	**140,509**
Total other assets	**272,932**	**231,397**

The increase in Income tax receivables is mainly related to the increase in Group US subsidiaries' direct tax receivables (Eur 18.1 million).

The increase in prepaid expense is mainly relate to: (i) prepaid rents for North America retail operations (Eur 10.1 million); (ii) marketing expenses related to the 2016 Olympics (Eur 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.

NON-CURRENT ASSETS

10. PROPERTY, PLANT AND EQUIPMENT

Changes in items of property, plant and equipment are reported below:

(in thousands of Euro)	Land and buildings, including leasehold improvements	Machinery and equipment	Aircraft	Other equipment	Total
As of January 1, 2014					
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)
Total as of January 1, 2014	**456,011**	**425,898**	**26,252**	**275,075**	**1,183,236**
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)
Total balance as of December 31, 2014	**496,313**	**487,359**	**33,253**	**300,693**	**1,317,617**
Of which:					
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)
Total as of December 31, 2014	**496,313**	**487,359**	**33,253**	**300,693**	**1,317,617**
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)
Total balance as of December 31, 2015	**542,774**	**514,594**	**10,496**	**367,661**	**1,435,524**
Of which:					
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)
Total balance as of December 31, 2015	**542,774**	**514,594**	**10,496**	**367,661**	**1,435,524**

Of the total depreciation expense of Euro 273.5 million (Euro 224.5 million in 2014), Euro 94.1 million (Euro 81.3 million in 2014) is included in cost of sales, Euro 133.6 million (Euro 111.3 million in 2014) is included in selling expenses, Euro 11.6 million (Euro 7.9 million in 2014) is included in advertising expenses and Euro 34.2 million (Euro 24.0 million in 2014) 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 as of the end of year.

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.

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:

(in thousands of Euro)	Goodwill	Trade names and trademarks	Customer relations, contracts and lists	Franchise agreements	Other	Total
As of January 1, 2014						
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)
Total	**3,045,216**	**760,894**	**138,473**	**11,702**	**350,068**	**4,306,353**
Increases	—	215	—	—	138,332	138,547
Decreases	—	—	—	—	(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
amortization expense	—	(64,957)	(13,938)	(1,080)	(79,474)	(159,449)
Balance as of December 31, 2014	**3,351,263**	**773,688**	**139,638**	**12,110**	**459,064**	**4,735,764**
Of which						
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)
Total as of December 31, 2014	**3,351,263**	**773,688**	**139,638**	**12,110**	**459,064**	**4,735,764**
Increases	—	402	—	—	151,187	151,590
Decreases	—	—	—	—	(3,157)	(3,157)
Business combinations/disposals	18,341	—	—	—	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)
Balance as of December 31, 2015	**3,596,983**	**763,866**	**133,064**	**12,187**	**533,031**	**5,039,130**
Of which						
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)
Balance as of December 31, 2015	**3,596,983**	**763,866**	**133,064**	**12,187**	**533,031**	**5,039,130**

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 in 2014), Euro 178.1 million (Euro 141.7 million 2014) is included in general and administrative expenses, Euro 19.0 million (Euro 13.0 million in 2014) is included in selling expenses and Euro 6.3 million (Euro 4.7 million in 2014) 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 other intangible assets is mostly due to the continued implementation of the IT infrastructure of the Group which accounts for Euro 146.2 million of the total 2015.

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. In particular, the goodwill previously allocated to the CGU *Retail North America* was reallocated to *Retail Optical*, *Retail Sun & Luxury* and *Retail Oakley*, whereas the goodwill previously allocated to the CGUs *Retail Asia-Pacific* and *Retail Other* was reallocated to *Retail Optical* and *Retail Sun & Luxury*.

The value of goodwill allocated to each CGU is reported in the following table (amounts in thousands of Euro):

(in thousands of Euro)	**2015**
Wholesale	1,398,104
Retail Optical	995,864
Retail Sun & Luxury	1,021,066
Retail Oakley	181,949
Total	**3,596,983**

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 of any of the CGUs identified by the Group.

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 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 a 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 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.

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 requirements) 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.

(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**

(in thousands of Euro)	**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

(in thousands of Euro)	As of December 31 2015	2014
Other financial assets	84,800	83,739
Other assets	20,774	40,109
Total other non-current assets	**105,574**	**123,848**

Other financial assets primarily include security deposits totaling Euro 38.8 million (Euro 33.7 million as of December 31, 2014).

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 to other current assets of royalties due in 2016.

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:

(in thousands of Euro)	As of December 2015	2014
Deferred tax assets	174,433	188,199
Deferred tax liabilities	277,327	266,896
Deferred tax liabilities (net)	**102,894**	**78,697**

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:

(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**
Deferred tax liabilities (net)	**102,894**	**78,697**

The gross movement in the deferred income tax accounts is as follows:

(in thousands of Euro)	2015	2014
As of January 1	**78,697**	**95,455**
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**

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:

(in thousands of Euro)

Deferred tax assets	As of January 1, 2014	Exchange rate difference and other movements	Business combinations	Income statements	Tax charged/(credited) to equity	As of December 31, 2014
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
Total	**354,720**	**5,657**	**1,135**	**27,265**	**34,282**	**423,059**

(in thousands of Euro)

Deferred tax liabilities	As of January 1, 2014	Exchange rate difference and other movements	Business combinations	Income statements	Tax charged/(credited) to equity	As of December 31, 2014
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
Total	**450,175**	**35,001**	**1,670**	**16,364**	**(1,455)**	**501,755**

(in thousands of Euro)

Deferred tax assets	As of January 1, 2015	Exchange rate difference and other movements	Business combinations	Income statements	Tax charged/(credited) to equity	As of December 31, 2015
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
Total	**423,059**	**5,883**	—	**19,991**	**6,456**	**455,388**

(in thousands of Euro)

Deferred tax liabilities	As of January 1, 2015	Exchange rate difference and other movements	Business combinations	Income statements	Tax charged/(credited) to equity	As of December 31, 2015
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
Total	**501,755**	**49,346**	—	**6,382**	**798**	**558,283**

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:

(in thousands of Euro)

Year ending December 31:	Amount
2016	18,401
2017	21,037
2018	18,152
2019	22,761
2020	13,273
Subsequent years	7,976
Total	**101,600**

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.

18. INCOME TAXES PAYABLE

The balance is detailed below:

(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)
Total	**34,179**	**42,603**

19. SHORT-TERM PROVISIONS FOR RISKS AND OTHER CHARGES

The balance is detailed below:

(in thousands of Euro)	Legal risk	Self insurance	Tax provision	Other risks	Returns	Total
Balance as of December 31, 2013	**997**	**5,535**	**63,928**	**14,772**	**38,455**	**123,688**
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
Balance as of December 31, 2014	**1,911**	**6,375**	**104,076**	**28,225**	**47,132**	**187,719**
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
Balance as of December 31, 2015	**2,032**	**8,314**	**25,146**	**34,096**	**49,191**	**118,779**

Legal risk includes provisions for various litigated matters that have occurred in the ordinary course of business.

Self-insurance includes provisions for certain self-insured 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.

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.

20. OTHER LIABILITIES

The balance is detailed below:

(in thousands of Euro)	As of December 31	
	2015	2014
Salaries payable	334,519	291,175
Sales taxes payable	37,976	40,237
Due to social security authorities	36,119	41,106
Leasing rental	23,823	19,405
Insurance	11,521	10,147
Sales commissions payable	7,314	7,079
Premiums and discounts	4,066	9,989
Royalties payable	3,003	2,298
Derivative financial liabilities	2,173	4,376
Other financial liabilities	143,231	151,526
Total financial liabilities	**603,745**	**577,338**
Deferred income	60,998	52,722
Other liabilities	6,681	5,995
Total liabilities	**67,679**	**58,717**
Total other current liabilities	**671,424**	**636,055**

The increase in salaries payable is mainly due to the strengthening of the foreign currencies in which the Group operates, to higher salaries and bonuses earned by employees in 2015 and liabilities related to non-recurring transactions as reported in Note 33.

NON-CURRENT LIABILITIES

21. LONG-TERM DEBT

Long-term debt was Euro 1,760.0 million (including Euro 44.9 millon due in 2016) and Euro 2,315.2 million (Euro 626.8 million due in 2015) as of December 31, 2015 and 2014, respectively.

The roll-forward of long-term debt as of December 31, 2015 and 2014, is as follows (amounts in thousands of Euro):

(in thousands of Euro)	Luxottica Group S.p.A. credit agreement with various financial institutions	Senior unsecured guaranteed notes	Other loans with banks and other third parties, interest at various rates, payable in installments through 2015	Total
Balance as of January 1, 2015	**—**	**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
Balance as of December 31, 2015	**—**	**1,725,967**	**34,019**	**1,759,986**

(in thousands of Euro)	Luxottica Group S.p.A. credit agreement with various financial institutions	Senior unsecured guaranteed notes	Other loans with banks and other third parties, interest at various rates, payable in installments through 2015	Total
Balance as of January 1, 2014	**298,478**	**1,683,970**	**52,061**	**2,034,510**
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
Balance as of December 31, 2014	**—**	**2,271,171**	**44,032**	**2,315,203**

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.

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	Luxottica US Holdings	January 29, 2010	USD	50,000,000	50,000,000	5.190%	5.190%	January 29, 2017
Private Placement	G	Luxottica Group S.p.A.	September 30, 2010	EUR	50,000,000	50,000,000	3.750%	3.750%	September 15, 2017
Private Placement	C	Luxottica US Holdings	July 1, 2008	USD	128,000,000	128,000,000	6.770%	6.770%	July 1, 2018
Private Placement	F	Luxottica US Holdings	January 29, 2010	USD	75,000,000	75,000,000	5.390%	5.390%	January 29, 2019
Bond (Listed on Luxembourg Stock Exchange)		Luxottica Group S.p.A.	March 19, 2012	EUR	500,000,000	500,000,000	3.625%	3.625%	March 19, 2019
Private Placement	E	Luxottica US Holdings	January 29, 2010	USD	50,000,000	50,000,000	5.750%	5.750%	January 29, 2020
Private Placement	H	Luxottica Group S.p.A.	September 30, 2010	EUR	50,000,000	50,000,000	4.250%	4.250%	September 15, 2020
Private Placement	I	Luxottica US Holdings	December 15, 2011	USD	350,000,000	350,000,000	4.350%	4.350%	December 15, 2021
Bond (Listed on Luxembourg Stock Exchange)		Luxottica Group S.p.A.	February 10, 2014	EUR	500,000,000	500,000,000	2.625%	2.625%	February 10, 2024

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.

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 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 guaranteed by Luxottica Group, Luxottica S.r.l. and U.S. Holdings prior to its stated maturity. The agent for this credit facility is Unicredit AG Milan Branch and the other lending banks are Bank of America Securities Limited, Citigroup Global Markets Limited, Crédit 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 issued on November 10, 2010 (ISIN XS0557635777).

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 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:

(in thousands of Euro)

Year ended December 31	Amount
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)
Total	**1,759,986**

The net financial position and disclosure required by the Consob communication n. DEM/6064293 dated July 28, 2006 and by the CESR recommendation dated February 10, 2005 "Recommendation for the consistent application of the European Commission regulation on Prospectus" is as follows:

			As fo December 31,	
	(in thousands of Euro)	Notes	2015	2014
A	Cash and cash equivalents	6	864,852	1,453,587
B	Other availabilities		—	—
C	Hedging instruments on foreign exchange rates	9	2,055	1,008
D	**Availabilities (A) + (B) + (C)**		**866,907**	**1,454,595**
E	**Current Investments**			
F	Bank overdrafts	15	110,450	151,303
G	Current portion of long-term debt	16	44,882	626,788
H	Hedging instruments on foreign exchange rates	20	2,173	4,376
I	Hedging instruments on interest rates	20	—	—
J	**Current Liabilities (F) + (G) + (H) + (I)**		**157,505**	**782,467**
K	**Net Liquidity (J) − (E) − (D)**		**(709,402)**	**(672,128)**
L	Long-term debt	21	415	827
M	Notes payables	21	1,690,599	1,666,573
N	Hedging instruments on interest rates	24	—	—
O	Other non-debt		24,090	21,015
P	**Total Non-Current Liabilities (L) + (M) + (N) + (O)**		**1,715,104**	**1,688,415**
Q	**Net Financial Position (K) + (P)**		**1,005,702**	**1,016,287**

A reconciliation between the net financial position above and the net financial position presented in the Management Report is as follows:

(in thousands of Euro)	As of December 31, 2015	2014
Net Financial Position, as presented in the Notes	**1,005,702**	**1,016,287**
Hedging instruments on foreign exchange rates	2,055	1,008
Hedging instruments on interest rates—ST	—	—
Hedging instruments on foreign exchange rates	(2,173)	(4,376)
Hedging instruments on interest rates—LT	—	—
Net Financial Position	**1,005,584**	**1,012,918**

Our net financial position with respect to related parties is not material.

Long-term debt includes finance lease liabilities of Euro 33.6 million (Euro 25.2 million as of December 31, 2014).

(in thousands of Euro)	As of December 31, 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
	36,627	**38,116**
Future finance charges on finance lease liabilities	3,072	12,948
Present values of finance lease liabilities	**33,555**	**25,168**

The present value of finance lease liabilities is as follows:

(in thousands of Euro)	As of December 31, 2015	2014
– no later than 1 year	9,467	4,157
– later than 1 year and no later than 5 years	20,414	13,594
– later than 5 years	3,674	7,417
Present values of finance lease liabilities	**33,555**	**25,168**

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 into P&L in future years 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 and Euro 20.6 million for the years 2015 and 2014, 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:

Economic Assumptions	2015	2014
Discount rate	2.00%	1.50%
Annual TFR increase rate	2.81%	2.81%
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
Retirement probability:	Assuming the attainment of the first of the retirement requirements applicable for the Assicurazione Generale Obbligatoria (General Mandatory Insurance)	Assuming the attainment of the first of the retirement requirements applicable for the Assicurazione Generale Obbligatoria (General Mandatory Insurance)

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.

Movements in liabilities during the course of the year are detailed in the following table:

	As of December 31,	
(in thousands of Euro)	**2015**	**2014**
Liabilities at the beginning of the period	41,771	38,095
Expenses for interests	614	1,160
Change in the revaluation rate		(750)
Actuarial loss (income)	(2,611)	5,804
Benefits paid	(1,755)	(2,538)
Liabilities at the end of the period	**38,019**	**41,771**

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. The pension liability and expense associated with this plan are accrued using the same actuarial methods and assumptions as those used for the qualified pension plan. 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. The pension liability and expense associated with this plan are accrued using the same actuarial methods and assumptions as those used for the qualified pension plan.

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.

The following tables provide key information pertaining to the Lux Pension Plan and SERPs (amounts in thousands of Euro).

(In thousands of Euro)

Lux Pension Plan	**Benefit Obligation**	**Plan Assets**	**Total**
At January 1, 2014	**495,737**	**(479,297)**	**16,440**
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
At December 31, 2014	**683,753**	**(609,389)**	**74,364**

(In thousands of Euro)

Lux Pension Plan	**Benefit Obligation**	**Plan Assets**	**Total**
At January 1, 2015	**683,753**	**(609,389)**	**74,364**
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
At December 31, 2015	**753,083**	**(678,133)**	**74,950**

(In thousands of Euro)

SERP	Benefit Obligation	Plan Assets	Total
At January 1, 2014	**8,689**	**—**	**8,689**
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
At December 31, 2014	**9,870**	**—**	**9,870**

(In thousands of Euro)

SERP	Benefit Obligation	Plan Assets	Total
At January 1, 2015	**9,870**	**—**	**9,870**
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
At December 31, 2015	**9,918**	**—**	**9,918**

During 2015 and 2014, the Lux SERP settled a portion of its benefit obligations through lump-sum cash payments to certain plan participants.

The following tables show the main assumptions used to determine the benefit obligation for the periods indicated below.

	Pension Plan		SERPs	
(in thousands of Euro)	2015	2014	2015	2014
Weighted-average assumptions used to determine benefit obligations:				
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	Static 2015	Static 2014	Static 2015	Static 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):

(in thousands of Euro)	Change inassumption	Impact on defined benefit obligation Increase in assumption		Decrease in assumption	
		Pension Plan	SERPs	Pension Plan	SERPs
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. 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 Category	Asset Class as a Percent of Total Assets
Fixed income Funds	34%
U.S. Equity Funds	22%
International and Global Equity Funds	37%
Global real estate funds	6%
Money marlet 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.pA. 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):

(in thousands of Euro)

Estimated Future Benefit Payments	Pension Plan	SERPs
2015	30,225	450
2016	31,068	963
2017	33,116	969
2018	40,017	929
2019	44,832	536
2020 – 2024	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.

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 each 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 at December 31, 2015 and 2014, respectively.

U.S. Holdings sponsors certain defined contribution plans for its United States and Puerto Rico employees. The cost of contributions incurred in 2015 and 2014 was Euro 13.2 million and Euro 9.5 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 and 2014 was Euro 2.9 million and Euro 2.3 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 and 2014 as well as the 2016 expected contributions are immaterial.

For 2016, a 7.2% (8.0% for 2015) 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 determining the accumulated postretirement benefit obligation was 4.5% at December 31, 2015 and 4.2% at December 31, 2014. 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):

(in thousands of Euro)	Legal risk	Self-insurance	Tax provision	Other risks	Total
Balance as of December 31, 2013	**9,944**	**23,481**	**45,556**	**18,563**	**97,544**
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
Balance as of December 31, 2014	**10,755**	**24,548**	**48,771**	**15,149**	**99,223**
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
Balance as of December 31, 2015	**9,943**	**26,922**	**35,640**	**32,003**	**104,508**

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.

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 its shares. The agreement is between the Company and Kepler Capital Markets SA.

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 maily due to the payment of dividends to non-controlling interest 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):

	As of December 31,	
(in thousands of Euro)	2015	2014
Sales of products	8,315,968	7,138,541
Vison care business	382,828	388,126
Eye-exam and related professional fees	113,461	105,860
Franchisee revenues	24,321	19,790
Total net sales	**8,836,578**	**7,652,317**

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):

(in thousands of Euro)	As of December 31, 2015	2014
Cost of sales	2,835,426	2,574,685
Selling and advertising	3,537,224	3,013,399
General and administrative	1,087,484	906,620
Total expenses by function	**7,460,134**	**6,494,704**
Employee benefits expense	2,619,390	2,241,514
Consumption	1,447,548	1,347,155
Production costs	427,596	416,717
Logistics costs	185,791	160,855
Depreciation and amortization	476,888	383,996
Operating lease expense	684,445	573,091
Advertising media and promotion expenses	341,749	287,519
Trade marketing	185,192	167,955
Royalties	168,669	149,952
Share-based compensation expense	49,692	31,826
Other	873,174	734,123
Total expenses by nature	**7,460,134**	**6,494,704**

OTHER INCOME/(EXPENSE)

The composition of other income/(expense) is as follows (amounts in thousands of Euro):

(in thousands of Euro)	As of December 31,	
INTEREST EXPENSE	**2015**	**2014**
Interest expense on bank overdrafts	(902)	(1,346)
Interest expense on loans	(92,138)	(95,409)
Financial expense on derivatives	(8,322)	(6,728)
Other interest expense	(5,077)	(6,176)
Total interest expense	**(106,439)**	**(109,659)**

(in thousands of Euro)	As of December 31,	
INTEREST INCOME	**2015**	**2014**
Interest income on bank accounts	8,100	9,103
Financial income on derivatives	1,666	804
Interest income on loans	1,424	1,765
Total interest income	**11,190**	**11,672**

(in thousands of Euro)	As of December 31,	
OTHER—NET	**2015**	**2014**
Other—net from derivative financial instruments and translation differences	(4,794)	711
Other—net	1,512	(256)
Total other—net	**(3,281)**	**455**

PROVISION FOR INCOME TAXES

The income tax provision is as follows:

(in thousands of Euro)	As of December 31,	
INCOME TAX PROVISION	**2015**	**2014**
Current taxes	(484,652)	(424,966)
Deferred taxes	13,610	10,900
Total income tax provision	**(471,042)**	**(414,066)**

The increase in current taxes was primarily due to the increase in earnings before taxes.

The reconciliation between the Italian statutory tax rate and the effective rate is shown below:

	As of December 31,	
(in thousands of Euro)	**2015**	**2014**
Italian statutory tax rate	31.4%	31.4%
Aggregate effect of different tax rates in foreign jurisdictions	4.1%	4.8%
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%
Adjustment for the reorganization of Oakley and other minor projects	0.6%	—
Aggregate other effects	0.8%	—
Effective rate	**36.9%**	**39.1%**

For an analysis of the main changes in 2015 as compared to 2014 please refer paragraph 3 “Financial Results” of the “Management Report.”

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	Amount
2016	106,120
2017	123,131
2018	120,761
2019	104,945
2020	103,470
Subsequent years	349,509
Total	**907,936**

Rentals, leasing and licenses

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 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:

	As of December 31,	
(in thousands of Euro)	2015	2014
Minimum lease payments	434,172	377,570
Additional lease payments	153,792	134,113
Sublease payments received	(28,502)	(23,029)
Total	**559,462**	**488,654**

Future rental commitments, including contracted rent payments and contingent minimums, are as follows:

(in thousands of Euro)

Year ending December 31	
2016	375,141
2017	288,921
2018	225,815
2019	177,958
2020	139,673
Subsequent years	270,276
Total	**1,477,785**

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.

Future minimum amounts to be paid for endorsement contracts and supplier purchase commitments are as follows:

(in thousands of Euro)

Year ending December 31	Endorsement contracts	Supply commitments	Other commitments
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	—
Total	**19,043**	**59,026**	**214,817**

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, 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 Company'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 and Euro 0.8 million in 2014. Management believes that the terms of the license agreement are fair to the Company.

Lease of the Office Building in Milan

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 no. 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 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, 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.

Granting of shares to employees

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. The transaction which was finalized on October 12, 2015 involved an aggregate of 119,755 Luxottica treasury shares. The gift was accounted for as a share-based payment under IFRS 2 based on which the Group recorded a total expense of Euro 7.4 million. Delfin S.à.r.l. will reimburse the Company for the value of this share grant.

A summary of related party transactions as of December 31, 2015 and 2014 is provided below.

(in thousands of Euro)

As of December 31, 2015	Consolidated Statement of Income		Consolidated Statement of Financial Position	
Related parties	**Revenues**	**Costs**	**Assets**	**Liabilities**
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
Total	**25,285**	**62,820**	**77,456**	**17,763**

(in thousands of Euro)

As of December 31, 2015	Consolidated Statement of Income		Consolidated Statement of Financial Position	
Related parties	**Revenues**	**Costs**	**Assets**	**Liabilities**
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
Total	**22,061**	**79,798**	**63,701**	**20,937**

Total remuneration due to key managers amounted to approximately Euro 50.8 million and Euro 53.1 million in 2015 and 2014, respectively.

In 2015 and in 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 and 2014 amounting to Euro 804.1 million and Euro 642.6 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 in 2014. Diluted earnings per share in 2015 were equal to Euro 1.67 compared to Euro 1.34 in 2014.

The table reported below provides the reconciliation between the average weighted number of shares utilized to calculate basic and diluted earnings per share:

	2015	**2014**
Weighted average shares outstanding—basic	479,553,693	475,947,763
Effect of dilutive stock options	2,519,669	3,299,427
Weighted average shares outstanding—dilutive	482,073,361	479,247,190
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

31. ATYPICAL AND/OR UNUSUAL OPERATIONS

There were no atypical and/or unusual transactions, as defined by the Consob communication n. 6064293 dated July 28, 2006, that occurred in 2015 or 2014.

32. 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 and 2014.

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):

	2015		2014	
(in thousands of Euro)	Assets	Liabilities	Assets	Liabilities
Interest rate swaps—cash flow hedge	—	—	—	—
Forward contracts—cash flow hedge	2,055	(2,173)	1,008	(4,376)
Total	**2,055**	**(2,173)**	**1,008**	**(4,376)**
of which:				
Non-current portion				
Interest rate swaps—cash flow hedge	—	—	—	—
Forward contracts—cash flow hedge	—	—	—	—
Total	—	—	—	—
Current portion	**2,055**	**(2,173)**	**1,008**	**(4,376)**

The table below shows movements in the stockholders' equity due to the reserve for cash flow hedges (amounts in thousands of Euro):

Balance as of January 1, 2014	**(318)**
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)
Balance as of December 31, 2014	—

Interest rate swaps

As of December 31, 2015 and 2014, there were no interest rate swap instruments.

33. NON-RECURRING TRANSACTIONS

During 2015, the Group incurred non-recurring expenses related to the integration of Oakley and other minor projects with a Euro 66.4 million impact on operating income and an approximately Euro 49.8 million impact on net income. These costs primarily relate to severance expenses and asset write-offs.

In 2014, the Group recorded a non-recurring expenditure amounting to Euro 20 million (Euro 10.9 million net of taxes) related to the termination agreement of the employment relationship and the administration relationship between the forme Group CEOs Andrea Guerra and Enrico Cavatorta and Luxottica Group SpA. The group recorded a tax benefit of approximately Euro 5.5 million related to the above mentioned costs. In the last quarter of 2014, the Group recorded a non-recurring expense of Euro 30.3 million for the tax audit related to Luxottica S.r.l. (fiscal years from 2008 to 2011).

34. 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
- 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.

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
Total	**55,909,800**	**33,153,333**

(*) 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 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. The transaction which was finalized on October 12, 2015 involved an aggregate of 119,755 Luxottica treasury shares. The gift was accounted for as a share-based payment under IFRS 2 based on which the Group recorded a total expense of Euro 7.4 million.

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:

(in Euro)	PSP 2015
Share price at the grant date (in Euro)	60.02
Expected option life	3 years
Dividend yield	1.39%

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
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
Total			**6,647,170**	**1,581,960**	**(486,962)**	**(2,480,528)**	-	**5,261,640**

Options exercisable on December 31, 2015 are summarized in the following table:

	Number of options exercisable as of December 31, 2015
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
Total	**1,661,700**

The remaining contractual life of plans in effect on December 31, 2015 is highlighted in the following table:

	Remaining contractual life in years
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

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.

The Group has recorded an expense for the ordinary stock option plans of Euro 1.6 million and Euro 6.1 million in 2015 and 2014, respectively. For the 2010, 2011, 2012, 2013, 2014 and 2015 PSPs, the Group recorded an expense of Euro 40.7 million and Euro 24.9 million in 2015 and 2014, respectively.

The PSP plans are conditional upon satisfying service as well as performance conditions.

35. 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.

36. 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:

(in million of Euro except percentages)	2015	2014
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%

37. SUBSEQUENT EVENTS

On January 29, 2016, Mr. Adil Mehboob-Khan ceased as Director of the Company and as the Group's CEO for Markets and from his other administrative roles effective February 29, 2016. Pursuant to his termination agreement, 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. 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 of Luxottica Group S.p.A. At the same time, the Board of Directors approved a modification to our governance structure by assigning responsibility for Markets, a role formerly held by Mr. Adil 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 & Operations and will assist the Executive Chairman.

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 agreement will be effective from January 2017. The first collection presented under the agreement will be available in 2017.

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Milan, March 1, 2016

Luxottica Group S.p.A.

On behalf of the Board of Directors

Leonardo Del Vecchio	Massimo Vian
(Executive Chairman)	(C.E.O for Product and Operations)

5. *ATTACHMENT*

Attachment 1

EXCHANGE RATES USED TO TRANSLATE FINANCIAL STATEMENTS PREPARED IN CURRENCIES OTHER THAN THE EURO

	Average exchange rate as of December 31, 2015	Final exchange rate as of December 31, 2015	Average exchange rate as of December 31, 2014	Final exchange rate as of December 31, 2014
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

6. CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PERSUANT TO ARTICLE 154 BIS OF THE LEGISLATIVE DECREE 58/98

Certification of the consolidated financial statements pursuant to Article 154 bis of Legislative Decree 58/98

1. The undersigned Leonardo Del Vecchio, as Executive President, Massimo Vian, as chief executive officer for Product and Operations, and Stefano Grassi, as chief financial officer of Luxottica Group SpA, having also taken into account the provisions of Article 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the characteristics of the Company and
- the effective implementation

of the administrative and accounting procedures for the preparation of the consolidated financial statements over the course of the year 2015.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the consolidated financial statements as of December 31, 2015 was based on a process developed by Luxottica Group S.p.A. in accordance with the model Internal Control – Integrated Framework as issued by the Committee of Sponsoring organizations of the Tradeway Commission which is a framework generally accepted internationally.

3. It is also certified that:

3.1 the consolidated financial statements:

a) have been drawn up in accordance with the international accounting standards recognized in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002, and the provisions which implement ART. 9 of the legislative decree 38/2005;
b) is consistent with the entries in the accounting books and records;
c) is capable of providing a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer.

3.2 The management report on of the consolidated financial statements includes a reliable analysis of operating trends and the result of the period as well as the situation of the issuer and of the companies included within the scope of consolidation; a description of the primary risks and uncertainties to which the Group is exposed is also included.

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Milan, March 1, 2016

Luxottica Group S.p.A.

On behalf of the Board of Directors

Leonardo Del Vecchio	Massimo Vian	Stefano Grassi
(Executive Chairman)	(C.E.O for Product and Operations)	(Manager charged with preparing the Company's financial reports)

7. AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE 39 OF 27 JANUARY 2010

To the shareholders of
Luxottica Group SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Luxottica Group, which comprise the statement of financial position as of 31 December 2015, the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and the notes.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity preparation of consolidated financial statements that give a true and fair view, to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Luxottica Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05.

Report on compliance with other laws and regulations

Opinion on the consistency with the consolidated financial statements of the management report and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion, as required by law, on the consistency of the management report and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/98, which are the responsibility of the directors of Luxottica Group SpA, with the consolidated financial statements of the Luxottica Group as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Luxottica Group as of 31 December 2015.

Milan, 5 April 2016

PricewaterhouseCoopers SpA

Signed by

Stefano Bravo
(Partner)

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

8. *SEPARATE FINANCIAL STATEMENTS*

Luxottica Group S.p.A.

Registered office in Piazzale Luigi Cadorna 3 – 20123 Milan (Italy)

Capital stock Euro 29,019,199.98

Authorized and issued

SEPARATE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2015 AND 2014

(in euro)

ASSETS	Notes	12/31/2015	of which related parties	12/31/2014	of which related parties
CURRENT ASSETS					
Cash and cash equivalents	4	223,181,140		390,572,844	
Accounts receivable	5	281,524,719	278,708,089	414,921,845	412,302,437
Inventories	6	156,727,632		121,184,479	
Taxes receivable	7	18,529,406		20,556,876	
Derivative financial instruments	8	1,395,827	12,061	702,604	702,604
Other assets	9	454,659,236	418,727,889	79,028,833	38,321,871
Total current assets		**1,136,017,960**	**697,448,039**	**1,026,967,481**	**451,326,912**
NON-CURRENT ASSETS					
Property, plant and equipment	10	96,428,265		92,595,573	
Intangible assets	11	270,232,435		285,961,226	
Investments in subsidiaries	12	3,480,317,231	3,480,317,231	3,454,216,848	3,454,216,848
Investments in associates	12	45,561,463	45,561,463	45,000,000	45,000,000
Deferred tax assets	13	57,772,185		29,546,880	
Other assets	14	23,578,933		47,472,562	2,029,338
Total non-current assets		**3,973,890,512**	**3,525,878,694**	**3,954,793,089**	**3,501,246,186**
TOTAL ASSETS		**5,109,908,472**	**4,223,326,733**	**4,981,760,570**	**3,952,573,098**

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	12/31/2015	of which related parties	12/31/2014	of which related parties
CURRENT LIABILITIES					
Current portion of long-term debt	15	51,549,539	23,327,608	528,727,826	28,726,564
Short-term provisions for risks and other charges	16	13,031,719		8,279,804	
Accounts payable	17	407,471,569	174,906,679	334,149,196	124,204,533
Income taxes payable	18	44,634,383		45,579,450	
Derivative financial instruments	19	2,053,891	19,607	5,121,268	4,524,039
Other liabilities	20	664,893,164	608,029,006	56,476,082	6,211,487
Total current liabilities		**1,183,634,265**	**806,282,900**	**978,333,626**	**163,666,623**
NON-CURRENT LIABILITIES					
Long-term debt	21	1,092,626,239		1,118,959,755	
Long-term provisions for risks and other charges	22	738,958		811,790	
Employee benefits	23	6,877,725		7,466,433	
Total non-current liabilities		**1,100,242,922**		**1,127,237,978**	
STOCKHOLDERS' EQUITY					
Capital stock	24	29,019,200		28,900,295	
Legal reserve	24	5,785,402		5,736,259	
Other reserves	24	2,311,812,808		2,367,400,859	
Treasury shares	24	(61,756,887)		(73,874,533)	
Net income	24	541,170,762		548,026,086	
Total stockholders' equity		**2,826,031,285**		**2,876,188,966**	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**5,109,908,472**	**806,282,900**	**4,981,760,570**	**163,666,623**

STATEMENT OF INCOME

(in euro)

STATEMENT OF INCOME	Notes	12/31/2015	of which related parties	12/31/2014	of which related parties
Net sales	25	2,721,277,830	2,705,847,742	2,384,243,964	2,376,165,401
Other revenue and income	26	149,913,938	145,165,705	130,401,484	127,203,082
Changes in inventories	27	35,543,151		(17,180,823)	
Cost of goods purchased	28	(1,365,895,092)	(1,294,463,663)	(1,160,771,831)	(1,098,348,813)
Service costs	29	(233,969,153)	(8,205,775)	(199,108,426)	(7,007,057)
License and lease costs	30	(234,301,165)	(17,124,374)	(197,497,586)	(22,391,183)
Amortization and depreciation	31	(63,392,938)		(56,952,405)	
Personnel costs	32	(169,032,853)	16,139,411	(156,089,034)	11,871,644
of which non-recurring costs				*(20,000,000)*	
Other operating expenses	33	(16,978,955)	(2,301,986)	(10,829,965)	(535,907)
Income from operations		**823,164,763**	**1,545,057,059**	**716,215,378**	**1,386,957,167**
Income and expense from investments	34	19,865,776	19,865,776	108,074,660	108,074,660
Finance income	35	4,809,593	2,723,257	6,294,090	2,129,780
Finance expense	36	(73,627,929)	(10,522,321)	(76,885,701)	(10,375,908)
Foreign currency hedge and exchange difference gains	37	139,276,469	75,902,816	70,763,007	12,032,455
Foreign currency hedge and exchange difference losses	37	(140,306,317)	(81,676,472)	(71,641,856)	(24,746,424)
Total other income and expense		**(49,982,408)**	**6,293,056**	**36,604,200**	**87,114,563**
Income before provision for income taxes		**773,182,355**	**1,551,350,115**	**752,819,578**	**1,474,071,730**
Provision for income taxes	38	(232,011,593)		(204,793,492)	
Net income		**541,170,762**	**1,551,350,115**	**548,026,086**	**1,474,071,730**

STATEMENT OF COMPREHENSIVE INCOME

(in euro)

STATEMENT OF COMPREHENSIVE INCOME	Notes	12/31/2015	of which related parties	12/31/2014	of which related parties
Net income for the period		*541,170,762*		*548,026,086*	
Other comprehensive income:					
Actuarial gains/(losses) on defined benefit pension plans	24	363,441		(955,503)	
of which tax effect:		*134,609*		*(170,702)*	
Total other comprehensive income/(loss), net of tax		*363,441*		*(955,503)*	
Comprehensive income for the period		**541,534,203**		**547,070,583**	

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(in euro)

	Capital stock										
	Number of shares	**Amount**	**Additional paid-in capital**	**Legal reserve**	**Extraordinary reserve**	**IAS reserve**	**Other reserves**	**Treasury shares**	**Equity reserve (merger/demerger)**	**Net income for the period**	**Stockholders' equity**
Balances at January 1, 2014	**477,560,673**	**28,653,640**	**327,255,325**	**5,712,410**	**1,011,265,443**	**643,130,272**	**-**	**(83,059,861)**	**148,324,973**	**454,366,669**	**2,535,648,871**
Net income for the period										548,026,086	**548,026,086**
Other comprehensive income for the period:											
											-
Actuarial gains/losses						(955,503)					**(955,503)**
Total comprehensive income at December 31, 2014						**(955,503)**				**548,026,086**	**547,070,583**
Capital increase	*4,110,910*	246,655	69,739,980				-				**69,986,635**
Non-cash stock based compensation						31,825,900					**31,825,900**
Granting of treasury shares					(9,185,328)			9,185,328			-
						-					
Dividends paid (Euro 0.65 per share)										(308,343,023)	**(308,343,023)**
Allocation of prior year net income				23,849	145,999,797					(146,023,646)	-
Balances at December 31, 2014	***481,671,583***	**28,900,295**	**396,995,305**	**5,736,259**	**1,148,079,912**	**674,000,669**	**-**	**(73,874,533)**	**148,324,973**	**548,026,086**	**2,876,188,966**
Balances at January 1, 2015	***481,671,583***	**28,900,295**	**396,995,305**	**5,736,259**	**1,148,079,912**	**674,000,669**	**-**	**(73,874,533)**	**148,324,973**	**548,026,086**	**2,876,188,966**
Net income for the period										541,170,762	**541,170,762**
Other comprehensive income for the period:											
Actuarial gains/losses						363,441					**363,441**
Total comprehensive income at December 31, 2015						**363,441**				**541,170,762**	**541,534,203**

Capital increase	*1,981,750*	118,905	47,560,390				-				**47,679,295**
Non-cash stock based compensation						49,738,731					**49,738,731**
Granting of treasury shares					(12,117,646)			12,117,646			-
Recharge of treasury shares to subsidiaries					7,170,508						**7,170,508**
Dividends paid (Euro 1.44 per share)										(689,713,756)	**(689,713,756)**
Allocation of prior year net income				49,143	(141,736,813)					141,687,670	-
Other changes					312,493			(6,879,155)			**(6,566,662)**
Balances at December 31, 2015	***483,653,333***	**29,019,200**	**444,555,695**	**5,785,402**	**1,001,708,454**	**724,102,841**	**-**	**(68,636,042)**	**148,324,973**	**541,170,762**	**2,826,031,285**

STATEMENT OF CASH FLOWS

	(in euro)	Notes	12/31/2015	of which related parties	12/31/2014	of which related parties
	Income before provision for income taxes, net of dividend income		**681,527,647**	**1,531,484,339**	**644,744,918**	**1,365,997,070**
	Stock-based compensation	32	24,226,842	-	13,416,589	-
	Amortization, depreciation and impairment	31	135,181,870	-	56,952,405	-
	Finance expense	36	63,269,506	4,654,815	65,989,603	9,747,420
	Finance income	35	(3,065,380)	(1,018,109)	(6,338,676)	(2,129,779)
	Changes in accounts receivable	5	133,397,126	133,594,348	(74,228,786)	(72,617,718)
	Changes in accounts payable	17	67,349,554	50,702,146	41,818,616	7,960,176
	Changes in other assets/liabilities		53,787,034	16,387,615	61,888,880	5,642,342
	Changes in inventories	6	(35,543,153)	-	17,180,826	-
	Total non-cash adjustments		**438,603,399**	**204,320,815**	**176,679,457**	**(51,397,559)**
	Interest paid		(61,720,267)	(3,393,923)	(54,296,762)	(9,747,420)
	Interest received		2,923,942	668,745	5,727,202	2,129,779
	Taxes paid		(275,091,837)	-	(185,841,080)	-
	Dividend income	34	91,654,708	91,654,708	108,074,660	108,074,660
	Total cash adjustments		**(242,233,454)**	**88,929,530**	**(126,335,980)**	**100,457,019**
A	**Cash generated from operating activities**		**877,897,592**	**1,824,734,684**	**695,088,395**	**1,415,056,530**
	(Purchase)/disposal of property, plant and equipment					
	§ Purchase	10	(11,666,534)	-	(14,110,915)	-
	§ Disposal	10	146,064	-	120,966	-
	(Purchase)/disposal of intangible assets					
	§ Purchase	11	(36,776,383)	-	(36,135,955)	-
	§ Disposal	11	2,772,834	-	3,048,354	-
	Changes in investments in subsidiaries					
	§ Increase	12	(83,474,493)	(83,474,493)	(243,909,104)	(243,909,104)
	§ Liquidation	12	5,248,727	5,248,727	8,726,360	8,726,360
	Dividends paid	24	(689,713,756)	-	(308,343,023)	-
B	**Cash used in investing activities**		**(813,463,541)**	**(78,225,766)**	**(590,603,317)**	**(235,182,744)**
	Long-term debt					
	§ Proceeds	21	23,861,699	-	510,492,308	
	§ Repayments	21	(527,373,036)	(27,211,725)	(324,083,643)	(24,078,305)
	Long-term loans given					
	§ Disbursements	14	-	-	(2,547,273)	(2,029,338)
	§ Repayments		2,761,699	-	-	-
	Changing in cash pooling payable and receivable	9/20	221,245,054	221,245,054	(104,819,676)	(104,819,676)
	Capital increase	24	47,679,295	-	69,986,635	-
C	**Cash generated from/(used in) financing activities**		**(231,825,289)**	**194,033,329**	**149,028,351**	**(130,927,319)**
D	**Cash and cash equivalents, beginning of period**		**390,571,582**	**-**	**137,058,153**	**-**
E	**Total cash flow generated from/(used) in period (A+B+C)**		**(167,391,238)**	**1,940,542,247**	**253,513,429**	**1,048,946,467**
	Cash and cash equivalents, end of period (D+E)		**223,180,344**	**-**	**390,571,582**	**-**

Milan, March 1, 2016

Luxottica Group S.p.A.

On behalf of the Board of Directors

Leonardo Del Vecchio	**Massimo Vian**
Executive Chairman	**CEO Product and Operations**

9. *NOTE TO THE SEPERATE FINANCIAL STATEMENTS*

Luxottica Group S.p.A.

Registered office in Piazzale Luigi Cadorna, 3 – 20123 Milan (Italy)

Capital stock Euro 29,019,199.98

authorized and issued

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015

GENERAL INFORMATION

Luxottica Group S.p.A. (the "Company") is a corporation listed on the Italian Stock Exchange and on the New York Stock Exchange, with its registered office located at Piazzale Cadorna 3, Milan (Italy).

The Company is organized under the laws of the Republic of Italy, has been incorporated with an indefinite term and is controlled by Delfin S.à.r.l., a Luxembourg-registered company.

During the period, the Company carried on its business of marketing prescription frames, sunglasses and eyewear and related products, through assuming and holding investments in other companies, as well as its activity of coordinating the Group's companies and managing its brands.

Luxottica Group S.p.A. and its subsidiaries (the "Group" or the "Luxottica Group") operate in two industry segments, from which the Group derives its revenue: (1) manufacturing and wholesale distribution and (2) retail distribution. Its manufacturing and wholesale distribution operations position the Group as world leader in the design, manufacture and distribution of house brand and designer prescription frames and sunglasses in the mid to premium segments of the market, and of sports eyewear, with a product range extending from high-end sunglasses to sports masks and prescription frames.

On January 19, 2015, the Board of Directors appointed Adil Mehboob-Khan as the Group CEO for Markets and Massimo Vian as the Group CEO for Product and Operations. The appointment of Adil Mehboob-Khan and Massimo Vian, and related assignment of all executive responsibilities, completed the Group's process of organizational change, providing it with a governance structure, that by aligning the Group's organizational model with its strategic vision, is more suited to the global competitive landscape and to capturing all the available opportunities for growth.

On April 16, 2015, the Company acquired the remaining 49% of the subsidiary Luxottica Nederland BV. The price paid for the acquisition was Euro 19 million.

On May 14, 2015, Luxottica Group S.p.A. and Prada S.p.A. announced the renewal until December 31, 2025 of the license agreement for the design, manufacture and exclusive worldwide distribution of prescription frames and sunglasses under the Prada and Miu Miu brands.

On May 19, 2015, Luxottica Group S.p.A. announced the grant of free treasury shares to the Group's employees in Italy in honor of the 80th birthday of its Chairman and Founder, Mr. Leonardo Del Vecchio. All costs of this share award, involving a total of 119,755 shares, have been assumed by Delfin S.à.r.l.

On June 25, 2015, Luxottica Group S.p.A. announced it had entered into an agreement with Kepler Capital Markets SA to enhance the market liquidity of its shares, in compliance with Consob market practices permitted under Resolution no. 16839 adopted on March 19, 2009 regarding activity to support market liquidity.

On July 1, 2015, Luxottica US Holdings, a subsidiary of the Company, repaid USD 127.0 million in respect of the Series B Unsecured Notes issued on July 1, 2008.

On July 29, 2015, the Company and Burberry Group announced the renewal until December 31, 2025 of the license agreement for the design, manufacture and exclusive worldwide distribution of sunglasses and prescription frames under the Burberry brand.

On November 10, 2015, the Company repaid a total of Euro 500 million in respect of the bond issued on November 10, 2010 which had reached maturity.

On December 16, 2015, Luxottica Group and Dolce&Gabbana announced the renewal until December 31, 2025 of the license agreement for the design, manufacture and exclusive worldwide distribution of prescription frames and sunglasses under the Dolce&Gabbana brand.

The present separate financial statements were authorized for publication by the Board of Directors of Luxottica Group S.p.A. in its meeting on March 1, 2016.

BASIS OF PREPARATION

In application of Italian Legislative Decree no. 38 of February 28, 2005 ("Exercise of options under Art. 5 of Regulation (EC) no.1606/2002 regarding international accounting standards"), the Company has prepared its separate financial statements as of December 31, 2015 in conformity with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union at the date of approving the financial statements.

The term "IFRS" is also understood to refer to all the international accounting standards ("IAS") and all the interpretations published by the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

REPORTING STRUCTURE AND DISCLOSURES

The Company's annual financial statements comprise the Statement of Financial Position, the Statement of Income, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Stockholders' Equity and the accompanying Notes.

The financial statements are presented on a comparative basis with the prior year.

The currency used by the Company for presenting the financial statements is the Euro and all amounts are expressed in whole Euros, unless otherwise stated.

The Company has adopted the following reporting structure for its financial statements:

- statement of financial position: assets and liabilities are classified according to current and non-current criteria;
- statement of income: costs are presented according to the nature of expense, in view of the type of business conducted. It should be noted, however, that the Luxottica Group presents its consolidated statement of income using a function of expense method since this is considered more in line with the way that internal financial reports are prepared and with how the business is run;
- statement of cash flows: this has been prepared using the indirect method.

Cash and cash equivalents reported in the statement of cash flows reflect the corresponding balances presented in the statement of financial position at the reporting date. Foreign currency cash flows have been translated at transaction date exchange rates.

In accordance with Consob Resolution no. 15519 dated July 27, 2006 concerning financial reporting formats, the financial statements contain separate presentation, as necessary, of any material related party balances and transactions. Lastly, it should be noted that the Company has applied the provisions of:

- Consob communication no. 6064293 dated July 27, 2006 concerning the disclosure of non-recurring transactions, atypical or unusual transactions and related party transactions;
- Bank of Italy/Consob/Isvap joint statement no. 2 dated February 6, 2009 concerning disclosures in financial reports about business continuity, financial risks, asset impairment testing and uncertainties in using estimates;

- Bank of Italy/Consob/Isvap joint statement no. 4 dated March 3, 2010 concerning disclosures in financial reports about impairment tests, terms of credit agreements, debt restructuring and the "fair value hierarchy”;
- Bank of Italy/Consob/Isvap joint statement no. 5 dated May 15, 2012 concerning the accounting treatment of deferred tax assets arising from Italian Law 214/2011.

The financial statements have been prepared under the historical cost convention, with the exception of certain financial assets and liabilities and stock options for which measurement at fair value is required.

The present financial statements have been prepared on a going concern basis since the Board of Directors has assessed that there are no financial, operating or other indicators that might point to difficulties in the Company's ability to meet its obligations in the foreseeable future and particularly in the next 12 months.

1. ACCOUNTING POLICIES AND PRINCIPLES

The accounting policies and principles adopted are consistent with those used to prepare the consolidated financial statements, to which reference should be made, except for the policies set out below:

Inventories. Inventories are stated at the lower of cost, determined using the average annual cost method for each product, which approximates the weighted average cost, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The reserves to write down obsolete or slow-moving raw materials and finished goods are calculated taking into account their expected future use and their net realizable value.

Investments in subsidiaries and associates. Investments in subsidiaries and associates are stated at cost, less any impairment losses. Any positive difference arising on acquisition, between acquisition cost and the investor's share of the net fair value of the investee's identifiable assets and liabilities, is therefore included in the carrying amount of the investment.

Impairment. An investment incurs an impairment loss when its carrying amount exceeds the recoverable amount. The carrying amount of investments are tested for impairment whenever there is internal or external evidence indicating that this amount might be impaired, in accordance with *IAS 36 - Impairment of Assets*.

In particular, among the indicators used to assess investment impairment is whether the parent has booked a dividend from the company and there is evidence that:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets, including associated goodwill, reported in the consolidated financial statements;

or

- the dividend exceeds the total comprehensive income of the investee in the period the dividend is declared.

The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use.

The fair value is the price that would be received from the sale of an asset or that would be paid to transfer a liability in an arm's length transaction between market participants at the transaction date.

The value in use is the present value of the future cash flows expected to be derived from an asset. In order to determine value in use, estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of income.

When an impairment loss is no longer justified, the carrying amount of the asset is increased to its new estimated recoverable amount, which may not exceed original cost. The reversal of an impairment loss is recognized immediately in the statement of income.

Share-based payments. The Company awards share-based benefits in the form of stock options or incentive stock options to employees as well as directors who habitually provide their services to one or more subsidiaries.

The Company applies *IFRS 2 - Share-Based Payment* to account for stock options; this requires goods or services acquired in an equity-settled share-based payment transaction to be measured at the fair value of the goods or services received or at the grant date fair value of the equity instruments granted. This methodology falls into Level 1 of the fair value hierarchy identified by IFRS 7.

This value is recognized in profit or loss on a straight-line basis over the vesting period, with a matching increase recorded in equity; the amount recognized is estimated by management, taking account of any vesting conditions. The fair value of stock options is determined using the binomial model.

Under *IFRS 2 - Share-Based Payment*, the total grant date fair value of stock options granted to employees of subsidiaries must be recognized in the statement of financial position, as an increase in the value of investments in subsidiaries, with the matching entry going directly to equity. When employees of a subsidiary exercise their options/shares, Luxottica Group S.p.A. will recharge the related cost to the subsidiary, recognizing a receivable in its regard while reducing the value of the related investment in the subsidiary. If the recharge is higher than the increase originally recognized in the value of the investment, the difference is treated as a gain through the statement of income.

Dividends. Dividend income is recognized when the investor's right to receive payment is established, following the declaration of a dividend by the investee's stockholders in general meeting.

Dividends payable by the Company are recognized as changes in stockholders' equity in the period in which they are approved by the stockholders in general meeting.

Derivative financial instruments. Derivative instruments are initially recognized at fair value through profit or loss. Financial derivatives that do not qualify for hedge accounting are subsequently measured at fair value through profit or loss.

2. RISK MANAGEMENT

Policies associated with the various hedging activities

The principal classes of risk to which the Company is exposed are interest rate risk and exchange rate risk.

Management constantly and continuously monitors financial risks to identify those assets and liabilities that might generate currency or interest rate risks, and hedges such risks according to the different market conditions and in compliance with the Financial Risk Policy revised by the Board of Directors on February 28, 2013.

Credit risk

Credit risk exists in relation to accounts receivable from customers outside the Group, cash and cash equivalents, financial instruments and deposits held with banks and other financial institutions.

With reference to credit risk relating to management of financial resources and cash, this is managed and monitored by the Treasury department, which adopts procedures to ensure that the Company operates with prime credit institutions. Credit limits for the principal financial counterparties are based on assessments and analyses conducted by the Treasury department.

Within the Group there are agreed guidelines governing relations with bank counterparties, and all Group companies comply with the directives of the “Financial Risk Policy”.

In general, bank counterparties are selected by the Treasury department and available cash may be deposited, over a certain limit, only with investment grade counterparties, as defined in the Policy.

Operations in derivatives have been completed centralized with the Company as from October 1, 2015. This activity continues to be carried out with investment grade counterparties with solid and proven experience of negotiating and executing derivatives, as defined in the Treasury Policy. This event has led to a significant increase in the Company's use of derivative financial instruments.

The same date also saw the centralization of the cash pooling systems used to manage the Group's cash flows, thanks to which dispersion of liquidity is avoided and borrowing costs minimized.

No circumstances arose during the year in which credit limits were exceeded. As far as the Company is aware, there are no contingent losses arising from the inability of the above counterparties to meet their contractual obligations.

Liquidity risk

With reference to the policies and decisions adopted for addressing liquidity risks, the Company takes suitable actions to be able to duly meet its obligations.

In particular, the Company:

- uses debt instruments or other credit lines to meet its liquidity requirements;
- uses different sources of financing and had Euro 79.7 million in available credit lines as of December 31, 2015;
- is not subject to significant concentrations of liquidity risk, either in terms of financial assets or sources of financing;

- uses different sources of bank financing, but also keeps a reserve of liquidity for promptly satisfying cash needs;
- takes part in a cash pooling system which helps manage the Group's cash flows more efficiently, by preventing the dispersion of liquidity and minimizing borrowing costs;
- monitors, through the Treasury department, forecasts as to how liquidity reserves will be used, based on cash flow projections.

Analysis of the principal financial assets and financial liabilities:

The following tables analyze the maturity of assets and liabilities as of December 31, 2015 and December 31, 2014. The figures presented are contractual undiscounted amounts. With reference to foreign exchange forwards, the asset tables report only those cash flows relating to the obligation to receive, which will be offset by the obligation to pay, reported in the liability tables. Cash flows relating to interest rate swaps refer to the settlement of the positive or negative interest differentials maturing in the different periods. The various maturity bands are determined according to the period running from the reporting date to the contractual maturity of the receipt or payment obligations. Balances maturing within 12 months approximate the carrying amount of the related liabilities since the effect of present value discounting is insignificant.

- Maturity of assets

(in thousands of Euro)

At December 31, 2015	Within 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
Cash and cash equivalents	223,181			
Derivative financial instruments	1,396			
Accounts receivable	281,525			
Other current assets	473,188			

At December 31, 2014	Within 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
Cash and cash equivalents	390,572			
Derivative financial instruments	703			
Accounts receivable	414,922			
Other current assets	99,586			

- Maturity of liabilities

(in thousands of Euro)

At December 31, 2015	Within 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
Long-term and short-term debt (*)	50,407	50,000	550,000	500,000
Finance lease liabilities	1,142	907		
Derivative financial instruments	2,054			
Accounts payable	407,472			
Other current liabilities	664,893			

(*) Excludes the effect of amortized cost of Euro (8.2) million.

At December 31, 2014	Within 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
Long-term and short-term debt	501,661	50,336	509,918	557,045
Finance lease liabilities	26,208			
Derivative financial instruments	5,121			
Accounts payable	334,149			
Other current liabilities	56,476			

Market risk

The Company is exposed to two types of risk:

a) Interest rate risk

The interest rate risk to which the Company is exposed mainly originates from its long-term debt, which carries both fixed and floating interest rates.

Based on various scenarios, the Company calculates the impact of a change in rates on the statement of income. Each simulation applies the same rate change (in terms of basis points) to all currencies. The various scenarios are developed for only those floating-rate liabilities not hedged against interest rate risk. Based on the simulations performed, the post-tax impact on net income for 2015 of a rate increase/decrease of 100 basis points, assuming all other variables remain equal, would be zero since there were no floating-rate loans present in 2015. The impact at December 31, 2014 would have been an increase of Euro 2 million or decrease of Euro 2 million respectively.

At December 31, 2015	**Increase of 100 basis points**		**Decrease of 100 basis points**	
(in millions of Euro)	Net income	Reserve	Net income	Reserve
Loans received	NA		NA	
Cash flow hedges		NA		NA

At December 31, 2014	**Increase of 100 basis points**		**Decrease of 100 basis points**	
(in millions of Euro)	Net income	Reserve	Net income	Reserve
Loans received	-2		+2	
Cash flow hedges		NA		NA

For the purposes of fully disclosing information about financial risks, the following table presents financial assets and financial liabilities in accordance with the classification criteria required by IFRS 7 (in thousands of Euro):

12/31/2015	Notes	Financial assets/liabilities at fair value through profit or loss	Loans and receivables/Debt	Derivatives
Cash and cash equivalents	4		223,181	
Accounts receivable	5		281,525	
Other current assets	9		454,659	
Current derivative financial instruments (assets)	8			1,396
Other non-current assets	14	23,579		
Current portion of long-term debt	15		(51,550)	
Accounts payable	17		(407,472)	
Other current liabilities	20		(664,893)	
Current derivative financial instruments (liabilities)	19			(2,054)
Long-term debt	21		(1,092,626)	

12/31/2014	Notes	Financial assets/liabilities at fair value through profit or loss	Loans and receivables/Debt	Derivatives
Cash and cash equivalents	4		390,573	
Accounts receivable	5		414,921	
Other current assets	9		79,029	
Current derivative financial instruments (assets)	8			703
Other non-current assets	14	47,473		
Current portion of long-term debt	15		(528,728)	
Accounts payable	17		(334,149)	
Other current liabilities	20		(56,476)	
Current derivative financial instruments (liabilities)	19			(5,121)
Long-term debt	21		(1,118,960)	

b) Currency risk

The main foreign exchange rate to which the Company is exposed is the Euro/Dollar rate.

A +/-10% change in the EUR/USD exchange rate, assuming all other variables remain equal, would have increased net income for 2015 by Euro 1.1 million and decreased it by Euro 1.3 million respectively. The impact of a +/-10% change on net income for 2014, assuming all other variables remain equal, would have increased it by Euro 8.3 million and decreased it by Euro 10.1 million respectively.

Default and negative pledge risk

The Company's credit agreements (ING Private Placement 2017-2020) call for compliance with negative pledges and financial covenants; however, the Company's bond issues (Bond maturing on March 19, 2019, Bond maturing on February 10, 2024) do not carry any obligations to comply with financial covenants.

The pledges and covenants contained in the credit agreements aim to restrict the Company's ability to use its assets as collateral without lender consent or by more than the established limit of 20% of Group stockholders' equity. Asset disposals by Group companies are similarly restricted to no more than 10% of consolidated assets.

Failure to comply with the above covenants, followed by failure to comply within the established grace period, could constitute a breach of credit agreement contractual obligations.

The financial covenants require the Company to comply with established financial ratios. The main such ratios are the Group's ratio of net debt to consolidated EBITDA and the ratio of consolidated EBITDA to finance expense.

The limits for these main covenants are as follows:

Net Financial Position/Proforma EBITDA	< 3.5
EBITDA/Finance Expense	>5
Covenants Priority Debt/Stockholders' Equity	<20%

An explanation of the meaning of the above covenants is provided below:

- *"Net Financial Position / Proforma EBITDA"*: this is an indicator of the prospective sustainability of debt repayments; the lower the absolute value, the greater the 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/ Finance Expense"*: this is an indicator of financial stress; the higher the value, the greater the company's ability to produce adequate resources to cover finance expense;
- *"Covenants Priority Debt / Stockholders' Equity"*: this is an indicator of the ability to achieve financial equilibrium between own and third-party sources of funding; the lower the ratio, the greater the company's ability to fund itself.

In the event the Group fails to comply with the above ratios, it could be required to make immediate repayment of the outstanding debt if it does not return within these limits in the period established by the different credit agreements.

The Group monitors the amount of the covenants at the end of every quarter and was in full compliance with them as at December 31, 2015. The Company also forecasts trends in these covenants in order to monitor future compliance; current forecasts show that the Group's ratios are below the limits that would trigger a possible breach of contract.

Disclosures relating to the fair value of derivative financial instruments

The Group uses valuation techniques based on observable market data (Mark to Model) to determine the fair value of its financial instruments; such techniques therefore fall into Level 2 of the fair value hierarchy identified by IFRS 13.

IFRS 13 identifies a three-level hierarchy of valuation techniques as follows:

- Level 1: inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs are those, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

- Level 3: unobservable inputs, which are used when observable inputs are not available in situations where there is little, if any market activity for the asset or liability.

When selecting valuation techniques, the Group adopts the following order of priority:

- use of prices quoted on markets (even if not active) for identical instruments (Recent Transactions) or similar instruments (Comparable Approach);
- use of valuation techniques based predominantly on observable market data;
- use of valuation techniques based predominantly on unobservable market data.

The Company has determined the value of outstanding derivatives at December 31, 2015 using commonly adopted valuation techniques for the type of derivatives entered into by the Group. The models used for valuing these instruments rely on inputs obtained from the info provider Bloomberg, which mostly consist of observable market data (Euro and USD yield curves and official exchange rates at the valuation date).

The following table reports the Company's at-fair-value financial assets and financial liabilities according to this hierarchy:

		(in thousands of Euro)	**Fair Value at the reporting date using:**		
Description	**Classification**	**12/31/2015**	**Level 1**	**Level 2**	**Level 3**
Forex derivatives	Other current assets	1,396		1,396	
Commodity swaps	Other current liabilities	218		218	
Forex derivatives	Other current liabilities	1,836		1,836	

		(in thousands of Euro)	**Fair Value at the reporting date using:**		
Description	**Classification**	**12/31/2014**	**Level 1**	**Level 2**	**Level 3**
Forex forwards	Other current assets	703		703	
Interest rate derivatives	Other current liabilities	597		597	
Forex forwards	Other current liabilities	4,524		4,524	

As of December 31, 2015, none of the Company's financial instruments was valued using Level 3 fair value measurements.

The Company maintains policies and procedures that aim to measure the fair value of assets and liabilities using the best and most relevant data available.

The Company's portfolio of foreign exchange derivatives includes only forex forward contracts maturing in under one year for the most traded currency pairs. The fair value of the portfolio is calculated using internal models that use market observable inputs including yield curves, and foreign exchange spot and forward prices.

The fair value of the interest rate derivatives portfolio is calculated using internal models that maximize the use of market observable inputs such as interest rates, yield curves and foreign exchange spot prices.

The following disclosures report the fair value and information about the size and nature of each category of derivative financial instrument entered into by the Company and analyzed according to the characteristics and purpose of such instruments.

No. agreements	Notional amount	Currency	Fair Value in Euro	Hedged asset or liability
1	4,200,000	AED	(3,726)	Trade exposure EUR versus AED
15	29,500,000	AUD	(182,680)	Trade exposure EUR versus AUD
2	1,386,981	AUD	(10,939)	Trade exposure USD versus AUD
3	34,500,000	BRL	18,612	Trade exposure EUR versus BRL
1	3,910,000	BRL	18,953	Trade exposure USD versus BRL
4	670,000	CHF	1,363	Trade exposure EUR versus CHF
3	1,425,000,000	CLP	(27,015)	Trade exposure EUR versus CLP
1	21,275,100	CNY	4,936	Trade exposure AUD versus CNY
6	31,301,800	CNY	(20,544)	Trade exposure EUR versus CNY
2	5,428,487	CNY	(5,666)	Trade exposure JPY versus CNY
3	36,925,836	CNY	(48,939)	Trade exposure USD versus CNY
2	2,900,000,000	COP	(33,293)	Trade exposure EUR versus COP
1	800,000	CZK	33	Trade exposure EUR versus CZK
3	4,650,000	DKK	1,543	Trade exposure EUR versus DKK
2	650,000	DKK	(284)	Trade exposure GBP versus DKK
1	3,228,036	EUR	23,373	Trade exposure AED versus EUR
2	3,408,064	EUR	46,173	Trade exposure AUD versus EUR
2	1,227,473	EUR	(8,562)	Trade exposure BRL versus EUR
3	3,865,808	EUR	(8,029)	Trade exposure CHF versus EUR
1	3,830,213	EUR	(4,092)	Trade exposure CLP versus EUR
15	33,102,740	EUR	430,217	Trade exposure CNY versus EUR
8	24,707,314	EUR	28,935	Trade exposure GBP versus EUR
2	1,704,724	EUR	12,333	Trade exposure HKD versus EUR
5	2,948,357	EUR	30,503	Trade exposure JPY versus EUR
1	104,252	EUR	1,262	Trade exposure MXN versus EUR
1	1,512,778	EUR	11,303	Trade exposure SEK versus EUR
1	1,239,033	EUR	1,404	Trade exposure SGD versus EUR
8	48,844,006	EUR	49,397	Trade exposure USD versus EUR
1	4,347,179	EUR	(56,321)	Trade exposure ZAR versus EUR
2	142,434	GBP	1,205	Trade exposure DKK versus GBP
6	14,200,000	GBP	43,482	Trade exposure EUR versus GBP
3	439,260	GBP	(5,108)	Trade exposure NOK versus GBP
1	192,791	GBP	(1,373)	Trade exposure SEK versus GBP

1	5,001,300	HKD	9,736	Trade exposure AUD versus HKD
1	5,945,303	HKD	3,381	Trade exposure CNY versus HKD
8	32,150,000	HKD	(26,989)	Trade exposure EUR versus HKD
2	11,842,440	ILS	(1,256)	Trade exposure EUR versus ILS
3	396,743,920	INR	(136,748)	Trade exposure EUR versus INR
1	54,034,800	INR	(12,722)	Trade exposure USD versus INR
1	69,719,200	JPY	3,441	Trade exposure AUD versus JPY
4	172,898,959	JPY	(15,792)	Trade exposure EUR versus JPY
6	1,800,000,000	KRW	(11,288)	Trade exposure EUR versus KRW
5	76,960,404	MXN	2,532	Trade exposure EUR versus MXN
1	7,200,000	MYR	(22,724)	Trade exposure EUR versus MYR
1	1,539,600	MYR	(2,369)	Trade exposure SGD versus MYR
3	24,500,000	NOK	20,827	Trade exposure EUR versus NOK
2	14,750,000	NOK	(8,881)	Trade exposure GBP versus NOK
3	2,203,980	NZD	4,960	Trade exposure AUD versus NZD
2	14,174,130	PLN	12,596	Trade exposure EUR versus PLN
3	80,000,000	RUB	30,342	Trade exposure EUR versus RUB
3	17,300,000	SEK	(24,751)	Trade exposure EUR versus SEK
1	17,347,000	SEK	(54,161)	Trade exposure GBP versus SEK
2	6,579,625	SGD	90,868	Trade exposure AUD versus SGD
9	11,951,307	SGD	(34,250)	Trade exposure EUR versus SGD
7	184,279,108	THB	(65,615)	Trade exposure EUR versus THB
1	16,441,500	TWD	(7)	Trade exposure USD versus TWD
1	500,000	USD	69	Trade exposure BRL versus USD
1	1,400,000	USD	(13,962)	Trade exposure CLP versus USD
22	69,750,000	USD	(165,397)	Trade exposure EUR versus USD
1	7,280,000	USD	(136,564)	Trade exposure GBP versus USD
5	131,800,000	ZAR	(193,489)	Trade exposure EUR versus ZAR
1	1,023,613	EUR	(218,307)	Jet fuel commodity swap
			(658,064)	See Notes 8 and 19

In November 2015, the Company entered into a jet fuel commodity swap transaction to hedge fuel costs relating to the Group's shipments, expected to be paid during 2016. The notional amount of this contract is Euro 1 million, while the fair value is Euro 0.2 million. The contract's maturity is spread over twelve months running throughout 2016.

The following table presents a summary by type of derivative:

	2015		2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Commodity swaps	-	(218,307)	-	(597,229)
Forwards	705,539	(768,283)	702,604	(4,524,039)
Swaps	690,288	(1,065,248)	-	-
Collars	-	(2,053)	-	-
Total	**1,395,827**	**(2,053,891)**	**702,604**	**(5,121,268)**

All derivatives are classified as current assets or current liabilities.

3. INFLUENCE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that influence the value of assets and liabilities reported in the statement of financial position as well as revenues and costs reported in the statement of income, and also the disclosures included in the notes to the financial statements in relation to contingent assets and liabilities as of the date the financial statements were authorized for issue.

Estimates are based on past experience and other relevant factors. Actual results could therefore differ from those estimates. Accounting estimates are periodically reviewed and the effects of any change are reflected in profit or loss in the period the change occurs.

The most significant accounting policies requiring greater judgment on the part of management when making estimates are briefly described below.

- Valuation of receivables. Accounts receivable are adjusted by the allowance for doubtful accounts to reflect their recoverable amount. The calculation of the amount of write-down requires management to make subjective judgments based on the available documentation and information relating to customer solvency, and on past trends and experience;
- Valuation of inventories. Inventories that are obsolete are regularly reviewed and written down if their net realizable value is lower than their carrying amount. Write-downs are calculated on the basis of management assumptions and estimates, derived from experience and past results;
- Valuation of deferred tax assets. The valuation of deferred tax assets is based on expectations about forecast taxable income in future years, which depends on factors that could vary over time and could have significant effects on the valuation of deferred tax assets;
- Income taxes. The Company is subject to different income tax laws in many jurisdictions. The determination of the Company's tax liabilities requires management to make judgments about transactions whose tax implications are not certain at the end of the reporting period. The Company recognizes liabilities that may arise from future inspections by the tax authorities, based on an estimate of the taxes expected to be paid. If the outcome of such inspections

should differ from that estimated by management, there could be significant effects on both current and deferred taxes;

- Valuation of goodwill. Goodwill is tested for impairment annually. This calculation requires management to make subjective judgments based on information available within the Company and on the market, and on past experience;
- Valuation of finite-life intangible assets (trademarks and other assets). The useful lives and amortization rates of these assets are reviewed annually;
- Pension plans. The present value of pension liabilities depends on a number of factors that are determined with actuarial techniques using specific assumptions. These assumptions relate to the discount rate, the expected return on plan assets, the rate of future salary increases, and mortality and resignation rates. Any change in these assumptions could have significant effects on pension liabilities.
- Valuation of provisions for risks: determination of the amount of these provisions requires management to make subjective judgments based on the documentation and information available about potential liabilities.

Employment information. The average number of employees, analyzed by category, has undergone the following changes since the prior year:

Employees	**2015**	**2014**	**Change**
Senior managers	127	117	10
Staff	837	783	54
Workers	682	645	37
Total	**1,646**	**1,545**	**101**

The national collective labor agreement applied to the Company is that for textile companies - eyewear sector.

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

4. CASH AND CASH EQUIVALENTS

Balance at 12/31/2015	Balance at 12/31/2014
223,181,140	**390,572,844**

This balance represents the cash and cash equivalents held at year end and mostly consists of cash balances on bank accounts.

Description	12/31/2015	12/31/2014
Cash at banks and post offices	223,177,287	390,567,806
Cash and cash equivalents on hand	3,853	5,038
Total	**223,181,140**	**390,572,844**

The value of cash and cash equivalents is in line with their fair value at the reporting date.

There are no restrictions on the use of cash, which is available on request. It is noted that the Company has entered into an agreement with Kepler Capital Markets SA to enhance the market liquidity of Luxottica Group shares, in compliance with Consob market practices permitted under Resolution no. 16839 adopted on March 19, 2009 regarding activity to support market liquidity.

5. ACCOUNTS RECEIVABLE

Balance at 12/31/2015	Balance at 12/31/2014
281,524,719	**414,921,845**

The year-end balance mostly comprises Euro 260,543,370 in trade receivables from subsidiaries, Euro 25,185,357 in invoices to be issued to subsidiaries, and Euro 2,518,497 in foreign customer receivables, net of Euro 8,705,607 in credit notes to be issued to subsidiaries.

The balance includes Euro 7,075,630 in invoices to be issued to Delfin S.à.r.l. to recharge the cost of free treasury shares granted to employees of the Group's Italian companies in honor of the 80th birthday of its Chairman and Founder, Mr. Leonardo Del Vecchio.

The Company does not have any receivables for transactions in which substantially all the risks and rewards of ownership are not transferred.

The Company has not considered it necessary to write down receivables from Group companies since there are no risks of not collecting them.

6. INVENTORY

Balance at 12/31/2015	Balance at 12/31/2014
156,727,632	**121,184,479**

Inventories are reported net of an obsolescence reserve for Euro 32,105,386.

Description	12/31/2015	12/31/2014
Frames	142,769,942	109,498,625
Spare parts	9,013,363	6,197,600
Packaging material	3,491,339	2,727,470
Advertising material	1,452,988	2,760,784
Total	**156,727,632**	**121,184,479**

The inventory obsolescence reserve reported the following movements during the course of the year:

Description	Amount
Inventory obsolescence reserve at 12/31/2013	**25,914,143**
Utilization of reserve for scrapping	(24,111,575)
Increase in reserve during the year	27,454,906
Inventory obsolescence reserve at 12/31/2014	**29,257,474**
Utilization of reserve for scrapping	(29,404,550)
Increase in reserve during the year	32,252,462
Inventory obsolescence reserve at 12/31/2015	**32,105,386**

7. TAXES RECEIVABLE

Balance at 12/31/2015	Balance at 12/31/2014
18,529,406	**20,556,876**

"Taxes receivable" mainly consist of Euro 11,825,332 for the transfer to the Company of Luxottica S.r.l.'s credit for IRES (Italian corporate income tax) arising on the deduction of IRAP (Italian regional business tax) paid in previous years in respect of personnel costs (under Section 2, par. 1-quater, Italian Legislative Decree no. 201 dated December 6, 2011) and Euro 6,012,728 for sales tax credits, mainly arising from the transfer to the Company of credits by individual Italian subsidiaries which have elected to settle sales taxes on a group basis through the parent.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Balance at 12/31/2015	Balance at 12/31/2014
1,395,827	**702,604**

The balance at December 31, 2015 consists of Euro 12,061 for the fair value of forward contracts with Group companies, Euro 693,478 for the fair value of forward contracts with third parties and Euro 690,288 for the fair value of swaps with third parties.

The balance at December 31, 2014 entirely consisted of the fair value of forward contracts with Group companies.

Additional information can be found in section two of this document entitled "Risk management".

9. OTHER ASSETS

Balance at 12/31/2015	Balance at 12/31/2014
454,659,236	**79,028,833**

This balance comprises:

Description	12/31/2015	12/31/2014
Cash pooling receivables from Group companies	390,380,634	9,694,937
Sundry advances	26,455,223	32,880,642
Tax consolidation receivables from Group companies	17,815,464	23,326,315
Prepaid expenses	6,530,337	4,995,826
Loans to Group companies	5,317,997	1,514,839
Sales tax transferred by Group companies	4,519,457	3,761,303
Other receivables	3,640,124	2,356,110
Accrued income	-	498,861
Total	**454,659,236**	**79,028,833**

9.1 Cash pooling receivables from Group companies

The change in cash pooling receivables is due to the fact that as from October 1, 2015 Luxottica Group S.p.A. is now in charge of cash pooling activities.

9.2 Sundry advances

Balance at 12/31/2015	Balance at 12/31/2014
26,455,223	**32,880,642**

Sundry advances mostly comprise Euro 19,467,611 in advance payments for royalties (relating to future years), Euro 4,199,763 in advances to suppliers and Euro 2,103,860 in advances to employees.

9.3 Tax consolidation receivables from Group companies

This is the matching entry to payables for IRES (Italian corporate income tax) calculated on the taxable income transferred by Italian subsidiaries under the national group tax consolidation, due to expire on December 31, 2015 and at the head of which is Luxottica Group S.p.A. In particular, the amount receivable at year end refers to:

- Luxottica S.r.l. for Euro 14,056,009;
- Luxottica Italia S.r.l. for Euro 2,515,236;
- Luxottica International Distribution S.r.l. for Euro 660,892;
- Luxottica Leasing S.r.l. for Euro 527,028;
- Sunglass Direct Italy S.r.l. for Euro 56,299.

9.4 Prepaid expenses

Balance at 12/31/2015	Balance at 12/31/2014
6,530,337	**4,995,826**

This represents the portion of expenses common to two or more years, recognized in accordance with the accrual basis of accounting, and whose profit or loss impact occurs after their actual cash payment.

As at December 31, 2015, there are no amounts of accrued income or prepaid expenses that will be recovered after more than five years.

The above balances are analyzed as follows:

Description	**12/31/2015**	**12/31/2014**
Prepaid marketing expenses	2,951,013	967,327
Prepaid royalties	811,733	638,111
Prepaid sponsorships	600,000	600,000
Other prepaid expenses	2,167,591	2,790,388
Total	**6,530,337**	**4,995,826**

"Prepaid expenses" refer to costs that will be accounted for in profit or loss in 2016 and 2017.

9.5 Loans to Group companies

These comprise Euro 1,983,673 for the loan to the subsidiary Oakley Japan KK, Euro 1,917,048 for the loan to the subsidiary Sunglass Hut De Mexico Sapi De CV, Euro 544,996 for the loan to the subsidiary Sunglass Time Europe Ltd, Euro 520,670 for the loan to the subsidiary Luxottica Norge AS and Euro 351,610 for the loan to the associate Sunglass Hut Thailand Co Ltd.

9.6 Sales tax transferred by Group companies

This refers to sales taxes payable by subsidiaries that have been transferred to the Company for settlement on a group basis.

The balance at December 31, 2015 refers to:

- Luxottica S.r.l. for Euro 2,675,225;
- Luxottica Leasing S.r.l. for Euro 1,841,120;
- Collezione Rathschuler S.r.l. for Euro 3,112.

NON-CURRENT ASSETS

10. PROPERTY, PLANT AND EQUIPMENT

Balance at 12/31/2015	Balance at 12/31/2014
96,428,265	**92,595,573**

Description	Balance at 12/31/2014	Increases	Decreases	Transfers from (to) other categories	Depreciation expense	Balance at 12/31/2015
Buildings	61,958,511	324,197	(36,924)	58,934	(2,609,923)	59,694,795
Plant and machinery	10,805,537	211,634	(108,616)	1,194,394	(1,817,479)	10,285,470
Industrial and commercial equipment	510,402	300,043	-	377,376	(302,973)	884,848
Other assets	10,056,309	8,755,029	(524)	8,064,559	(5,346,831)	21,528,542
Assets under construction and advances	9,264,814	3,462,392	-	(8,692,596)	-	4,034,610
Total	**92,595,573**	**13,053,295**	**(146,064)**	**1,002,667**	**(10,077,206)**	**96,428,265**

Among the transfers from other categories, Euro 1,002,667 refers to a reclassification from Intangible assets, of which Euro 915,413 has been reclassified to hardware.

The constituent parts of *"Property, plant and equipment"* at December 31, 2015 are analyzed in the following tables.

Buildings

Description	Amount
Historical cost	86,752,488
Accumulated depreciation	(22,289,222)
Balance at 12/31/2013	**64,463,266**
Additions	36,156
Transfers from other categories	65,003
Depreciation expense	(2,605,914)
Balance at 12/31/2014	**61,958,511**
Additions	324,197
Disposals	(58,525)
Reversal of accumulated depreciation on disposals	21,602
Transfers from other categories	58,933
Depreciation expense	(2,609,923)
Balance at 12/31/2015	**59,694,795**

The additions in the year are entirely attributable to alterations and improvements to the Sedico Logistics hub's industrial premises.

"Transfers from other categories" relate to the reclassification of "Assets under construction" reported at the end of the previous year following completion of work on the Sedico premises.

Plant and machinery

Description	Amount
Historical cost	23,225,320
Accumulated depreciation	(13,421,383)
Balance at 12/31/2013	**9,803,937**
Additions	866,872
Disposals	(59,080)
Reversal of accumulated depreciation on disposals	58,830
Transfers from other categories	1,819,563
Depreciation expense	(1,684,585)
Balance at 12/31/2014	**10,805,537**
Additions	211,634
Disposals	(108,616)
Reversal of accumulated depreciation on disposals	-
Transfers from other categories	1,194,394
Depreciation expense	(1,817,479)
Balance at 12/31/2015	**10,285,470**

The additions to *"Plant and machinery"* reflect expenditure on new plant and machinery and alterations/improvements to existing plant and machinery, allowing the Company to maintain high qualitative and technological standards.

The additions in the year consist of:

Description	Sedico	Milan	Total
Improvements to existing specific plant/installations	27,133	-	27,133
New generic plant/installations	97,109	37,733	134,842
Improvements to existing generic plant/installations	44,624	-	44,624
New machinery	5,035	-	5,035
Total	**173,901**	**37,733**	**211,634**

"Transfers from other categories" relate to the reclassification of "Assets under construction" reported at the end of the previous year following completion of work on plant and machinery.

Industrial and commercial equipment

Description	Amount
Historical cost	4,256,929
Accumulated depreciation	(3,684,950)
Balance at 12/31/2013	**571,979**
Additions	82,730
Disposals	(70,081)
Reversal of accumulated depreciation on disposals	70,081
Transfers from other categories	113,905
Depreciation expense	(258,212)
Balance at 12/31/2014	**510,402**
Additions	300,043
Transfers from other categories	377,376
Depreciation expense	(302,973)
Balance at 12/31/2015	**884,848**

The additions in the year mainly refer to new equipment purchases in Sedico for Euro 56,798 and in Milan for Euro 171,765.

"Transfers from other categories" relate to the reclassification of "Assets under construction" reported at the end of the previous year following completion of work on industrial and commercial equipment.

Other assets

Description	Amount
Historical cost	34,053,624
Accumulated depreciation	(29,351,748)
Balance at 12/31/2013	**4,701,876**
Additions	7,242,037
Disposals	(139,078)
Reversal of accumulated depreciation on disposals	51,009
Transfers from other categories	205,041
Depreciation expense	(2,004,576)
Balance at 12/31/2014	**10,056,309**
Additions	8,755,029
Disposals	(563,613)
Reversal of accumulated depreciation on disposals	563,089
Transfers from other categories	8,064,559
Depreciation expense	(5,346,831)
Balance at 12/31/2015	**21,528,542**

The additions in the year mainly consist of leasehold improvements of Euro 2,239,732 to the premises in Piazzale Cadorna (Milan) and hardware purchases of Euro 6,052,921.

"Transfers from other categories" relate to the reclassification of "Assets under construction" reported at the end of the previous year.

Assets under construction and advances

Description	Amount
Balance at 12/31/2013	**5,617,854**
Additions	5,883,122
Transfers to other categories	(2,236,162)
Balance at 12/31/2014	**9,264,814**
Additions	3,462,392
Transfers to other categories	(8,692,596)
Balance at 12/31/2015	**4,034,610**

The additions in the year mostly comprise advances paid against the purchase of new assets and of generic and specific plant/installations, machinery, buildings, furniture and equipment for the Sedico facility for Euro 3,145,844 and of hardware for Euro 194,282, none of which yet available for use.

"Transfers to other categories" refer to reclassifications of assets that became available for use during the year having been completed and having entered operation, the main items of which were as follows:

Description	Sedico	Milan	Generic	Total
Leasehold improvements	-	122,462	-	122,462
Generic plant/installations	489,119	10,457	-	499,576
Specific plant/installations	540,245	-	-	540,245
Hardware	-	-	6,819,456	6,819,456
Machinery	154,573	-	-	154,573
Furniture and fittings	100,349	-	-	100,349
Equipment	375,016	1,770	-	376,786
Total	**1,659,302**	**134,689**	**6,819,456**	**8,613,447**

Hardware has been classified as generic because it does not refer to a specific site.

No borrowing costs have been capitalized (since none were incurred) and no property, plant and equipment has been provided as collateral.

The depreciation rates applied and representing the useful lives of the related assets are as follows:

Description	Rate
Furniture and fittings	12%
Buildings	3%
Building structures	10%
Telephone systems	20%
Generic plant/installations	10%
Specific plant/installations	8%
Luminous signs	10%
EDP Hardware	20%
Hardware PC held by agents	30%
Motor vehicles	25%
Commercial equipment	12%
Industrial equipment	25%
Non-industrial equipment	6%

The above depreciation rates were once again reviewed in 2015 to confirm their suitability.

11. INTANGIBLE ASSETS

Balance at 12/31/2015	Balance at 12/31/2014
270,232,435	285,961,226

Overall movements in net intangible assets

Description	Balance at 12/31/2014	Increases	Decreases	Transfers from (to) other categories	Amortization expense	Balance at 12/31/2015
Trademarks	183,285,013	91,427	-	-	(22,721,008)	160,655,432
Software	75,629,153	33,835,060	(2,772,834)	5,951,633	(28,589,769)	84,053,243
Assets under development	10,107,391	7,435,955	-	(6,954,300)	-	10,589,046
Other	16,939,669	-	-	-	(2,004,955)	14,934,714
Total	**285,961,226**	**41,362,442**	**(2,772,834)**	**(1,002,667)**	**(53,315,732)**	**270,232,435**

The increases in *"Trademarks"* entirely refer to costs for their maintenance. The residual value of trademarks at year end mainly comprises:

- Euro 46,792,680 for the Ray-Ban and Arnette trademarks with a remaining useful life of 9 years;
- Euro 102,319,710 for the OPSM trademarks with a remaining useful life of 12 years and 7 months.

With reference to the OPSM trademarks, the Company has exercised the purchase option under the lease with the subsidiary Luxottica Leasing, thereby becoming owner of the trademarks with effect from January 1, 2016. The only remaining liability reported at December 31, 2015 is for the lease payments referring to fourth quarter 2015.

The license agreement with the subsidiary Luxottica Retail Australia PTY Ltd, the sole user of the trademarks in question, is still in place.

Increases in *"Software"* mainly refer to the following applications:

- SAP, for Euro 17,345,710, amortized over 7 years;
- Ray-Ban Global eCommerce Platform, for Euro 3,621,352, amortized over 5 years;
- One Click, for Euro 1,603,090, amortized over 3 years;
- Generico 2015, for Euro 1,580,241, amortized over 3 years;
- PACE (Planning Activation for a Collaborative Execution), for Euro 1,378,855, amortized over 3 years;
- Business Intelligence, for Euro 1,337,958, amortized over 3 years;
- Price List, for Euro 893,820, amortized over 3 years;
- NFS New System, for Euro 600,000, amortized over 3 years;
- B2B (Business to Business), for Euro 402,329, amortized over 5 years;
- Global Portal, for Euro 380,880, amortized over 3 years;

- Cyberplan, for Euro 265,700, amortized over 3 years.

"Transfers from other categories" relate to "Assets under development" reported at the end of the previous year and mainly refer to software projects that were not yet useable at that date.

Among the transfers to other categories, Euro 1,002,667 refers to a reclassification to Property, plant and equipment, of which Euro 915,413 has been reclassified as hardware.

Historical cost at the start of the year is analyzed as follows:

Description	**Historical cost**	**Acc. amortization**	**Net carrying amount**
Industrial software	152,196,499	(76,567,346)	75,629,153
Trademarks	527,338,026	(344,053,013)	183,285,013
Assets under development	10,107,391	-	10,107,391
Other	20,274,560	(3,334,891)	16,939,669
Total	**709,916,476**	**(423,955,250)**	**285,961,226**

Software is amortized over a period of between three and seven years, while trademarks are amortized on a straight-line basis over their remaining useful lives. In particular, the OPSM trademarks are being amortized over 22 years, while other house brands are being amortized over 20 years.

Assets under development mostly refer to software whose implementation will be completed in 2016 and thereafter.

Lastly, it is reported that no borrowing costs have been capitalized (since none were incurred) and there are no intangible assets with indefinite useful lives.

12. INVESTMENTS

Balance at 12/31/2015	**Balance at 12/31/2014**
3,525,878,694	**3,499,216,848**

The following disclosures about the investments held are provided in accordance with Section 2427 point 5) of the Italian Civil Code:

Company name	City or Foreign country	Currency	Capital stock (local currency)	Net income/(loss) (local currency)	Stockholders' equity (local currency)	%	Carrying amount of investment (Euro)
ALAIN MIKLI INTERNATIONAL SASU	PARIS	EUR	4,459,787	(1,089,011)	(10,418,186)	100	84,612,618
COLLEZIONE RATHSCHULER SRL	AGORDO	EUR	10,000	102,675	534,545	100	172,877
LUXOTTICA (SWITZERLAND) AG	ZURICH	CHF	100,000	665,928	897,840	100	200,074
LUXOTTICA ARGENTINA SRL	BUENOS AIRES	ARS	11,837,001	7,821,554	19,238,533	94	1,082,708
LUXOTTICA BELGIUM NV	BERCHEM	EUR	62,000	539,277	679,660	99	2,197,195
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	SAN PAOLO	BRL	1,043,457,587	5,244,258	957,867,998	58	192,339,031
LUXOTTICA CANADA INC	NEW BRUNSWICK	CAD	200	3,039,125	59,267,811	100	569,681
LUXOTTICA COLOMBIA SAS	BOGOTA'	COP	3,500,000,000	1,525,823,126	5,025,823,126	100	1,262,262
LUXOTTICA FASHION BRILLEN VERTRIEBS GMBH	GRASBRUNN	EUR	230,081	3,397,274	3,699,602	100	643,385
LUXOTTICA FRAMES SERVICE SA DE CV	MEXICO CITY	MXN	2,350,000	(2,787,027)	5,204,262	0	112,819
LUXOTTICA FRANCE SASU	VALBONNE	EUR	534,000	6,323,091	12,719,040	100	1,548,013
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LTL	10,390,460	9,639,993	118,367,566	65	15,205,482
LUXOTTICA HELLAS AE	PALLINI	EUR	1,752,900	4,124,688	6,617,880	70	2,528,715
LUXOTTICA HOLLAND BV	AMSTERDAM	EUR	45,000	(1,072,189)	113,455,961	100	109,607,888
LUXOTTCA HONG KONG SERVICES LIMITED	HONG-KONG	HKD	8,700,001	-	-	100	1,047,436
LUXOTTICA IBERICA SAU	BARCELONA	EUR	1,382,929	6,192,079	9,244,387	100	2,450,562
LUXOTTICA INTERNATIONAL DISTRIBUTION SRL	AGORDO	EUR	50,000	729,436	779,436	100	50,000
LUXOTTICA ITALIA SRL	AGORDO	EUR	5,000,000	3,956,448	20,819,696	100	15,035,491
LUXOTTICA KOREA LTD	SEOUL	KRW	120,000,000	2,026,026,061	7,952,907,313	100	134,165
LUXOTTICA LEASING SRL	AGORDO	EUR	36,000,000	380,078	44,568,552	100	44,568,552
LUXOTTICA MEXICO SA DE CV	MEXICO CITY	MXN	342,000,000	60,607,584	523,382,381	96	20,924,083
LUXOTTICA MIDDLE EAST FZE	DUBAI	AED	1,000,000	3,545,346	13,749,418	100	308,167
LUXOTTICA NEDERLAND BV	HEEMSTEDE	EUR	453,780	2,304,862	5,179,372	100	19,253,165
LUXOTTICA NORDIC AB	STOCKHOLM	SEK	250,000	4,977,769	9,848,622	100	458,312
LUXOTTICA NORGE AS	DRAMMEN	NOK	100,000	1,008,338	1,791,496	100	61,248
LUXOTTICA NORTH EUROPE LTD	S. ALBANS-HERTFORDSHIRE	GBP	90,000	2,264,020	4,323,838	100	3,695,435
LUXOTTICA OPTICS LTD	TEL AVIV	ILS	44	4,105,219	15,911,184	100	3,233,653
LUXOTTICA POLAND SP ZOO	KRAKOW	PLN	390,000	4,058,074	2,295,546	25	146,174
LUXOTTICA PORTUGAL-COMERCIO DE OPTICA SA	LISBON	EUR	700,000	1,071,071	2,098,959	100	737,309
LUXOTTICA RETAIL UK LTD	ST ALBANS-HERTFORDSHIRE	GBP	24,410,765	4,119,670	39,383,959	68	41,020,656
LUXOTTICA SOUTH AFRICA PTY LTD	CAPE TOWN - OBSERVATORY	ZAR	2,200	20,233,982	245,135,372	100	20,261,934
LUXOTTICA SOUTH PACIFIC HOLDINGS PTY LIMITED	MACQUARIE PARK-NSW	AUD	322,797,001	0	468,182,769	100	211,334,902
LUXOTTICA SRL	AGORDO	EUR	10,000,000	36,089,496	51,285,266	100	48,060,934

LUXOTTICA TRADING AND FINANCE LIMITED	DUBLIN	EUR	626,543,403	11,553,084	640,922,692	100	627,769,754
LUXOTTICA US HOLDINGS CORP (*)	DOVER-DELAWARE	USD	100	421,125,764	2,981,126,846	100	1,620,656,712
LUXOTTICA VERTRIEBSGESELLSCHAFT MBH	VIENNA	EUR	508,710	567,057	1,292,232	100	545,310
LUXOTTICA WHOLESALE (THAILAND) LTD	BANGKOK	THB	100,000,000	25,851,675	123,213,888	100	2,499,500
LUXOTTICA WHOLESALE MALAYSIA SDN BHD	KUALA LUMPUR	MYR	4,500,000	12,394,953	15,351,085	100	1,005,104
MIRARI JAPAN CO LTD	TOKYO	JPY	473,700,000	251,655,468	2,087,090,143	16	99,836
MKL MACAU LIMITED (**)	MACAU	MOP	100,000	(206,180)	(6,279,501)	1	95
NEXTORE SRL	MILAN	EUR	1,000,000	(361,375)	638,625	60	600,000
OAKLEY SPORT INTERNATIONAL SRL	AGORDO	EUR	50,000	639,349	20,689,349	100	20,321,162
OPTICAS GMO CHILE SA	COMUNA DE HUECHURABA	CLP	7,263,089	2,566,392,876	25,573,696,179	0	(48,023)
OY LUXOTTICA FINLAND AB	ESPOO	EUR	170,000	204,463	781,920	100	619,206
RAYBAN AIR	AGORDO	EUR	13,317,243	(48,281)	13,225,755	68	9,196,962
SALMOIRAGHI & VIGANO' SPA	MILAN	EUR	12,008,639	3,247,000	46,251,000	37	45,000,000
SGH BRASIL COMERCIO DE OCULOS LTDA	SAN PAOLO	BRL	136,720,000	(28,663,395)	60,340,681	100	5,732,690
SUNGLASS DIRECT GERMANY GMBH	GRASBRUNN	EUR	200,000	249,126	(1,720,167)	100	200,000
SUNGLASS DIRECT ITALY SRL	MILAN	EUR	200,000	67,723	459,632	100	200,000
SUNGLASS FRAMES SERVICE SA DE CV	MEXICO CITY	MXN	2,350,000	1,978,609	5,822,246	0	26,136
SUNGLASS HUT (THAILAND) CO LTD	KHET PATUMWAN, BANGKOK	THB	45,000,000	(7,717,344)	5,654,561	46	561,463
SUNGLASS HUT DE MEXICO SAPI DE CV	MEXICO CITY	MXN	315,970	2,576,112	613,253,486	73	44,391,374
SUNGLASS HUT FRANCE SASU	PARIS	EUR	3,600,000	(66,036)	3,533,964	100	3,600,000
SUNGLASS HUT IBERIA SLU	BARCELONA	EUR	8,147,795	(2,239,588)	105,131,950	100	231,429,585
SUNGLASS HUT MIDDLE EAST GENERAL TRADING LLC	DUBAI	AED	1,200,000	(310,105)	(310,105)	49	
SUNGLASS HUT NETHERLANDS BV	HEEMSTEDE	EUR	18,151	1,987,831	76,263,319	100	63,250,000
SUNGLASS HUT PORTUGAL SA	LISBON	EUR	3,043,129	781,958	3,102,488	48	3,356,903
Total							**3,525,878,694**

(*) The figures presented refer to amounts reported in the consolidated financial statements as of December 31, 2015.

(**) The loss for the year and stockholders' equity are presented in HKD.

The figures presented refer to amounts reported in the financial statements as of December 31, 2015 unless otherwise stated.

The Company reviews the carrying amounts of its investments annually, as described in the earlier note on "Impairment", as defined by IAS 36.

12.1 Investments in subsidiaries

Balance at 12/31/2015	Balance at 12/31/2014
3,480,317,231	**3,454,216,848**

Balance at 12/31/2014	**3,454,216,848**
Increases in year for capitalizations/acquisitions	82,913,030
Increases for stock options (IFRS 2)	25,511,889
Decreases	(10,535,604)
Impairment	(71,788,932)
Balance at 12/31/2015	**3,480,317,231**

Investments in subsidiaries represent long-term, strategic investments by the Company and are recognized at purchase or subscription cost, as required by *IAS 27 - Consolidated and Separate Financial Statements.*

The increase in *"Investments in subsidiaries"* mainly refers to:

- Euro 20,050,000 for the formation of Oakley Sport International S.r.l.;
- Euro 20,000,589 for capitalizing Luxottica Brasil Produtos Oticos e Esportivos LTDA;
- Euro 18,990,331 for capitalizing Luxottica Nederland BV;
- Euro 13,370,428 for capitalizing SGH Brasil Comerci de Oculos LTDA;
- Euro 3,600,000 for the formation of Sunglass Hut France Sa Su;
- Euro 3,514,541 for capitalizing Sunglass Hut de Mexico SA de CV;
- Euro 1,262,262 for the formation of Luxottica Colombia SAS.

The increases and decreases for stock options recognized in "Investments in subsidiaries" reflect adjustments to the value of investments in subsidiaries in accordance with IFRS 2.

The impairment test has revealed the need to write down the investment in Luxottica Leasing S.r.l. to its realizable value after this company sold its assets and then started winding-up procedures, and the investments in Sunglass Hut Brasil Comercio de Oculos Ltda and Luxottica Brasil Produtos Oticos e Esportivos Ltda, both partially impaired since their future cash flow forecasts reflect values below their carrying amounts.

12.2 Investments in associates

Balance at 12/31/2015	Balance at 12/31/2014
45,561,463	**45,000,000**

This balance reflects Euro 45,000,000 for the 36.8% equity interest held in Salmoiraghi & Viganò S.p.A. and Euro 561,463 for the 46% equity interest held in Sunglass Hut Thailand Co Ltd.

13. DEFERRED TAX ASSETS AND LIABILITIES

Balance at 12/31/2015	Balance at 12/31/2014
57,772,185	**29,546,880**

These originate from deductible and taxable temporary differences between the accounting value of assets and liabilities and the corresponding value recognized for tax purposes.

The movements in net deferred tax assets during 2015 are shown in the following tables:

01/01/2015	**29,546,880**
Taxes recognized in profit or loss	28,359,914
Taxes recognized in equity	(134,609)
12/31/2015	**57,772,185**

Description	12/31/2014	Increases	Decreases	12/31/2015
Net deferred tax assets (IRES)	23,001,989	25,776,493	-	48,778,482
Net deferred tax assets (IRAP)	6,544,891	3,533,604	1,084,792	8,993,703
Total	**29,546,880**	**29,310,097**	**1,084,792**	**57,772,185**

The following table presents the composition of deferred tax assets and liabilities, ignoring any offsetting of balances:

	2015 Amount of temporary differences	Tax effect (27.50-33.07%) (24.00-29.57%)	2014 Amount of temporary differences	Tax effect (27.50-31.40%)
Deferred tax assets:				
Trademark impairment	5,499,553	1,626,218	6,059,013	1,902,530
Inventory write-down	32,105,386	8,828,981	29,257,474	8,045,805
Provisions for risks and other charges	13,031,719	4,309,589	8,453,973	2,648,067
Trademarks	154,462,208	45,674,476	166,155,348	52,172,779
Severance pay	20,341	4,882	20,341	5,594
Other	25,845,034	7,022,436	13,461,289	3,712,893
Total deferred tax assets	**230,964,241**	**67,466,582**	**223,407,438**	**68,487,668**
Deferred tax liabilities:				
Revaluation investments	-	-	708,132,663	30,459,373
Trademarks	11,526,673	3,408,437	12,967,507	4,071,797
Finance leases	1,831,558	439,574	1,831,558	503,678
Other	21,268,150	5,846,386	14,203,417	3,905,940
Total deferred tax liabilities	**34,626,381**	**9,694,397**	**737,135,145**	**38,940,788**
Deferred tax assets (liabilities), net	***196,337,860***	***57,772,185***	***(513,727,707)***	***29,546,880***

"Other" deferred tax assets and liabilities mainly comprise foreign exchange differences arising on the valuation of liabilities and assets respectively.

Deferred tax assets and/or liabilities that will reverse within 12 months have been calculated using the tax rates applying in 2015: 27.5% in the case of IRES and 5.57% in the case of IRAP.

In the case of deferred tax assets and/or liabilities that will reverse after 12 months, the tax rate of 24%, due to apply from 2017, has been used for IRES purposes, while the IRAP rate has remained unchanged at 5.57%.

14. OTHER ASSETS

Balance at 12/31/2015	Balance at 12/31/2014
23,578,933	**47,472,562**

Description	12/31/2014	Increases	Decreases	12/31/2015
Advances on royalties	40,109,368	-	(19,335,376)	20,773,992
Security deposits	2,168,947	241,684	(8,900)	2,401,731
Long-term loans to subsidiaries	2,029,338	-	(2,029,338)	-
Long-term loans to third parties	3,164,909	-	(2,761,699)	403,210
Total	**47,472,562**	**241,684**	**(24,135,313)**	**23,578,933**

The decrease in *"Advances on royalties"* refers to the reclassification from non-current to current assets of the amount that will be expensed to income in 2016.

The "Long-term loans to subsidiaries" reported at December 31, 2014 referred to a loan to the subsidiary Sunglass Hut de Mexico SA de CV, reclassified from long to short-term during 2015.

CURRENT LIABILITIES

15. CURRENT PORTION OF LONG-TERM DEBT

Balance at 12/31/2015	Balance at 12/31/2014
51,549,539	**528,727,826**

Current debt has decreased since December 31, 2014 by Euro 500,000,000 after repaying the bond issued in November 2010 and by Euro 27,211,725 after settling liabilities to Luxottica Leasing S.r.l. under the finance lease for the OPSM trademarks.

The balance at the end of 2015 comprises Euro 17,790,000 for the loan maturing on December 23, 2016 from the subsidiary Oakley Europe Snc, Euro 2,030,457 for the loan maturing on December 23, 2016 from the subsidiary Oakley Schweiz Gmbh, Euro 1,983,673 for the loan maturing on December 31, 2016 from the subsidiary Mikli Japan KK, and Euro 27 million in accrued but unpaid interest.

At December 31, 2014, the corresponding interest of Euro 18.9 million had been classified as non-current liabilities in *"Long-term debt"*.

16. SHORT-TERM PROVISIONS FOR RISKS AND OTHER CHARGES

Balance at 12/31/2015	Balance at 12/31/2014
13,031,719	**8,279,804**

All of the above balance refers to the *"Provision for future licensing obligations"* for advertising costs accounted for in the current period but that the Company will incur in future years under existing contractual obligations.

17. ACCOUNTS PAYABLE

Balance at 12/31/2015	Balance at 12/31/2014
407,471,569	**334,149,196**

Accounts payable are stated at their nominal value, and analyzed by maturity as follows.

12/31/2015	**Within 12 months**	**Beyond 12 months**	**Beyond 5 years**	**Total**
Subsidiaries	174,677,047	-	-	174,677,047
Suppliers	232,794,522	-	-	232,794,522
Total	**407,471,569**	-	**-**	**407,471,569**

12/31/2014	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Subsidiaries	124,204,533	-	-	124,204,533
Suppliers	209,944,663	-	-	209,944,663
Total	**334,149,196**	-	**-**	**334,149,196**

"Accounts payables to subsidiaries" mostly comprise amounts owed to:

- Luxottica Leasing S.r.l., for Euro 7.9 million;
- Luxottica S.r.l., for Euro 46.9 million;
- Luxottica Trading & Finance, for Euro 31.2 million;
- Oakley Inc., for Euro 34 million;
- Luxottica US Holdings, for Euro 6 million.

The balance also includes invoices to be received from:

- Luxottica Retail Australia Pty, for Euro 8.1 million;
- Oakley, for Euro 3.3 million;
- Luxottica South East Asia Pte Ltd, for Euro 3.2 million;
- Mikli Diffusion France, for Euro 3 million;
- Oakley Sport International S.r.l., for Euro 3 million;
- Luxottica U.S. Holdings, for Euro 1.4 million;
- Oliver People, for Euro 1.8 million.

"Accounts payable to suppliers" are presented net of trade discounts and consist of:

- Euro 129.6 million, owed to Italian suppliers;
- Euro 24.3 million, owed to foreign suppliers;
- Euro 8 million in credit notes receivable and
- the remainder in invoices to be received, from Italian and foreign suppliers.

Foreign currency accounts payable are adjusted to year-end exchange rates and the resulting gains and losses are recognized in the statement of income as *"Foreign currency hedge and exchange difference gains/losses"*.

The Company does not have any accounts payable for transactions in which substantially all the risks and rewards of ownership are not transferred.

18. INCOME TAXES PAYABLE

Balance at 12/31/2015	Balance at 12/31/2014
44,634,383	45,579,450

"Income taxes payable" report only specific, known liabilities for tax, mainly the liability for IRES (Italian corporate income tax) under the national group tax consolidation, the liability for IRAP (Italian regional business tax) and tax withheld from employee income.

19. DERIVATIVE FINANCIAL INSTRUMENTS

Balance at 12/31/2015	Balance at 12/31/2014
2,053,891	5,121,268

The balance at December 31, 2015 consists of Euro 1,065,248 for the fair value of 32 swap agreements with third parties, Euro 748,676 for the fair value of 80 forward contracts with third parties, Euro 19,607 for the fair value of 4 forward contracts with the subsidiary Luxottica S.r.l., Euro 2,053 for the fair value of 4 collar agreements with third parties and the remainder of Euro 218,307 for the fair value of a fuel swap agreement with third parties.

Additional information can be found in section two of this document entitled "Risk management".

20. OTHER LIABILITIES

Balance at 12/31/2015	Balance at 12/31/2014
664,893,164	56,476,082

Other liabilities are stated at their nominal value and analyzed by maturity as follows:

12/31/2015	Within 12 months	Total
Social security payable	5,757,991	5,757,991
Amounts due to subsidiaries	608,029,006	608,029,006
Other liabilities	51,106,167	51,106,167
Total	**664,893,164**	**664,893,164**

12/31/2014	Within 12 months	Total
Social security payable	5,316,423	5,316,423
Amounts due to subsidiaries	6,211,487	6,211,487
Other liabilities	44,948,172	44,948,172
Total	**56,476,082**	**56,476,082**

"Social security payable" refers to Euro 3,943,393 in amounts due to INPS (Italian social security agency), with the remainder mainly comprising amounts owed to alternative pension funds.

"Amounts due to subsidiaries" are analyzed as follows:

Description	Nature	12/31/2015	12/31/2014
Luxottica Trading and Finance Limited	Cash pooling payables	492,110,504	5,642,274
Luxottica France Sasu	Cash pooling payables	30,845,114	
Luxottica Leasing S.r.l.	Cash pooling payables	18,006,834	
Luxottica Retail Uk Ltd	Cash pooling payables	12,318,872	
Oakley Sport International S.r.l.	Cash pooling payables	11,034,948	
Luxottica North Europe Ltd	Cash pooling payables	10,984,126	
Luxottica Nederland Bv	Cash pooling payables	5,137,407	
Sunglass Hut Ireland Limited	Cash pooling payables	5,052,391	
Sunglass Hut Netherland BV	Cash pooling payables	4,280,258	
Oakley Uk Ltd	Cash pooling payables	4,262,108	
Sunglass Hut France Sasu	Cash pooling payables	3,599,986	
Mikli Diffusion France Sasu	Cash pooling payables	2,879,816	
Luxottica Belgium Nv	Cash pooling payables	1,706,984	
Luxottica Vertriebsgesellschaft Mbh	Cash pooling payables	1,695,347	
Sun Planet Portugal Oculos	Cash pooling payables	1,509,025	
OY Luxottica Finland AB	Cash pooling payables	897,828	
Luxottica International Distribution S.r.l.	Cash pooling payables	802,312	
Luxottica Italia S.r.l.	Sales tax transferred by subsidiaries	378,067	138,253
Luxottica S.r.l.	Cash pooling payables	331,137	
Luxottica Trading and Finance Limited	Sales tax transferred by subsidiaries	46,497	430,729
Other insignificant amounts		149,445	231
Total		**608,029,006**	**6,211,487**

"Other liabilities" comprise:

Description	12/31/2015	12/31/2014
Employee bonuses	29,847,904	24,864,597
Employee wages and salaries	9,303,597	9,360,870
Unused employee holiday entitlement	8,014,111	7,248,359
Other	3,940,555	3,474,346
Total	**51,106,167**	**44,948,172**

Foreign currency accounts payable are adjusted to year-end exchange rates and the resulting gains and losses are recognized in the statement of income as *"Foreign currency hedge and exchange difference gains/losses"*.

The Company does not have any liabilities for transactions in which substantially all the risks and rewards of ownership are not transferred.

NON-CURRENT LIABILITIES

21. LONG-TERM DEBT

Balance at 12/31/2015	Balance at 12/31/2014
1,092,626,239	**1,118,959,755**

Long term-debts represent debts to banks for the total amount, details of which can be found in the note on *"Long-term debt"* in the Notes to the Consolidated Financial Statements.

The fair value of long-term debt was Euro 1,234.5 million at December 31, 2015 (Euro 1,787.7 million at December 31, 2014). The fair value of debt is equal to the present value of future cash flows, calculated using the market rates currently available for similar debt, as modified to take account of the Company's credit standing. This fair value does not include lease liabilities (Euro 0.9 million).

Long-term debt is repayable as follows:

At December 31	Amount
2016	
2017	50,617,671
2018	288,943
2019	500,000,000
thereafter	550,000,000
Effect of applying the amortized cost method	(8,280,375)
Total	**1,092,626,239**

The net financial position (calculated on the basis of Consob communication no. 6064293 dated July 28, 2006) inclusive of intragroup positions, was as follows as of December 31, 2015 and December 31, 2014 (in Euro):

		Notes	2015	of which related parties	2014	of which related parties	Change
A	Cash on hand	4	3,853	-	5,038	-	(1,185)
B	Other liquid assets	4	223,177,287	-	390,567,806	-	(167,390,519)
C	Currency hedging instruments	8	1,395,827	12,061	702,604	702,604	693,223
D	**Availabilties (A) + (B) + (C)**		**224,576,967**	**12,061**	**391,275,448**	**702,604**	**(166,698,481)**
E	**Current financial receivables**	**8-9**	**390,380,634**	**390,380,634**	**10,193,798**	**10,193,798**	**380,186,836**
F	Bank overdrafts	15	796	-	1,262	-	(466)
G	Current portion of long-term debt	15	28,221,135	-	26,719,818	26,719,818	1,501,317
H	Notes payable	15	-	-	500,000,000	-	(500,000,000)
I	Other current financial liabilities	19-20	632,954,524	630,920,240	10,763,542	10,166,313	622,190,982
J	**Current financial liabilities (F) + (G) + (H) + (I)**		**661,176,455**	**630,920,240**	**537,484,622**	**36,886,131**	**123,691,833**

K	**Net current financial liabilities (J) - (E) - (D)**		**46,218,854**	**240,527,545**	**136,015,376**	**25,989,729**	**(89,796,522)**
L	Long-term debt	21	-	-	18,959,755	-	(18,959,755)
M	Notes payable	21	1,091,719,625	-	1,100,000,000	-	(8,280,375)
N	Other non-current liabilities	21	906,614	-	-	-	906,614
O	**Non-current financial liabilities (L) + (M) + (N)**		**1,092,626,239**	**-**	**1,118,959,755**	**-**	**(26,333,516)**
P	**Net financial position (K) + (O)**		**1,138,845,093**	**240,527,545**	**1,254,975,131**	**25,989,729**	**(116,130,038)**

22. LONG-TERM PROVISIONS FOR RISKS AND OTHER CHARGES

Balance at 12/31/2015	Balance at 12/31/2014
738,958	**811,790**

The balance at December 31, 2015 consists of provisions recognized as a result of events that could give rise to future liabilities for the Company.

23. EMPLOYEE BENEFITS

Balance at 12/31/2015	Balance at 12/31/2014
6,877,725	**7,466,433**

The change over the year reflects:

Liability at 01.01.2014	**6,495,263**
Interest expense	197,878
Actuarial loss (gain)	1,126,205
Transfers from other Group companies	73,945
Benefits paid	(426,858)
Liability at 12.31.2014	**7,466,433**
Interest expense	110,134
Actuarial loss (gain)	(498,050)
Transfers from other Group companies	47,558
Benefits paid	(248,350)
Liability at 12.31.2015	**6,877,725**

"Employee benefits" at December 31, 2015 reflect termination indemnities accruing up to December 31, 2006 in respect of employees on the payroll at that date, net of any advance payments.

The increase is due to this liability's annual inflation related adjustment and changes for employees transferred from other Group companies. The decrease reflects payments to employees who left the Company during 2015 and the transfer of indemnities maturing in 2015 to alternative pension funds or to INPS (Italian social security agency).

The liability of Euro 6,877,725 at December 31, 2015 represents the estimated obligation to pay such indemnities to employees upon termination of employment; this obligation has been calculated using actuarial techniques, which exclude, however, any assumptions about future salary growth.

The principal actuarial assumptions used are as follows:

ECONOMIC ASSUMPTIONS	**2015**	**2014**
Discount rate	2.00%	1.50%
Annual indexation of employee benefit	2.81%	2.81%
Mortality rate:	RG48 tables determined by Italy's General Accounting Office	RG48 tables determined by Italy's General Accounting Office
Inability rate:	calculated using the age and gender distribution of pensions payable at January 1, 1987 running from 1984, 1985, 1986 for credit sector employees	calculated using the age and gender distribution of pensions payable at January 1, 1987 running from 1984, 1985, 1986 for credit sector employees
Retirement rate:	assumes meeting the first pensionable criteria to qualify for the basic pension, taking into account the probability of employment termination for reasons other than death, based on statistics supplied by the Group (annual frequency of 5.00%).	assumes meeting the first pensionable criteria to qualify for the basic pension, taking into account the probability of employment termination for reasons other than death, based on statistics supplied by the Group (annual frequency of 5.00%).
	In addition, the probability of early retirement is estimated to be 3.00% per year.	In addition, the probability of early retirement is estimated to be 3.00% per year.

In order to take into account the current uncertainty of the financial markets, the Company has decided to use a discount rate for the valuation of liabilities at December 31, 2015, that is based on the iBoxx Eurozone Corporates AA 10+ index at the valuation date.

24. STOCKHOLDERS' EQUITY

	Balance at 12/31/2015	Balance at 12/31/2014
Capital stock	29,019,200	28,900,295
Other reserves	2,255,841,323	2,299,262,585
Net income	541,170,762	548,026,086
Total stockholders' equity	**2,826,031,285**	**2,876,188,966**

24.1 Capital stock

Balance at 12/31/2015	Balance at 12/31/2014
29,019,200	**28,900,295**

Capital stock is made up as follows:

Shares	Number	Nominal value in Euro
Ordinary	483,653,333	0.06

At December 31, 2015, the capital stock of Luxottica Group S.p.A. amounted to Euro 29,019,200 and comprised 483,653,333 ordinary shares with a nominal value of Euro 0.06 each.

At January 1, 2015, the capital stock had amounted to Euro 28,900,295, divided into 481,671,583 ordinary fully paid-up shares with a nominal value of Euro 0.06 each.

Following the exercise of 1,981,750 options to purchase ordinary shares granted to employees under existing stock option plans, capital stock increased by Euro 118,905 over the course of 2015.

Of the 1,981,750 options exercised, 32,500 refer to the 2008 Plan, 35,000 refer to the 2009 Plan, 150,000 refer to the 2009 Extraordinary Plan (reassignment of the 2006 Performance 2006), 94,000 refer to the 2009 Ordinary Plan (reassignment of the 2006 and 2007 Ordinary Plans), 149,500 refer to the 2010 Plan, 324,500 refer to the 2011 Plan and 1,196,250 refer to the 2012 Plan.

24.2. Other reserves and allocation of prior year net income

Balance at 12/31/2015	Balance at 12/31/2014
2,255,841,323	**2,299,262,585**

Allocation of prior year net income

The stockholders' meeting of April 24, 2015 voted:

- to distribute a total of Euro 689,713,756 in dividends;
- to allocate Euro 49,143 to the legal reserve;
- to use Euro 141,736,813 from the extraordinary reserve.

Legal reserve

The increase of Euro 49,143 reflects the allocation of a portion of the prior year's net income.

Extraordinary reserve

The stockholders voted on April 24, 2015 to use Euro 141,736,813 from the extraordinary reserve for the purposes of the dividend distribution.

Additional paid-in capital

This reserve increases with the exercise of stock options.

Treasury shares

Treasury shares are recorded as a reduction in stockholders' equity. The original cost of treasury shares and the economic effects of any subsequent disposals are recognized in stockholders' equity.

The treasury shares reserve was equal to Euro 68,636,042 as of December 31, 2015 (Euro 73,874,533 as of December 31, 2014). The reduction of Euro 5.2 million was due to the grant of approximately 0.5 million treasury shares to employees following achievement of the financial targets under the 2012 Performance Share Plan and to the grant of 119,755 treasury shares to employees in honor of the 80th birthday of the Chairman and Founder, Mr. Leonardo Del Vecchio. These decreases were partially offset by the purchase of 116,673 treasury shares. As a result of the above, the number of treasury shares went from 3,647,725 as of December 31, 2014 to 3,145,865 as of December 31, 2015.

Other reserves

The change reflects Euro 49,738,731 to account for stock options in accordance with IFRS 2, and Euro 363,441 in net actuarial gains/losses recognized in equity in accordance with IAS 19.

The components of stockholders' equity are analyzed below according to their origin, permitted use, amount available for distribution and actual utilization in the previous three years.

Description	Amount	Permitted use	Amount available for distribution	Uses in previous three years	
				to cover losses	other purposes
Capital stock	29,019,200	B			
Capital reserves:					
Additional paid-in capital (**)	444,555,695	A, B ,C	444,537,257		
Treasury shares	(68,636,042)				
Other reserves	-	A			570,924
Earnings reserves:					
Legal reserve	5,785,402	B			
Extraordinary reserve	1,001,708,454	A, B, C	1,001,708,454		141,736,813
IAS reserve - IFRS FTA under Section 7, par. 7 Italian Legislative Decree 38/2005	604,447				
IAS reserve – Employee benefits – IAS 19	(454,332)				
IAS reserve - Stock options – IFRS 2 (*)	12,991,764				
IAS reserve - FTA IAS 36	396,820,262	A, B, C	396,820,262		
IAS reserve - stock options	314,140,700				
Merger/demerger surplus reserve	148,324,973	A, B, C	148,324,973		
Total reserves	**2,255,841,323**		**1,991,390,946**		**142,307,737**
Undistributable amount					
Distributable amount			**1,991,390,946**		
Key	**A: to increase capital**	**B: to cover losses**	**C: distribution to stockholders**		

Notes: (*) As established by Section 6, par. 5 of Italian Legislative Decree 38/2005, these reserves are available to cover losses only once distributable earnings reserves and the legal reserve have been used. In this case, these reserves must be reinstated through allocations from net income in subsequent years.

(**) The undistributable amount of Euro 18,438 refers to the residual amount required to be allocated to the legal reserve to make it equal to 20% of capital stock.

INFORMATION ON THE SEPARATE STATEMENT OF INCOME

25. NET SALES

2015	2014	Change
2,721,277,830	**2,384,243,964**	**337,033,866**

Net sales by product category

Description	**2015**	**2014**	**Change**
Finished product sales	2,697,166,323	2,362,403,322	334,763,002
Spare part sales	20,028,909	18,030,062	1,998,847
Direct material sales	3,225,789	3,133,171	92,618
Accessories sales	856,809	677,409	179,400
Total	**2,721,277,830**	**2,384,243,964**	**337,033,866**

26. OTHER REVENUE AND INCOME

2015	2014	Change
149,913,938	**130,401,484**	**19,512,454**

Description	**2015**	**2014**	**Change**
Recharged marketing expenses	39,150,198	30,413,175	8,737,023
Recharged transport costs	15,558,926	16,683,409	(1,124,483)
Other	95,204,814	83,304,900	11,899,914
Total	**149,913,938**	**130,401,484**	**19,512,454**

"Other" primarily consists of:

- Euro 28,215,062 in royalties, originating from revenue from licensing agreements with subsidiaries for the use of the OPSM, Ray Ban, Arnette, Persol, Vogue, Killer Loop, Luxottica and Sferoflex trademarks;
- Euro 42,571,225 in recharges of IT costs;
- Euro 4,118,450 in administrative services charged to subsidiaries;
- Euro 2,356,407 in commission income from the agency agreement with Luxottica S.r.l..

27. CHANGES IN INVENTORIES

2015	2014	Change
35,543,151	**(17,180,823)**	**52,723,974**

Changes in inventories are analyzed as follows:

Description	2015	2014	Change
Finished products	33,009,293	(16,053,601)	49,062,894
Spare parts	2,815,764	(66,293)	2,882,057
Raw materials	763,869	106,209	657,660
Samples	262,025	(220,609)	482,634
Accessories	(7,242)	205,053	(212,295)
Advertising materials	(1,300,558)	(1,151,582)	(148,976)
Total	**35,543,151**	**(17,180,823)**	**52,723,974**

28. COST OF GOODS PURCHASED

2015	2014	Change
1,365,895,092	**1,160,771,831**	**205,123,261**

The cost of goods purchased is analyzed by category as follows:

Description	2015	2014	Change
Purchase of finished eyeglasses	1,266,775,337	1,082,387,639	184,387,698
Purchase of materials	69,545,624	53,556,049	15,989,575
Purchase of spare parts	21,041,726	17,976,085	3,065,641
Purchase of eyeglass accessories	975,390	766,762	208,628
Customs fees	7,499,282	6,002,050	1,497,232
Shipping and packaging	57,733	83,246	(25,513)
Total	**1,365,895,092**	**1,160,771,831**	**205,123,261**

"Purchase of materials" relates to purchases associated with the packaging phase.

29. SERVICE COSTS

2015	2014	Change
233,969,153	**199,108,426**	**34,860,727**

The principal types of cost included in this line in both periods are as follows:

Description	2015	2014	Change
Marketing costs	106,121,695	92,156,893	13,964,802
Other services costs	77,160,785	61,428,530	15,732,255
Legal and consulting fees	17,243,620	17,134,738	108,882
Travel expenses	11,953,702	13,870,232	(1,916,530)
Personnel search and training	3,309,306	3,747,193	(437,887)
Directors' fees	12,771,777	3,244,423	9,527,354
Hardware maintenance	380,159	3,119,236	(2,739,077)
Insurance expenses	2,030,124	1,615,942	414,182
Canteen expenses	1,848,434	1,443,098	405,336
Vehicle costs	659,036	636,955	22,081
Research and development	13,384	338,932	(325,548)
Telephone expenses	217,682	186,980	30,702
Statutory auditors' fees	259,449	185,274	74,175
Total	**233,969,153**	**199,108,426**	**34,860,727**

"Marketing costs" consists of marketing costs incurred for both the OPSM trademarks, as established under the licensing agreement with Luxottica Retail Australia PTY Ltd, and for the Ray-Ban, Arnette, Persol, Vogue, Killer Loop, Sferoflex and Luxottica trademarks.

"Other services" primarily consist of Euro 51 million in transport costs, Euro 11 million in computer outsourcing services, Euro 2.3 million in data transmission costs and Euro 2.1 million in administrative costs recharged by Group companies.

30. LICENSE AND LEASE COSTS

2015	2014	Change
234,301,165	**197,497,586**	**36,803,579**

These costs primarily consist of:

- Euro 170,084,506 for royalties;
- Euro 47,256,863 for advertising expenditure under contractual commitments;
- Euro 3,217,292 for the rental of software licenses;
- Euro 5,461,606 for property rental expenses;
- Euro 2,015,197 for car and truck rental;

- Euro 1,252,407 for photocopier and printer rental.

The increase in these costs compared with the previous year is due to higher royalties and related expenses paid for trademarks under license as a result of the growth in sales.

31. AMORTIZATION AND DEPRECIATION

Amortization of intangible assets and depreciation of property, plant and equipment have been calculated on the basis of useful life of the assets concerned, also taking account of how they are used in the business.

"Amortization, depreciation and impairment" primarily consists of Euro 8,131,355 in amortization of the OPSM trademarks and Euro 13,148,819 in amortization of the house brands, detailed as follows:

- Euro 13,099,670 for the RayBan - Revo - Arnette trademarks;
- Euro 33,987 for the Persol - Sferoflex - Luxottica - Vogue trademarks;
- Euro 6,859 for the Killer Loop trademark;
- Euro 8,303 for other trademarks.

Information about the depreciation of property, plant and equipment can be found in Note 10.

32. PERSONNEL COSTS

2015	2014	Change
169,032,853	**156,089,034**	**12,943,819**

Details of these costs are provided below.

"Non-cash stock-based compensation" reflects the cost for the year of stock options granted to the Company's top management.

Description	2015	2014	Change
Wages and salaries	105,711,545	102,690,229	3,021,316
Non-cash stock-based compensation	24,226,842	13,416,589	10,810,253
Social security contributions	25,524,544	27,940,014	(2,415,470)
Employee benefits	7,527,057	6,870,888	656,169
Other personnel costs	6,042,865	5,171,314	871,551
Total	**169,032,853**	**156,089,034**	**12,943,819**

33. OTHER OPERATING EXPENSES

2015	2014	Change
16,978,955	**10,829,965**	**6,148,990**

These expenses consist of consumable materials and other expenses not included in any of the previous categories.

34. INCOME AND EXPENSE FROM INVESTMENTS

2015	2014	Change
19,865,776	**108,074,660**	**(88,208,884)**

"Dividend income" is analyzed as follows:

Description	Dividends 2015	Dividends 2014
Luxottica Trading & Finance	57,000,000	70,000,000
Luxottica France S.A.S.	7,701,031	6,800,000
Luxottica Iberica S.A.	5,000,000	5,400,000
Luxottica Korea Ltd	3,605,628	-
Luxottica Gozluk Endustri Ve Ticaret Anonim Sirketi	3,432,625	-
Luxottica Fashion Brillen Vertriebs Gmbh	3,000,000	4,750,000
Luxottica Hellas A.E.	2,587,601	1,939,351
Luxottica Nederland B.V.	2,200,000	1,912,500
Luxottica Retail UK	1,403,605	3,338,243
Luxottica Portugal-Comercio de Optica S.A.	1,397,060	898,071
Luxottica South Pacific Holding PTY limited	1,341,312	-
Luxottica Nordic AB	1,057,788	-
Luxottica Norge A.S.	542,035	317,411
Luxottica Finland AB	440,000	-
Luxottica Belgium N.V.	396,000	693,000
Luxottica (Switzerland) A.G.	290,023	493,462
Luxottica Vertriebsgesellschaft MBH (Austria)	260,000	450,000
Luxottica Italia S.r.l.	-	7,000,000
Luxottica North Europe Ltd	-	3,681,885
Luxottica Middle East FZE	-	400,737
Total	**91,654,708**	**108,074,660**

Information about the impairment of investments can be found in Note 12.1 "Investments in subsidiaries".

35. FINANCE INCOME

2015	2014	Change
4,809,593	**6,294,090**	**(1,484,497)**

Description	2015	2014	Change
Income from other non-current assets	1,819,576	1,552,591	266,985
Income from other current assets	1,561,865	3,883,644	(2,321,779)
Cash pooling finance income	289,772	-	289,772
Derivatives interest income	1,098,323	812,548	285,775
Income other than above	40,057	45,307	(5,250)
Total	**4,809,593**	**6,294,090**	**(1,484,497)**

"Income from other non-current assets" includes Euro 1,705,149 in fee income for the guarantees given to the subsidiary Luxottica U.S Holdings Corp. against bank loans (compared with Euro 1,504,562 at December 31, 2014). Guarantees paid by Luxottica U.S. Holdings Corp. at December 31, 2015 also relate to the private placement of bonds.

"Income from other current assets" consists of interest earned on bank deposits.

More information about loans given to Group companies by the parent can be found in the notes on *"Other non-current assets"* and *"Other current assets"*.

36. FINANCE EXPENSE

2015	2014	Change
73,627,929	**76,885,701**	**(3,257,772)**

Description	2015	2014	Change
Bank interest	4,885	3,297	1,588
Cash pooling finance expense	1,489,110	1,503,751	(14,641)
Finance expense on joint guarantees	5,640,072	5,905,389	(265,317)
Interest on loans from subsidiaries	18,741	15,548	3,193
Loan interest	2,672,023	6,558,525	(3,886,502)
Derivatives interest expense	6,597,920	4,585,695	2,012,225
Interest on bonds	48,416,667	49,828,125	(1,411,458)
Other finance expense	8,788,511	8,485,371	303,140
Total	**73,627,929**	**76,885,701**	**(3,257,772)**

"Cash pooling finance expense" reflects the interest paid to the subsidiary Luxottica Trading and Finance Ltd. on overdrawn balances on the cash pooling account during the year.

"Finance expense on joint guarantees" refers to guarantees given by Luxottica S.r.l. and Luxottica U.S. Holdings Corp. on the "club deal" loan and in part on the placement of bonds (for additional information see the note on long-term debt in the Notes to the consolidated financial statements).

"Interest on loans from subsidiaries" relates to loans from the subsidiary Luxottica U.S. Holdings to the parent company.

"Other finance expense" mostly comprises Euro 227,436 (Euro 628,488 in 2014) in interest expense on lease payments to the subsidiary Luxottica Leasing S.r.l. for the OPSM trademarks, and Euro 4,000,000 (Euro 4,000,000 also in 2014) in interest expense on corporate bonds.

37. FOREIGN CURRENCY HEDGE AND EXCHANGE DIFFERENCE GAINS/LOSSES

	2015	2014	Change
Gains	139,276,469	70,763,007	68,513,462
Losses	(140,306,317)	(71,641,856)	(68,664,461)
Total	**(1,029,848)**	**(878,849)**	**(150,999)**

Gains realized from entering into currency hedging derivatives with the subsidiary Luxottica Trading and Finance Ltd. have offset the losses particularly arising on the receipt of foreign currency dividends and the payment of interest expense in USD.

38. PROVISION FOR INCOME TAXES

2015	2014	Change
(232,011,593)	**(204,793,492)**	**(27,218,101)**

Taxes	**2015**	**2014**	**Change**
Current taxes:	**(260,371,507)**	**(202,313,712)**	**(58,057,795)**
Taxes paid abroad	(1,439,499)	(508,688)	(930,811)
Taxes relating to prior years	(11,308,708)	(298,560)	(11,010,148)
IRES	(201,624,151)	(168,327,721)	(33,296,430)
IRAP	(45,849,149)	(32,478,743)	(13,370,406)
Taxes on foreign income	(150,000)	(700,000)	550,000
Deferred tax assets (liabilities):	**28,359,914**	**(2,479,780)**	**30,839,694**
IRES	25,911,102	(2,219,585)	28,130,687
IRAP	2,448,812	(260,195)	2,709,007
Total	**(232,011,593)**	**(204,793,492)**	**(27,218,101)**

The provision for income taxes reflects the tax charge for the year.

With reference to current IRES (Italian corporate income tax), the Company has recognized a charge of Euro 201,624,151. The Company is the head of a tax group under a "National tax consolidation" election, permitted by Sections 117 et seq. of the Italian Income Tax Code. This election allows the taxable income and tax losses of participating companies to be offset against one another.

With reference to current IRAP (Italian regional business tax), the charge for the year is Euro 45,849,149, calculated on the value of net production for the year.

The Company has also recognized Euro 150,000 in taxes under Section 167 of the Italian Income Tax Code.

In terms of deferred tax, the Company has recognized Euro 2,448,812 in deferred tax assets for IRAP and Euro 25,911,102 in deferred tax assets for IRES.

Reconciliation between reported tax charge and theoretical tax charge (IRES)

	December 31	
	2015	**2014**
Theoretical tax charge applying in Italy	27.5%	27.5%
Effect of dividends	(3.09)%	(3.75)%
Other permanent differences	(1.33)%	(0.89)%
Effective tax rate	**23.08%**	**22.86%**

Reconciliation between reported tax charge and theoretical tax charge (IRAP)

	December 31	
	2015	**2014**
Theoretical tax charge applying in Italy	5.57%	3.90%
Effect of dividends	(0.66)%	(0.56)%
Effect of rate adjustment	0.95%	0%
Other permanent differences	1.07%	1.00%
Effective tax rate	**6.93%**	**4.34%**

39. COMMITMENTS, RISKS, GUARANTEES, CONTINGENT LIABILITIES AND OTHER PROCEEDINGS

Description	**2015**	**2014**
Risks assumed by the company for sureties	1,194,091,692	1,179,319,690
Minimum royalties and advertising contributions	901,463,834	527,211,379
Purchase commitments	18,108,711	23,802,985
Total	**2,113,664,237**	**1,730,334,054**

The following table summarizes commitments for minimum royalties according to maturity:

Less than 1 year	From 1 to 5 years	More than 5 years
104,208,493	447,746,107	349,509,234

It is also noted that the Company has to make future payments of Euro 18.1 million in respect of certain supplier contracts. The following table summarizes these commitments according to maturity:

2016	2017	2018
6,640,930	6,445,948	5,021,833

Risks assumed by the company for sureties

These are intended to guarantee loans used by subsidiaries; most of the remunerated guarantees given, jointly with the subsidiary Luxottica S.r.l., refer to debt obligations of the subsidiary Luxottica U.S. Holdings Corp. relating to the Cole National Group acquisition, to a private bond placement of USD 128 million (about Euro 117.6 million), to a private bond placement of USD 175 million (about Euro 160.7 million) and to a new private bond placement of USD 350 million (about Euro 321.5 million).

Minimum royalties and advertising contributions

Luxottica Group S.p.A. has entered into licensing agreements with various designers for the manufacture, design and distribution of sunglasses and eyeglasses.

Under these licensing agreements, which typically have a term of between 4 and 10 years, Luxottica is required to pay a royalty of between 6% and 14% of net sales. Certain agreements also provide for the payment of a guaranteed minimum annual royalty and a mandatory marketing contribution (with the latter calculated at between 5% and 10% of net sales). Typically, these agreements may be terminated by either party for a variety of reasons, including but not limited to, non-payment of royalties, failure to achieve minimum sales targets, unauthorized modifications of the products and, under certain conditions, the change in ownership of Luxottica Group S.p.A.

Contingent liabilities

The French subsidiaries Luxottica France SASU, Alain Mikli International SASU, Mikli Diffusion France SASU, together with other major competitors in the French eyewear industry, have been the subject of an investigation by the French Competition Authority ("FCA") concerning the existence of possible price fixing practices within this industry. In May 2015, the Company received a Statement of Objections from the FCA. This document contains the FCA's preliminary position on anti-competitive practices and it does not prejudice its final decision about the investigations which are still ongoing.

During the month of August 2015, the Company filed its responses to the Statement of Objections. The Company will vigorously defend itself against the allegations. At the start of 2016, the FCA requested further information, as typically happens in this type of proceedings.

At the present stage of the proceedings it has not been possible to estimate the probability and amount of the potential liability. As a result, no liability has been recorded in the present financial statements. This decision takes into account the significant elements of uncertainty concerning some aspects of the FCA's position, with particular reference to the period, the brands and sales channels in dispute, as well as mitigating or aggravating factors that could affect the FCA's evaluations. If the FCA concludes that there has been a violation, it will impose a fine, which may be contested in court. Such fine, assuming it is upheld by the court, could have a material effect on the Company's results of operations and financial condition.

Given the complexity of the proceedings in progress, it is difficult to predict the timing of the actions taken by the FCA, including the conclusion of the investigation and the quantification of any fines, which may occur in the course of 2016 or in subsequent years.

Other proceedings

The Company is a defendant in various other lawsuits arising in the ordinary course of business. It is the opinion of management 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 financial position or results of operations.

40. TRANSACTIONS AND BALANCES WITH SUBSIDIARIES, ASSOCIATES, PARENTS AND OTHER GROUP COMPANIES

Transactions during the year and balances at year end with subsidiaries, associates, parents and other Group companies are as follows:

Trade and other transactions and balances

Company							
	2015				*2015*		
			Costs			*Revenue*	
	Receivables	*Payables*	*Goods*	*Services*	*Other*	*Goods*	*Other*
ALAIN MIKLI INTERNATIONAL SASU	2,333	3,026,705	-	-	2,234,460	-	-
COLLEZIONE RATHSCHULER SRL	47,384	91,500	-	300,000	100	-	11,800
DELFIN S.A.R.L.	7,075,630	-	-	-	-	-	-
GLASSES.COM INC	77,338	-	-	-	(77,059)	-	-
GUANGZHOU MING LONG OPTICAL TECHNOLOGY CO LTD	3,293	-	-	-	-	-	-
LUNETTES GROUP LIMITED	2	65	-	-	-	-	-
LUXOTTICA (CHINA) INVESTMENT CO LTD	1,402,031	115,140	-	(40,112)	(940,532)	-	82,860
LUXOTTICA (SHANGHAI) TRADING CO LTD	8,735,476	-	-	(691,798)	(346,528)	26,644,260	1,796,440
LUXOTTICA (SWITZERLAND) AG	(1,024)	326,488	-	(40,474)	(232,549)	9,589,858	561,071
LUXOTTICA ARGENTINA SRL	226	-	-	-	-	681,476	15,489
LUXOTTICA AUSTRALIA PTY LTD	3,292,768	-	-	(71,167)	-	8,809,397	846,206
LUXOTTICA BELGIUM NV	574,412	-	-	(7,793)	-	15,735,424	802,220

LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	10,523,592	1,763,450	1,608,730	(388,841)	(1,099,280)	47,442,074	8,924,509
LUXOTTICA CANADA INC	1,129,063	-	-	-	-	2,695,714	670,037
LUXOTTICA CENTRAL EUROPE KFT	538,177	584,587	-	(8,269)	-	6,722,907	309,304
LUXOTTICA CHILE SPA	2,282,773	-	-	-	-	3,124,063	52,586
LUXOTTICA COLOMBIA SAS	1,562,989	-	-	-	-	2,697,024	122,168
LUXOTTICA FASHION BRILLEN VERTRIEBS GMBH	1,716,164	12,305	-	(98,809)	(87,711)	107,956,402	3,906,602
LUXOTTICA FRAMES SERVICE SA DE CV	203,657	26	-	(975)	(509,777)	-	129
LUXOTTICA FRANCE SASU	13,447,152	115,782	-	(127,059)	(211,075)	198,952,745	9,586,987
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	1,305,569	96,837	-	(28,260)	(154,634)	60,634,804	1,613,798
LUXOTTICA HELLAS AE	4,016,743	-	-	(4,674)	-	15,859,166	510,598
LUXOTTICA HOLLAND BV	107,505	50,156	-	(90,000)	-	-	-
LUXOTTICA HONG KONG WHOLESALE LIMITED	1,748,386	-	-	(67,252)	(15,500)	8,341,817	590,874
LUXOTTICA IBERICA SAU	4,616,478	43,564	-	(81,050)	(111,793)	104,937,917	4,546,615
LUXOTTICA INDIA EYEWEAR PRIVATE LIMITED	5,071,159	36,847	-	(82,728)	-	18,600,610	1,078,101
LUXOTTICA INTERNATIONAL DISTRIBUTION SRL	10,813,752	322	-	(20,393)	-	22,685,870	124,867
LUXOTTICA ITALIA SRL	19,052,121	481,925	-	(620,956)	(26,473)	191,889,222	9,485,470
LUXOTTICA KOREA LTD	1,642,566	-	-	(23,080)	(338,246)	21,886,715	465,654
LUXOTTICA LEASING SRL	2,369,402	7,896,029	-	-	400	-	22,700
LUXOTTICA MEXICO SA DE CV	1,448,542	-	-	(114,298)	-	45,865,097	1,758,409
LUXOTTICA MIDDLE EAST FZE	307,969	-	-	(463,148)	-	-	342,752

LUXOTTICA NEDERLAND BV	2,793,388	-	-	(53,307)	(224,802)	32,557,383	979,262
LUXOTTICA NORDIC AB	17,244	1	-	(42,168)	-	-	56,116
LUXOTTICA NORGE AS	1,110	-	-	-	-	-	9,500
LUXOTTICA NORTH AMERICA DISTRIBUTION LLC	66,747,721	1,730,955	132,386	2,074,797	272,305	992,058,518	285,668
LUXOTTICA NORTH EUROPE LTD	3,899,926	31,782	-	(175,772)	(10,570)	115,978,872	4,793,534
LUXOTTICA OPTICS LTD	2,988,402	-	-	(17,183)	-	18,311,051	376,959
LUXOTTICA POLAND SP ZOO	3,575,634	-	-	(23,663)	-	13,086,440	603,751
LUXOTTICA PORTUGAL-COMERCIO DE OPTICA SA	1,003,342	-	-	(4,282)	-	19,206,915	652,373
LUXOTTICA RETAIL AUSTRALIA PTY LTD	20,440,523	8,149,172	-	6,785,423	(535,279)	31,706,721	19,984,046
LUXOTTICA RETAIL HONG KONG LIMITED	502,174	-	-	32	-	2,108,150	45,481
LUXOTTICA RETAIL NEW ZEALAND LIMITED	26,451	-	-	-	-	-	-
LUXOTTICA RETAIL NORTH AMERICA INC	3,366,097	-	-	(4,350,763)	(4,417,266)	-	10,597,210
LUXOTTICA RETAIL UK LTD	335,993	5,634,391	-	295,030	(20,736)	39,270,955	2,676,507
LUXOTTICA RETAIL UK LTD - DANISH BRANCH	16,083	-	-	-	-	257,539	24,221
LUXOTTICA RUS LLC	1,537,725	-	-	(92,253)	(231,113)	9,279,221	218,880
LUXOTTICA SOUTH AFRICA PTY LTD	1,816,744	-	-	(9,107)	(28,784)	8,227,572	552,503
LUXOTTICA SOUTH EAST ASIA PTE LTD	2,347,024	3,242,303	-	3,169,580	(2,070,264)	6,671,303	860,061
LUXOTTICA SOUTH EASTERN EUROPE LTD	1,304,112	-	-	(46,635)	-	10,336,713	527,139
LUXOTTICA SRL	36,637,917	46,961,364	782,534,609	2,698,404	391,863	3,468,744	25,056,846
LUXOTTICA SUN CORP	2,482	-	-	(1,472)	-	-	-
LUXOTTICA TRADING AND FINANCE	8,525,547	31,281,609	462,214,160	786,644	28,565	315,172,156	7,736,690

LIMITED							
LUXOTTICA TRISTAR (DONGGUAN) OPTICAL CO LTD	7,539,830	-	-	(139,812)	-	78,219	3,077,597
LUXOTTICA US HOLDINGS CORP	405,759	7,464,055	-	129,014	2,461,215	-	396,149
LUXOTTICA USA LLC	4,929,869	81,566	-	(2,632,464)	(1,535,334)	-	5,889,174
LUXOTTICA VERTRIEBSGESELLSCHAFT MBH	890,408	-	-	(865)	-	9,517,133	318,623
LUXOTTICA WHOLESALE (THAILAND) LTD	3,142,235	-	-	(86,298)	(315,715)	9,117,364	375,027
LUXOTTICA WHOLESALE MALAYSIA SDN BHD	1,163,890	1,716	-	(27,311)	1,951	3,482,477	371,599
MDD OPTIC DIFFUSION GMBH	8,316	-	-	(4,116)	(4,200)	-	-
MDI DIFFUSIONE OTTICA SRL	76	-	-	(4,676)	-	-	-
MIKLI ASIA LIMITED	0	95	-	-	-	-	-
MIKLI DIFFUSION FRANCE SASU	1,816,524	2,983,188	-	871,260	(70,622)	21,981,082	679,124
MIKLI JAPON KK	3,623	1,587	-	-	-	912,220	23,733
MIRARI JAPAN CO LTD	959,921	-	-	(39,672)	-	41,827,977	527,672
OAKLEY (SCHWEIZ) GMBH	0	4,682	460	-	193	-	211
OAKLEY EDC INC	117,437	336,880	-	329,935	-	117,437	-
OAKLEY EUROPE SNC	0	222	-	-	-	-	-
OAKLEY GMBH	0	-	-	-	(605)	-	4,273
OAKLEY ICON LIMITED	9,349	29,434	-	495,131	(23,020)	-	7,996
OAKLEY INC	1,797,127	37,906,889	47,973,779	(1,371,193)	(1,072,833)	3,477,256	2,695,417
OAKLEY IRELAND OPTICAL LIMITED	626	-	-	-	-	-	-
OAKLEY SOUTH PACIFIC PTY LTD	52,087	-	-	-	-	569,419	125

OAKLEY SPORT INTERNATIONAL SRL	839,935	3,614,956	-	2,903,121	(17,166)	8,243,145	1,064,787
OAKLEY UK LTD	0	78,259	-	73,954	-	-	-
OLIVER PEOPLES INC	1,168,619	5,753,054	-	31,463	7,725,833	17,225,698	149,608
ONE SIGHT LUXOTTICA FOUNDATION-ONLUS	1,000						1,000
OPTICAS GMO CHILE SA	24,053	2,896,057	-	(55,333)	(171,554)	3,519,121	169,443
OPTICAS GMO COLOMBIA SAS	332,304	-	-	-	-	1,444,062	11,877
OPTICAS GMO ECUADOR SA	107,596	-	-	-	-	1,288,067	3,476
OPTICAS GMO PERU SAC	351,474	-	-	-	-	3,470,671	12,919
OY LUXOTTICA FINLAND AB	4	58	-	-	-	-	5,900
RAY BAN SUN OPTICS INDIA PRIVATE LIMITED	378,313	-	-	-	-	20,700	477,313
RAYBAN AIR	12,840	661,050	-	(34,558)	1,571,419	-	18,500
SGH BRASIL COMERCIO DE OCULOS LTDA	257,937	-	-	(5,627)	-	-	250,895
SPV ZETA Optical Trading (Beijing) Co Ltd	13,748	-	-	-	-	-	-
SUN PLANET PORTUGAL OCULOS	1,632,445	-	-	-	-	4,283,351	368,511
SUNGLASS DIRECT GERMANY GMBH	24,118	778,459	-	(298)	(2,879)	2,198,767	81,887
SUNGLASS DIRECT ITALY SRL	175,136	1,672	-	(4,356)	72,355	2,457,204	42,215
SUNGLASS FRAMES SERVICE SA DE CV	47,848	26	-	(736)	(163,817)	-	1,274
SUNGLASS HUT (South East Asia) PTE LTD	3,826,566	-	-	(4,039)	(1,079,763)	4,053,029	4,663
SUNGLASS HUT (THAILAND) CO LTD	993	-	-	-	-	-	-
SUNGLASS HUT AIRPORTS SOUTH AFRICA (PTY) LTD *	75,172	-	-	-	-	1,268,002	-
SUNGLASS HUT DE MEXICO SAPI DE CV	795,747	-	-	(10,251)	-	-	1,364,370

SUNGLASS HUT FRANCE SASU	200,696	-	-	(14,301)	-	-	-
SUNGLASS HUT HONG KONG LIMITED	597,626	-	-	(12,149)	-	3,549,740	80,030
SUNGLASS HUT IBERIA SLU	1,362,879	29,591	-	(43,764)	(152,013)	9,708,327	1,372,360
SUNGLASS HUT IRELAND LIMITED	392,068	-	-	(1,413)	-	3,668,441	179,028
SUNGLASS HUT MIDDLE EAST GENERAL TRADING LLC *	3,903	-	-	(3,887)	-	-	-
SUNGLASS HUT NETHERLANDS BV	46,538	836,226	-	(13,385)	(15)	1,479,889	313,739
SUNGLASS HUT RETAIL NAMIBIA (PTY) LTD	15,390	-	-	-	-	320,421	-
SUNGLASS HUT RETAIL SOUTH AFRICA (PTY) LTD	2,581,972	-	-	4,625	-	6,720,650	153,057
SUNGLASS HUT TURKEY GOZLUK TICARET ANONIM SIRKETI	139,692	-	-	(12,372)	-	-	310,554
SUNGLASS TIME (EUROPE) LIMITED	166,591	-	-	-	-	-	-
Total	**301,409,547**	**175,133,027**	**1,294,464,124**	**8,537,796**	**(1,538,848)**	**2,705,450,684**	**145,069,119**

The negative amounts reported in the "Costs" column refer to intercompany recharges of goods/services purchased from third parties.

Financial transactions and balances

Company	2015				2015	
	Receivables	Payables	Guarantees	Commitments	Expense	Income
ALAIN MIKLI INTERNATIONAL SASU	7,693,006	-	-	-	12,663	2,333
GUANGZHOU MING LONG OPTICAL TECHNOLOGY CO LTD	-	-	14,162,701	-	-	-
LUNETTES GROUP LIMITED	-	118,030	-	-	65	2
LUXOTTICA (SWITZERLAND) AG	-	-	-	-	-	290,023
LUXOTTICA BELGIUM NV	-	1,706,984	-	-	-	396,000
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	-	-	25,511,979	-	-	-
LUXOTTICA (CHINA) INVESTMENT CO LTD	-	-	1,416,270	-	-	-
LUXOTTICA (SHANGHAI) TRADING CO LTD	-	-	7,700,000	-	-	-
LUXOTTICA FASHION BRILLEN VERTRIEBS GMBH	3,363,846	-	-	-	5,266	3,000,662
LUXOTTICA FRANCE SASU	-	30,845,114	-	-	-	7,701,043
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	-	-	7,083,268	-	-	3,432,625
LUXOTTICA HELLAS AE	-	-	-	-	-	2,587,601
LUXOTTICA HONG KONG (*)	-	-	49,303,119	-	-	-
LUXOTTICA HOLLAND BV	56,606,105	-	-	-	50,156	17,505
LUXOTTICA INDIA EYEWEAR PRIVATE LIMITED (**)	-	-	21,723,963	-	-	-
LUXOTTICA IBERICA SAU	7,728,461	-	-	-	43,564	5,004,241
LUXOTTICA INTERNATIONAL DISTRIBUTION SRL	34,723,794	802,312	-	-	322	2,654
LUXOTTICA ITALIA SRL	27,913,543	-	-	-	92,676	9,434
LUXOTTICA KOREA LTD	-	-	-	-	-	3,605,628

LUXOTTICA LEASING SRL	-	18,006,834	-	-	227,436	-
LUXOTTICA MEXICO SA DE CV	-	-	4,229,559	-	-	-
LUXOTTICA NEDERLAND BV	-	5,137,407	-	-	-	2,200,000
LUXOTTICA NORDIC AB	-	1,523,478	-	-	-	1,057,787
LUXOTTICA NORGE AS	520,671	-	-	-	-	542,119
LUXOTTICA NORTH EUROPE LTD	28,108,295	10,984,126	-	-	31,772	64,036
LUXOTTICA PORTUGAL-COMERCIO DE OPTICA SA	753,649	-	-	-	-	1,397,186
LUXOTTICA RETAIL UK LTD	-	12,318,872	-	-	22,992	1,403,605
LUXOTTICA RETAIL HONG KONG LIMITED	-	-	29,500,000	-	-	-
LUXOTTICA RUS LLC	-	-	5,350,000	-	-	-
LUXOTTICA SOUTH EAST ASIA PTE LTD	-	-	8,432,520	-	-	-
LUXOTTICA SOUTH EASTERN EUROPE LTD	-	-	1,000,000	-	-	-
LUXOTTICA SOUTH PACIFIC HOLDINGS PTY LIMITED	-	-	29,000,000	-	-	1,341,312
LUXOTTICA SRL	109,583,030	350,744	-	-	490,900	51,145
LUXOTTICA TRADING AND FINANCE LIMITED	47,586,450	492,110,504	-	-	4,773,797	57,731,727
LUXOTTICA TRISTAR (DONGGUAN) OPTICAL CO LTD	-	-	70,954,991	-	-	-
LUXOTTICA US HOLDINGS CORP	-	-	719,206,393	-	4,662,818	1,705,149
LUXOTTICA VERTRIEBSGESELLSCHAFT MBH	-	1,695,347	-	-	-	260,000
MDI DIFFUSIONE OTTICA SRL	852,828	-	-	-	-	27
MIKLI DIFFUSION FRANCE SASU	3,450,125	2,879,816	605,372	-	12,498	660
MIKLI JAPON KK	-	1,983,673	-	-	18,519	-

MIRARI JAPAN CO LTD	-	-	25,000,000	-	-	19,534
OAKLEY (SCHWEIZ) GMBH	-	2,030,457	1,065,160	-	-	-
OAKLEY EUROPE SNC	-	17,790,000	-	-	222	-
OAKLEY ICON LIMITED	22,809,388	-	-	-	23,650	6,620
OAKLEY JAPAN KK	1,983,673	-	-	-	-	114
OAKLEY SPORT INTERNATIONAL SRL	-	11,034,948	-	-	7,334	-
OAKLEY UK LTD	-	4,262,107	-	-	4,357	-
OPTICAS GMO CHILE SA	-	-	4,800,000	-	-	-
OPTICAS GMO COLOMBIA SAS	-	-	5,511,160	-	-	-
OPTICAS GMO ECUADOR SA	-	-	4,800,000	-	-	-
OPTICAS GMO PERU SAC	-	-	4,592,633	-	-	-
OY LUXOTTICA FINLAND AB	-	897,828	-	-	-	440,004
RAYBAN AIR	-	-	58,275	-	-	-
SOCIETA' CINESI (***)	-	-	104,570,615	-	-	-
SGH BRASIL COMERCIO DE OCULOS LTDA	-	-	8,117,448	-	-	-
SPV ZETA Optical Trading (Beijing) Co Ltd	-	-	12,746,431	-	-	-
SPV ZETA Optical Commercial and Trading (Shanghai) co Ltd	-	-	11,330,161	-	-	-
SUN PLANET PORTUGAL OCULOS	-	1,509,025	-	-	-	-
SUNGLASS DIRECT GERMANY GMBH	5,724,478	-	-	-	9,791	1,656
SUNGLASS DIRECT ITALY SRL	341,513	-	22,680	-	1,672	73
SUNGLASS HUT AIRPORTS SOUTH AFRICA (PTY) LTD	-	-	58,987	-	-	-
SUNGLASS HUT (THAILAND) CO LTD	351,610	-	-	-	-	993
SUNGLASS HUT DE MEXICO SAPI DE CV	1,917,048	-	4,229,559	-	-	94,504

SUNGLASS HUT FRANCE SASU	-	3,599,986	-	-	-	-
SUNGLASS HUT IBERIA SLU	32,939,519	-	6,000,000	-	29,591	9,709
SUNGLASS HUT IRELAND LIMITED	-	5,052,391	-	-	-	-
SUNGLASS HUT NETHERLANDS BV	214,665	4,280,258	-	-	260	62
SUNGLASS HUT PORTUGAL SA	-	-	1,450,000	-	-	-
SUNGLASS HUT RETAIL NAMIBIA (PTY) LTD	-	-	58,987	-	-	-
SUNGLASS HUT RETAIL SOUTH AFRICA (PTY) LTD	-	-	471,893	-	-	-
SUNGLASS TIME (EUROPE) LIMITED	544,996	-		-	-	192
Totale	**395,710,693**	**630,920.241**	**1,190,064,124**	-	**10,522,321**	**94,377,965**

(*) The guarantees of Euro 37,925,476 given by Luxottica Group S.p.A. are split between Luxottica Hong Kong Wholesale Ltd, Luxottica Retail
Hong Kong Ltd and Sunglass Hut Hong Kong Ltd.
(**) The guarantees of Euro 8,950,000 given by Luxottica Group S.p.A. are split between Luxottica India Eyewear Private Ltd. and Rayban Sun
Optics India Ltd.
(***) These guarantees have been given by Luxottica Group S.p.A. for all of the following companies: Luxottica (China) Investment Co. Ltd, GuangZhou Ming Long Optical Technology Co. Ltd, SPV Zeta Optical Commercial and Trading (Shanghai) Co. Ltd., SPV Zeta Optical Trading (Beijing) Co. Ltd, Luxottica (Shanghai) Trading Co. Ltd and Luxottica Tristar (Dongguan) Optical Co. Ltd.

Transactions between Luxottica Group companies do not include any transactions falling outside the normal course of business, are basically trade or financial in nature, and are conducted on an arm's length basis.

Such transactions were governed through until December 31, 2015 by the "Procedure for related party transactions" approved by the Board of Directors on October 25, 2010.

With reference to the transfer prices applied to cross-border transactions during the current year between companies belonging to the Luxottica Group, it is confirmed that these comply with the principle of free competition in accordance with Section 110, par. 7 of Italian Presidential Decree 917/1986 and with the "OECD transfer pricing guidelines for Multinational Enterprises and Tax Administrations".

It is also noted that every year since 2012 the Company has prepared a report in compliance with Section 26 of Italian Law 122, published on July 30, 2010 and with the ruling by the Italian Revenue Service dated September 29, 2010.

The following list provides details of the criteria actually used to determine transfer prices, within the meaning and for the purposes of Section 7, Italian Legislative Decree 74/2000:

- With reference to the sale of finished goods to wholesale and retail distributors, the transactional net margin method is used;
- With reference to the transactions where a Group company supplies logistics services acquiring title to the product, the transactional net margin method is used;
- With reference to the provision of services, transfer price is established using the cost-plus method; however, if the Company acts as a mere intermediary without adding any value, the transfer price is determined as the cost charged by the service provider;
- In the case of licenses or sub-licenses of brands – relating to both point-of-sales signs and product brands – the license fee is established using the method of comparable price on the open market from an internal or external perspective.

The Group's Italian and foreign companies are under direction and coordination by Luxottica Group S.p.A.; such activity has not been detrimental to the profitability of subsidiaries, or to the amount of their net assets; these companies have benefited from membership of the Group as a result of the considerable associated synergies.

Further to a resolution adopted by the Board of Directors on October 29, 2004, Luxottica Group S.p.A. and its Italian subsidiaries made a three-year group tax election under Section 117 et seq of the Italian Income Tax Code. The "terms of consolidation" were renewed in 2007 and every three years thereafter, with the latest such renewal on June 12, 2013.

This group tax election basically involves calculating a single taxable base for the participating group of companies and makes the consolidating company at the head of the tax group responsible for determining and settling the tax; adoption of this election gives rise to a series of economic and cash flows for the participating companies. The group tax election only applies to IRES (Italian corporate income tax), while IRAP (Italian regional business tax) continues to be paid separately by each individual company.

The company at the head of the tax group is required to calculate the consolidated taxable income arising from the sum of the income reported by participating companies, taking into account any changes in tax legislation; the tax group head then presents a single consolidated tax return for the group. Except for subjective liability for tax, penalties and interest relating to the overall income of each participating company, the tax group head is responsible for determining its own taxable income, and for all the requirements associated with determining the group taxable income, and is severally liable for any sums owed by each subsidiary.

41. RELATED PARTY TRANSACTIONS

Related party transactions are neither atypical nor unusual, and are conducted in the ordinary course of the business of Group companies. Such transactions are conducted on an arm's length basis, taking account of the characteristics of the goods and services supplied. It is reported that the remuneration of key managers amounted to Euro 44.5 million. For more details, please refer to the remuneration report prepared in accordance with Section 123-ter of Italy's Consolidated Law on Finance.

42. DISCLOSURES REQUIRED BY SECTION ART. 149-DUODECIES OF THE ISSUER REGULATIONS

The following table has been prepared in accordance with Section 2427, no. 16 bis, of the Italian Civil Code and presents the fees for 2015 for audit and other services provided by the same independent registered public accounting firm.

	Entity providing service	Entity receiving service	2014	2015
Audit services	Pricewaterhouse Coopers S.p.A	Luxottica Group SpA	1,087,402	1,192,583
	Pricewaterhouse Coopers S.p.A	Subsidiaries (*)	1,068,278	1,197,364
	Pricewaterhouse Coopers S.p.A network	Subsidiaries (*)	5,312,371	6,269,720
Attestation services	Pricewaterhouse Coopers S.p.A	Luxottica Group SpA	132,500	-
	Pricewaterhouse Coopers S.p.A network	Subsidiaries	62,000	172,996 -
Other services	Pricewaterhouse Coopers S.p.A	Luxottica Group SpA	264,755	277,600
	Pricewaterhouse Coopers S.p.A network	Subsidiaries	825,863	784,559
Total			**8,753,169**	**9,894,822**

43. OTHER INFORMATION

It is reported that:

Information about ownership structure and corporate governance is contained in a specific document forming an integral part of the annual financial report.

No atypical and/or unusual transactions, as defined by Consob Communication 6064293 dated July 28, 2006, were undertaken during 2015 or 2014.

Disclosures about share-based payments can be found in the note on "Share-based payments" in the notes to the consolidated financial statements.

The year 2010 saw the start of a research, development and innovation project (project number MI00153) called "Industry 2015 New technologies for Made in Italy from industry cluster to supply chain: Eyewear and industrial innovation Target Area B". The project's objective is to create a platform that will integrate the supply chain in technical and operational terms and that will promote the competitive and technological development of the Italian eyewear industry. The platform will have to ensure that events occurring on the commercial front and along the supply chain are quickly recognized throughout the production process and that every critical situation, which entails making changes to plans along the supply chain, is promptly visible to all those involved. The platform must also allow communicative interaction between members of the supply chain. Decree no. 00098MI01 issued by Italy's Ministry for Economic Development on December 21, 2012 recognized a total grant of Euro 13,747,949 towards the cost of this project along with other benefits of Euro 4,247,627. The Luxottica Group's share of the total grant is Euro 5,030,748, while its share of the other benefits is Euro 1,445,349.

44. DISTRIBUTION OF RECEIVABLES, PAYABLES AND REVENUE BY GEOGRAPHICAL AREA

The geographical breakdown of receivables as of December 31, 2015 is as follows:

Description	Asia, Pacific and Middle East	Europe	Italy	North America	Rest of world	Total
Other current receivables	2,491,534	227,721,623	204,569,076	17,959,956	1,917,047	454,659,236
Other non-current receivables		334,974	18,873,709	4,370,250		23,578,933
Accounts receivable	68,900,512	57,729,210	48,459,836	84,673,522	22,724,451	282,487,531
Taxes receivable			18,529,406			18,529,406
Total	**71,392,046**	**285,785,807**	**290,432,027**	**107,003,728**	**24,641,498**	**779,255,106**

The geographical breakdown of payables as of December 31, 2015 is as follows:

Description	Europe	Italy	North America	Rest of world	Asia, Pacific and Middle East	Total
Long-term debt	1,091,719,625	906,614				1,092,626,239
Current-portion of long term debt	28,602,297	1,143,112	19,820,457		1,983,673	51,549,539
Current accounts payable	75,193,797	238,094,449	67,197,563	4,754,414	22,231,346	407,471,569
Other current liabilities	575,614,564	85,016,496	4,262,104			664,893,164
Current income taxes payable	378,104	44,256,279				44,634,383
Total	**1,771,508,387**	**369,416,950**	**91,280,124**	**4,754,414**	**24,215,019**	**2,261,174,894**

The geographical breakdown of revenue as of December 31, 2015 is as follows:

Description	Europe	Italy	North America	Rest of world	Asia, Pacific and Middle East	Total
Net sales	827,915,329	229,945,315	1,013,587,008	126,031,920	523,798,258	2,721,277,830
Other revenue and income	44,327,256	38,022,138	20,094,001	13,593,482	33,877,061	149,913,938
Total	**872,242,585**	**267,967,453**	**1,033,681,009**	**139,625,402**	**557,675,319**	**2,871,191,768**

45. NON-RECURRING TRANSACTIONS

The Company did not incur any non-recurring expenses during 2015.

During 2014, the Company recorded a non-recurring expense of Euro 20 million for the agreements between Andrea Guerra and Enrico Cavatorta and Luxottica Group SpA. to terminate their employment and board member relationships. The Company recorded a tax benefit of Euro 5.5 million on these costs.

46. SUBSEQUENT EVENTS

On January 29, 2016, Adil Mehboob-Khan left the position as Chief Executive Officer, and received a redundancy incentive for a total gross amount of Euro 6.8 million, in addition to severance pay linked to the termination of the employment relationship. Added to this incentive payment is the gross sum of Euro 0.2 million, which will be paid as part of the settlement and novation agreement in return for Adil Mehboob-Khan's waiver of any claim or right against Luxottica Group S.p.A. and every Luxottica Group company in any way connected or related to his employment and board member relationships and their termination. No sum has been recognized for termination of his office as Director and Chief Executive Officer of Luxottica Group S.p.A.. On the same day, the Board of Directors approved a change in the governance model aimed at simplifying the management structure and it delegated the responsibilities of the position of CEO Markets, previously held by Adil Mehboob-Khan, to the Company's Executive Chairman and majority stockholder. Massimo Vian will continue in his role as CEO for Products and Operations, working with the Executive Chairman.

On February 23, 2016, the Company and the Valentino fashion house signed an exclusive license agreement for the design, manufacture and worldwide distribution of Valentino sunglasses and eyeglasses. The ten-year agreement will be effective from January 2017. The first collection presented under the agreement will be available on the market from the beginning of the same year.

47. APPENDIX

Investments held by Luxottica Group S.p.A.

In compliance with Consob Communication 6064293 dated July 28, 2006, the following table provides the list of Group companies as of December 31, 2015, including each company's name, registered office, capital stock, the equity interests held directly or indirectly by the parent company and each of the subsidiaries, and the method of consolidation. All the companies are consolidated on a line-by-line basis, except for those marked (**), which are consolidated using the equity method:

company	Registered office	Direct stockholder	% Direct inter-est	% Group/ subsid-iaries	Investee capital stock	Currency capital stock	Number shares held
AIR SUN	MASON-OHIO	SUNGLASS HUT TRADING LLC	70	70	1	USD	70
ALAIN MIKLI INTERNATIONAL SASU	PARIS	LUXOTTICA GROUP SPA	100	100	4,459,787	EUR	31,972
ARNETTE OPTIC ILLUSIONS INC	LOS ANGELES-CALIFORNIA	LUXOTTICA US HOLDINGS CORP	100	100	1	USD	100
AUTANT POUR VOIR QUE POUR ETRE' VUES SARL	PARIS	ALAIN MIKLI INTERNATIONAL SASU	100	100	15,245	EUR	1,000
BEIJING SI MING DE TRADING CO LTD *	BEIJING	SPV ZETA Optical Trading (Beijing) Co Ltd	100	100	30,000	CNR	30,000
BUDGET EYEWEAR AUSTRALIA PTY LTD	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100	100	341,762	AUD	341,762
BUDGET SPECS (FRANCHISING) PTY LTD	MACQUARIE PARK-NSW	BUDGET EYEWEAR AUSTRALIA PTY LTD	100	100	2	AUD	2
CENTRE PROFESSIONNEL DE VISION USSC INC	MISSISSAUGA-ONTARIO	THE UNITED STATES SHOE CORPORATION	100	100	1	CAD	99
COLE VISION SERVICES INC	DOVER-DELAWARE	EYEMED VISION CARE LLC	100	100	10	USD	1,000
COLLEZIONE RATHSCHULER SRL	AGORDO	LUXOTTICA GROUP SPA	100	100	10,000	EUR	10,000
DAVID CLULOW LOUGHTON LIMITED	LONDON	LUXOTTICA RETAIL UK LTD	50	50	2	GBP	1
DAVID CLULOW MARLOW LIMITED	LONDON	LUXOTTICA RETAIL UK LTD	50	50	2	GBP	1
DAVID CLULOW NEWBURY LIMITED	LONDON	LUXOTTICA RETAIL UK LTD	50	50	2	GBP	1
DAVID CLULOW OXFORD LIMITED	LONDON	LUXOTTICA RETAIL UK LTD	100	100	2	GBP	2
DAVID CLULOW WIMBLEDON LIMITED	LONDON	LUXOTTICA RETAIL UK LTD	100	100	2	GBP	2

DEVLYN OPTICAL LLC	HOUSTON	LUXOTTICA RETAIL NORTH AMERICA INC	30	30	100	USD	3
ENTERPRISES OF LENSCRAFTERS LLC	CLEVELAND-OHIO	LUXOTTICA RETAIL NORTH AMERICA INC	100	100	1,000	USD	1,000
EYE SAFETY SYSTEMS INC	DOVER-DELAWARE	OAKLEY INC	100	100	1	USD	100
EYEBIZ LABORATORIES PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	30	30	10,000,005	AUD	6,000,003
EYEMED INSURANCE COMPANY	PHOENIX-ARIZONA	LUXOTTICA US HOLDINGS CORP	100	100	250,000	USD	250,000
EYEMED VISION CARE HMO OF TEXAS INC	DALLAS-TEXAS	THE UNITED STATES SHOE CORPORATION	100	100	1,000	USD	1,000
EYEMED VISION CARE IPA LLC	NEW YORK-NEW YORK	EYEMED VISION CARE LLC	100	100	1	USD	1
EYEMED VISION CARE LLC	DOVER-DELAWARE	LUXOTTICA RETAIL NORTH AMERICA INC	100	100	1	USD	1
EYEMED/ LCA - VISION LLC	RENO-NEVADA	EYEMED VISION CARE LLC	50	50	2	USD	1
EYEXAM OF CALIFORNIA INC	LOS ANGELES-CALIFORNIA	THE UNITED STATES SHOE CORPORATION	100	100	10	USD	1,000
FIRST AMERICAN ADMINISTRATORS INC	PHOENIX-ARIZONA	EYEMED VISION CARE LLC	100	100	1,000	USD	1,000
GIBB AND BEEMAN PTY LIMITED	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100	100	399,219	AUD	798,438
GLASSES.COM INC	CLEVELAND OHIO	LUXOTTICA US HOLDINGS CORP	100	100	100	USD	500
GUANGZHOU MING LONG OPTICAL TECHNOLOGY CO LTD	GUANGZHOU CITY	LUXOTTICA (CHINA) INVESTMENT CO LTD	100	100	645,500,000	CNR	645,500,000
JUST SPECTACLES (FRANCHISOR) PTY LTD	MACQUARIE PARK-NSW	OF PTY LTD	100	100	200	AUD	200
JUST SPECTACLES PTY LTD	MACQUARIE PARK - NSW	OF PTY LTD	100	100	2,000	AUD	2,000
LAUBMAN AND PANK PTY LTD	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100	100	2,370,448	AUD	4,740,896
LENSCRAFTERS INTERNATIONAL INC	CLEVELAND-OHIO	THE UNITED STATES SHOE CORPORATION	100	100	500	USD	5
LRE LLC	CLEVELAND-OHIO	LUXOTTICA RETAIL NORTH AMERICA INC	100	100	1	USD	1

LUNETTES GROUP LIMITED	TAIPA	LUXOTTICA RETAIL HONG KONG LIMITED	99	100	1,000,000	MOP	990,000
LUNETTES GROUP LIMITED	TAIPA	LUXOTTICA HONG KONG WHOLESALE LIMITED	1	100	1,000,000	MOP	10,000
LUNETTES HONG KONG LIMITED	KOWLOON, HONG KONG	ALAIN MIKLI INTERNATIONAL SASU	100	100	10,000	HKD	10,000
LUNETTES TAIPEI LTD	TAIPEI	ALAIN MIKLI INTERNATIONAL SASU	100	100	5,000,000	TWD	5,000,000
LUXOTTICA (CHINA) INVESTMENT CO LTD	SHANGHAI	LUXOTTICA TRADING AND FINANCE LIMITED	100	100	1,434,458,960	CNR	1,434,458,960
LUXOTTICA (SHANGHAI) TRADING CO LTD	SHANGHAI	LUXOTTICA HOLLAND BV	100	100	109,999,700	CNR	109,999,700
LUXOTTICA (SWITZERLAND) AG	ZURICH	LUXOTTICA GROUP SPA	100	100	100,000	CHF	100
LUXOTTICA ARGENTINA SRL	BUENOS AIRES	LUXOTTICA SRL	6	100	11,837,001	ARS	710,663
LUXOTTICA ARGENTINA SRL	BUENOS AIRES	LUXOTTICA GROUP SPA	94	100	11,837,001	ARS	11,126,338
LUXOTTICA AUSTRALIA PTY LTD	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100	100	1,715,000	AUD	1,715,000
LUXOTTICA BELGIUM NV	BERCHEM	LUXOTTICA SRL	1	100	62,000	EUR	1
LUXOTTICA BELGIUM NV	BERCHEM	LUXOTTICA GROUP SPA	99	100	62,000	EUR	99
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	SAN PAOLO	LUXOTTICA GROUP SPA	57.99	100	1,043,457,587	BRL	605,070,168
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	SAN PAOLO	OAKLEY CANADA INC	42.01	100	1,043,457,587	BRL	438,383,816
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	SAN PAOLO	LUXOTTICA SRL	0	100	1,043,457,587	BRL	3,603
LUXOTTICA CANADA INC	NEW BRUNSWICK	LUXOTTICA GROUP SPA	100	100	200	CAD	200
LUXOTTICA CENTRAL EUROPE KFT	BUDAPEST	LUXOTTICA HOLLAND BV	100	100	3,000,000	HUF	3,000,000
LUXOTTICA CHILE SPA	SANTIAGO	SUNGLASS HUT IBERIA SLU	100	100	455,000,000	CLP	455,000
LUXOTTICA COLOMBIA SAS	BOGOTA'	LUXOTTICA GROUP SPA	100	100	3,500,000,000	COP	35,000
LUXOTTICA COMMERCIAL SERVICE (DONGGUAN) CO LTD	DONGGUAN CITY, GUANGDONG	LUXOTTICA TRADING AND FINANCE LIMITED	100	100	3,000,000	CNR	3,000,000
LUXOTTICA DEEP BLUE INC	DELAWARE	LUXOTTICA US HOLDINGS CORP	100	100	100	USD	100
LUXOTTICA FASHION BRILLEN VERTRIEBS GMBH	GRASBRUNN	LUXOTTICA GROUP SPA	100	100	230,081	EUR	230,081
LUXOTTICA FRAMES SERVICE SA DE CV	MEXICO CITY	LUXOTTICA GROUP SPA	0.02	100	2,350,000	MXN	1
LUXOTTICA FRAMES SERVICE SA DE CV	MEXICO CITY	LUXOTTICA MEXICO SA DE CV	99.98	100	2,350,000	MXN	4,699
LUXOTTICA FRANCE SASU	VALBONNE	LUXOTTICA GROUP SPA	100	100	534,000	EUR	500

LUXOTTICA FRANCHISING AUSTRALIA PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100	100	2	AUD	2
LUXOTTICA FRANCHISING CANADA INC	NEW BRUNSWICK	LUXOTTICA NORTH AMERICA DISTRIBUTION LLC	100	100	1,000	CAD	1,000
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA GROUP SPA	64.84	100	10,390,460	LTL	673,717,415
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA SRL	0	100	10,390,460	LTL	1
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA LEASING SRL	0	100	10,390,460	LTL	3
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA HOLLAND BV	0	100	10,390,460	LTL	1
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	SUNGLASS HUT NETHERLANDS BV	35.16	100	10,390,460	LTL	365,328,569
LUXOTTICA HELLAS AE	PALLINI	LUXOTTICA GROUP SPA	70	70	1,752,900	EUR	40,901
LUXOTTICA HOLLAND BV	HEEMSTEDE	LUXOTTICA GROUP SPA	100	100	45,000	EUR	100
LUXOTTICA HONG KONG SERVICES LIMITED	HONG-KONG	LUXOTTICA GROUP SPA	100	100	8,700,001	HKD	8,700,001
LUXOTTICA HONG KONG WHOLESALE LIMITED	KOWLOON	LUXOTTICA TRADING AND FINANCE LIMITED	100	100	10,000,000	HKD	10,000,000
LUXOTTICA IBERICA SAU	BARCELONA	LUXOTTICA GROUP SPA	100	100	1,382,929	EUR	1
LUXOTTICA INDIA EYEWEAR PRIVATE LIMITED	GURGAON-HARYANA	LUXOTTICA LEASING SRL	0	100	1,330,400	RUP	4
LUXOTTICA INDIA EYEWEAR PRIVATE LIMITED	GURGAON-HARYANA	LUXOTTICA HOLLAND BV	100	100	1,330,400	RUP	133,036
LUXOTTICA INTERNATIONAL DISTRIBUTION SRL	AGORDO	LUXOTTICA GROUP SPA	100	100	50,000	EUR	50,000
LUXOTTICA ITALIA SRL	AGORDO	LUXOTTICA GROUP SPA	100	100	5,000,000	EUR	5,000,000
LUXOTTICA KOREA LTD	SEOUL	LUXOTTICA GROUP SPA	100	100	120,000,000	KRW	12,000
LUXOTTICA LEASING SRL	AGORDO	LUXOTTICA GROUP SPA	100	100	36,000,000	EUR	36,000,000
LUXOTTICA MEXICO SA DE CV	MEXICO CITY	LUXOTTICA GROUP SPA	96	100	342,000,000	MXN	328,320
LUXOTTICA MEXICO SA DE CV	MEXICO CITY	LUXOTTICA SRL	4	100	342,000,000	MXN	13,680
LUXOTTICA MIDDLE EAST FZE	DUBAI	LUXOTTICA GROUP SPA	100	100	1,000,000	AED	1
LUXOTTICA NEDERLAND BV	HEEMSTEDE	LUXOTTICA GROUP SPA	100	100	453,780	EUR	10,000
LUXOTTICA NORDIC AB	STOCKHOLM	LUXOTTICA GROUP SPA	100	100	250,000	SEK	2,500
LUXOTTICA NORGE AS	DRAMMEN	LUXOTTICA GROUP SPA	100	100	100,000	NOK	100
LUXOTTICA NORTH AMERICA DISTRIBUTION LLC	DOVER-DELAWARE	LUXOTTICA USA LLC	100	100	1	USD	1
LUXOTTICA NORTH EUROPE LTD	S. ALBANS-HERTFORDSHIRE	LUXOTTICA GROUP SPA	100	100	90,000	GBP	90,000
LUXOTTICA OPTICS LTD	TEL AVIV	LUXOTTICA GROUP SPA	100	100	44	ILS	435,000

LUXOTTICA POLAND SP ZOO	KRAKOW	LUXOTTICA GROUP SPA	25	100	390,000	PLN	195
LUXOTTICA POLAND SP ZOO	KRAKOW	LUXOTTICA HOLLAND BV	75	100	390,000	PLN	585
LUXOTTICA PORTUGAL-COMERCIO DE OPTICA SA	LISBON	LUXOTTICA GROUP SPA	99.79	100	700,000	EUR	139,700
LUXOTTICA PORTUGAL-COMERCIO DE OPTICA SA	LISBON	LUXOTTICA SRL	0.21	100	700,000	EUR	300
LUXOTTICA RETAIL AUSTRALIA PTY LTD	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100	100	307,796	AUD	307,796
LUXOTTICA RETAIL CANADA INC	NEW BRUNSWICK	LENSCRAFTERS INTERNATIONAL INC	52.91	100	12,671	CAD	6,704
LUXOTTICA RETAIL CANADA INC	NEW BRUNSWICK	LUXOTTICA RETAIL NORTH AMERICA INC	3.27	100	12,671	CAD	414
LUXOTTICA RETAIL CANADA INC	NEW BRUNSWICK	THE UNITED STATES SHOE CORPORATION	43.82	100	12,671	CAD	5,553
LUXOTTICA RETAIL FRANCHISING AUSTRALIA PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100	100	2	AUD	2
LUXOTTICA RETAIL HONG KONG LIMITED	HONG KONG-HONG KONG	PROTECTOR SAFETY INDUSTRIES PTY LTD	100	100	149,127,000	HKD	1,491,270
LUXOTTICA RETAIL NEW ZEALAND LIMITED	AUCKLAND	PROTECTOR SAFETY INDUSTRIES PTY LTD	100	100	67,700,100	NZD	67,700,100
LUXOTTICA RETAIL NORTH AMERICA INC	CLEVELAND-OHIO	THE UNITED STATES SHOE CORPORATION	100	100	1	USD	20
LUXOTTICA RETAIL UK LTD	ST ALBANS-HERTFORDSHIRE	LUXOTTICA GROUP SPA	68	100	24,410,765	GBP	16,599,320
LUXOTTICA RETAIL UK LTD	ST ALBANS-HERTFORDSHIRE	SUNGLASS HUT OF FLORIDA INC	31.14	100	24,410,765	GBP	7,601,811
LUXOTTICA RETAIL UK LTD	ST ALBANS-HERTFORDSHIRE	SUNGLASS HUT TRADING LLC	0.86	100	24,410,765	GBP	209,634
LUXOTTICA RUS LLC	MOSCOW	SUNGLASS HUT NETHERLANDS BV	99.69	100	393,000,000	RUB	391,770,000
LUXOTTICA RUS LLC	MOSCOW	LUXOTTICA HOLLAND BV	0.31	100	393,000,000	RUB	1,230,000
LUXOTTICA SOUTH AFRICA PTY LTD	CAPE TOWN - OBSERVATORY	LUXOTTICA GROUP SPA	100	100	2,200	ZAR	220,002
LUXOTTICA SOUTH EAST ASIA PTE LTD	SINGAPORE	LUXOTTICA HOLLAND BV	100	100	1,360,000	SGD	1,360,000
LUXOTTICA SOUTH EASTERN EUROPE LTD	NOVIGRAD	LUXOTTICA HOLLAND BV	100	100	1,000,000	HRK	1,000,000
LUXOTTICA SOUTH PACIFIC HOLDINGS PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA GROUP SPA	100	100	322,797,001	AUD	322,797,001

LUXOTTICA SOUTH PACIFIC PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA SOUTH PACIFIC HOLDINGS PTY LIMITED	100	100	460,000,001	AUD	460,000,001
LUXOTTICA SRL	AGORDO	LUXOTTICA GROUP SPA	100	100	10,000,000	EUR	10,000,000
LUXOTTICA SUN CORP	DOVER-DELAWARE	LUXOTTICA US HOLDINGS CORP	100	100	1	USD	100
LUXOTTICA TRADING AND FINANCE LIMITED	DUBLIN	LUXOTTICA GROUP SPA	100	100	626,543,403	EUR	626,543,403
LUXOTTICA TRISTAR (DONGGUAN) OPTICAL CO LTD	DON GUAN CITY	LUXOTTICA HOLLAND BV	100	100	128,719,301	USD	128,719,301
LUXOTTICA US HOLDINGS CORP	DOVER-DELAWARE	LUXOTTICA GROUP SPA	100	100	100	USD	10,000
LUXOTTICA USA LLC	NEW YORK-NY	ARNETTE OPTIC ILLUSIONS INC	100	100	1	USD	1
LUXOTTICA VERTRIEBSGESELLSCHAFT MBH	VIENNA	LUXOTTICA GROUP SPA	100	100	508,710	EUR	50,871
LUXOTTICA WHOLESALE (THAILAND) LTD	BANGKOK	LUXOTTICA SRL	0	100	100,000,000	THB	1
LUXOTTICA WHOLESALE (THAILAND) LTD	BANGKOK	LUXOTTICA GROUP SPA	100	100	100,000,000	THB	9,999,998
LUXOTTICA WHOLESALE (THAILAND) LTD	BANGKOK	LUXOTTICA HOLLAND BV	0	100	100,000,000	THB	1
LUXOTTICA WHOLESALE MALAYSIA SDN BHD	KUALA LUMPUR	LUXOTTICA GROUP SPA	100	100	4,500,000	MYR	4,500,000
LVD SOURCING LLC	DOVER-DELAWARE	LUXOTTICA NORTH AMERICA DISTRIBUTION LLC	51	51	5,000	USD	2,550
MDD OPTIC DIFFUSION GMBH	MUNICH	ALAIN MIKLI INTERNATIONAL SASU	100	100	25,000	EUR	25,000
MDE DIFUSION OPTIQUE SLU	BARCELONA	ALAIN MIKLI INTERNATIONAL SASU	100	100	4,000	EUR	4,000
MDI DIFFUSIONE OTTICA SRL	AGORDO	ALAIN MIKLI INTERNATIONAL SASU	100	100	10,000	EUR	10,000
MIKLI (HONG KONG) LIMITED	KOWLOON, HONG KONG	ALAIN MIKLI INTERNATIONAL SASU	100	100	1,000,000	HKD	1,000,000
MIKLI ASIA LIMITED	KOWLOON, HONG KONG	ALAIN MIKLI INTERNATIONAL SASU	100	100	100	HKD	100
MIKLI CHINA LTD	SHANGHAI	MIKLI ASIA LIMITED	100	100	1,000,000	CNR	1,000,000
MIKLI DIFFUSION FRANCE SASU	PARIS	ALAIN MIKLI INTERNATIONAL SASU	100	100	1,541,471	EUR	220,500
MIKLI JAPON KK	TOKYO	ALAIN MIKLI INTERNATIONAL SASU	100	100	85,800,000	JPY	1,716
MIKLI MANAGEMENT SERVICES LIMITED	KOWLOON, HONG KONG	MIKLI ASIA LIMITED	100	100	1,000,000	HKD	1,000,000
MIKLI TAIWAN LTD	TAIPEI	MIKLI ASIA LIMITED	100	100	500,000	TWD	500,000
MIRARI JAPAN CO LTD	TOKYO	LUXOTTICA HOLLAND BV	84.17	100	473,700,000	JPY	7,974
MIRARI JAPAN CO LTD	TOKYO	LUXOTTICA GROUP SPA	15.83	100	473,700,000	JPY	1,500

MKL MACAU LIMITED	MACAU	LUXOTTICA GROUP SPA	1	100	100,000	MOP	1,000
MKL MACAU LIMITED	MACAU	ALAIN MIKLI INTERNATIONAL SASU	99	100	100,000	MOP	99,000
MY-OP (NY) LLC	DOVER-DELAWARE	OLIVER PEOPLES INC	100	100	1	USD	1
NEXTORE INC	DELAWARE	NEXTORE SRL	100	100	100	USD	100
NEXTORE SRL	MILAN	LUXOTTICA GROUP SPA	60	60	1,000,000	EUR	600,000
OAKLEY (SCHWEIZ) GMBH	ZURICH	OAKLEY INC	100	100	20,000	CHF	20,000
OAKLEY AIR JV	CHICAGO-ILLINOIS	OAKLEY SALES CORP	70	70	1	USD	70
OAKLEY CANADA INC	SAINT LAUREN-QUEBEC	OAKLEY INC	100	100	80,107,907	CAD	80,107,907
OAKLEY DESIGN SRL	AGORDO	LUXOTTICA SRL	100	100	10,000	EUR	10,000
OAKLEY EDC INC	OLYMPIA-WASHINGTON	OAKLEY INC	100	100	1,000	USD	1,000
OAKLEY EUROPE SNC	ANNECY	OAKLEY HOLDING SASU	100	100	25,157,390	EUR	251,573,902
OAKLEY GMBH	MONACO	OAKLEY INC	100	100	25,000	EUR	25,000
OAKLEY HOLDING SASU	ANNECY	OAKLEY INC	100	100	6,129,050	EUR	82,825
OAKLEY ICON LIMITED	DUBLIN 2	LUXOTTICA TRADING AND FINANCE LIMITED	100	100	1	EUR	1
OAKLEY INC	OLYMPIA-WASHINGTON	LUXOTTICA US HOLDINGS CORP	100	100	10	USD	1,000
OAKLEY IRELAND OPTICAL LIMITED	DUBLIN 2	OAKLEY INC	100	100	225,000	EUR	225,000
OAKLEY JAPAN KK	TOKYO	OAKLEY INC	100	100	10,000,000	JPY	200
OAKLEY SALES CORP	OLYMPIA-WASHINGTON	OAKLEY INC	100	100	1,000	USD	1,000
OAKLEY SOUTH PACIFIC PTY LTD	VICTORIA-MELBOURNE	OPSM GROUP PTY LIMITED	100	100	12	AUD	12
OAKLEY SPORT INTERNATIONAL SRL	AGORDO	LUXOTTICA GROUP SPA	100	100	50,000	EUR	50,000
OAKLEY UK LTD	ST ALBANS-HERTFORDSHIRE	OAKLEY INC	100	100	1,000	GBP	1,000
OF PTY LTD	MACQUARIE PARK-NEW SOUTH WALES	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100	100	35,785,000	AUD	35,785,000
OLIVER PEOPLES INC	LOS ANGELES-CALIFORNIA	OAKLEY INC	100	100	1	USD	1,000
OPSM GROUP PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA SOUTH PACIFIC PTY LIMITED	100	100	67,613,044	AUD	135,226,087
OPTICAL PROCUREMENT SERVICES LLC	DOVER	LUXOTTICA RETAIL NORTH AMERICA INC	100	100	100	USD	100
OPTICAS GMO CHILE SA	COMUNA DE HUECHURABA	LUXOTTICA GROUP SPA	0	100	7,263,089	CLP	2
OPTICAS GMO CHILE SA	COMUNA DE HUECHURABA	SUNGLASS HUT IBERIA SLU	100	100	7,263,089	CLP	7,263,087

OPTICAS GMO COLOMBIA SAS	BOGOTA'	SUNGLASS HUT IBERIA SLU	100	100	16,924,033,000	COP	16,924,033,000
OPTICAS GMO ECUADOR SA	GUAYAQUIL	OPTICAS GMO PERU SAC	0	100	16,100,000	USD	1
OPTICAS GMO ECUADOR SA	GUAYAQUIL	SUNGLASS HUT IBERIA SLU	100	100	16,100,000	USD	16,099,999
OPTICAS GMO PERU SAC	LIMA	SUNGLASS HUT IBERIA SLU	100	100	34,631,139	PEN	34,631,138
OPTICAS GMO PERU SAC	LIMA	OPTICAS GMO ECUADOR SA	0	100	34,631,139	PEN	1
OPTIKA HOLDINGS LIMITED	ST ALBANS-HERTFORDSHIRE	LUXOTTICA RETAIL UK LTD	100	100	2	GBP	2
OPTIKA LIMITED	ST ALBANS-HERTFORDSHIRE	LUXOTTICA RETAIL UK LTD	100	100	2	GBP	2
OPTOMEYES HOLDINGS PTY LTD	HOBART/TASMANIA	LUXOTTICA RETAIL AUSTRALIA PTY LTD	29.01	29.01	2,823	AUD	819
OY LUXOTTICA FINLAND AB	ESPOO	LUXOTTICA GROUP SPA	100	100	170,000	EUR	1,000
PROTECTOR SAFETY INDUSTRIES PTY LTD	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100	100	2,486,250	AUD	4,972,500
RAY BAN SUN OPTICS INDIA PRIVATE LIMITED	BHIWADI	LUXOTTICA TRADING AND FINANCE LIMITED	0	100	228,372,710	RUP	1
RAY BAN SUN OPTICS INDIA PRIVATE LIMITED	BHIWADI	LUXOTTICA HOLLAND BV	0	100	228,372,710	RUP	1
RAY BAN SUN OPTICS INDIA PRIVATE LIMITED	BHIWADI	LUXOTTICA US HOLDINGS CORP	100	100	228,372,710	RUP	22,837,265
RAY BAN SUN OPTICS INDIA PRIVATE LIMITED	BHIWADI	ARNETTE OPTIC ILLUSIONS INC	0	100	228,372,710	RUP	1
RAY BAN SUN OPTICS INDIA PRIVATE LIMITED	BHIWADI	SUNGLASS HUT TRADING LLC	0	100	228,372,710	RUP	1
RAY BAN SUN OPTICS INDIA PRIVATE LIMITED	BHIWADI	THE UNITED STATES SHOE CORPORATION	0	100	228,372,710	RUP	1
RAY BAN SUN OPTICS INDIA PRIVATE LIMITED	BHIWADI	LUXOTTICA SUN CORP	0	100	228,372,710	RUP	1
RAYBAN AIR	AGORDO	LUXOTTICA GROUP SPA	67.63	100	13,317,243	EUR	9,006,276
RAYBAN AIR	AGORDO	LUXOTTICA SRL	32.37	100	13,317,243	EUR	4,310,967
RAYS HOUSTON	MASON-OHIO	SUNGLASS HUT TRADING LLC	51	51	1	USD	51
SALMOIRAGHI & VIGANO' SPA	MILAN	LUXOTTICA GROUP SPA	36.8	36.8	12,008,639	EUR	4,419,179

SGH BRASIL COMERCIO DE OCULOS LTDA	SAN PAOLO	LUXOTTICA TRADING AND FINANCE LIMITED	0.01	100	136,720,000	BRL	13,672
SGH BRASIL COMERCIO DE OCULOS LTDA	SAN PAOLO	LUXOTTICA GROUP SPA	99.99	100	136,720,000	BRL	136,706,328
SGH OPTICS MALAYSIA SDN BHD	KUALA LAMPUR	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100	100	3,000,002	MYR	3,000,002
SPV ZETA OPTICAL COMMERCIAL AND TRADING (SHANGHAI) CO LTD	SHANGHAI	LUXOTTICA (CHINA) INVESTMENT CO LTD	100	100	209,734,713	CNR	209,734,713
SPV ZETA Optical Trading (Beijing) Co Ltd	BEIJING	LUXOTTICA (CHINA) INVESTMENT CO LTD	100	100	682,231,000	CNR	682,231,000
SUNGLASS DIRECT GERMANY GMBH	GRASBRUNN	LUXOTTICA GROUP SPA	100	100	200,000	EUR	200,000
SUNGLASS DIRECT ITALY SRL	MILAN	LUXOTTICA GROUP SPA	100	100	200,000	EUR	200,000
SUNGLASS FRAMES SERVICE SA DE CV	MEXICO CITY	SUNGLASS HUT DE MEXICO SAPI DE CV	99.98	100	2,350,000	MXN	4,699
SUNGLASS FRAMES SERVICE SA DE CV	MEXICO CITY	LUXOTTICA GROUP SPA	0.02	100	2,350,000	MXN	1
SUNGLASS HUT (South East Asia) PTE LTD	SINGAPORE	LUXOTTICA HOLLAND BV	100	100	10,100,000	SGD	10,100,000
SUNGLASS HUT (THAILAND) CO LTD **	KHET PATUMWAN, BANGKOK	LUXOTTICA GROUP SPA	46	49	45,000,000	THB	20,700
SUNGLASS HUT (THAILAND) CO LTD **	KHET PATUMWAN, BANGKOK	LUXOTTICA SRL	3	49	45,000,000	THB	1,350
SUNGLASS HUT AIRPORTS SOUTH AFRICA (PTY) LTD *	CAPE TOWN - OBSERVATORY	SUNGLASS HUT RETAIL SOUTH AFRICA (PTY) LTD	45	45	1,000	ZAR	450
SUNGLASS HUT AUSTRALIA PTY LIMITED	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100	100	46,251,012	AUD	46,251,012
SUNGLASS HUT DE MEXICO SAPI DE CV	MEXICO CITY	LUXOTTICA GROUP SPA	72.52	72.52	315,970	MXN	229,146
SUNGLASS HUT DE MEXICO SAPI DE CV	MEXICO CITY	LUXOTTICA TRADING AND FINANCE LIMITED	0	72.52	315,970	MXN	1
SUNGLASS HUT FRANCE SASU	PARIS	LUXOTTICA GROUP SPA	100	100	3,600,000	EUR	3,600,000
SUNGLASS HUT HONG KONG LIMITED	HONG KONG-HONG KONG	OPSM GROUP PTY LIMITED	0	100	115,000,002	HKD	1
SUNGLASS HUT HONG KONG LIMITED	HONG KONG-HONG KONG	PROTECTOR SAFETY INDUSTRIES PTY LTD	100	100	115,000,002	HKD	115,000,001
SUNGLASS HUT IBERIA SLU	BARCELONA	LUXOTTICA GROUP SPA	100	100	8,147,795	EUR	10,184,744
SUNGLASS HUT IRELAND LIMITED	DUBLIN	LUXOTTICA RETAIL UK LTD	100	100	250	EUR	200
SUNGLASS HUT MIDDLE EAST GENERAL TRADING LLC *	DUBAI	LUXOTTICA GROUP SPA	49	49	1,200,000	AED	588
SUNGLASS HUT NETHERLANDS BV	HEEMSTEDE	LUXOTTICA GROUP SPA	100	100	18,151	EUR	40

SUNGLASS HUT OF FLORIDA INC	WESTON-FLORIDA	LUXOTTICA US HOLDINGS CORP	100	100	10	USD	1,000
SUNGLASS HUT PORTUGAL SA	LISBON	SUNGLASS HUT IBERIA SLU	52.08	100	3,043,129	EUR	39,621,540
SUNGLASS HUT PORTUGAL SA	LISBON	LUXOTTICA GROUP SPA	47.92	100	3,043,129	EUR	36,456,685
SUNGLASS HUT RETAIL NAMIBIA (PTY) LTD	WINDHOEK	SUNGLASS HUT RETAIL SOUTH AFRICA (PTY) LTD	100	100	100	NAD	100
SUNGLASS HUT RETAIL SOUTH AFRICA (PTY) LTD	CAPE TOWN - OBSERVATORY	LUXOTTICA SOUTH AFRICA PTY LTD	100	100	900	ZAR	900
SUNGLASS HUT TRADING LLC	CLEVELAND-OHIO	LUXOTTICA US HOLDINGS CORP	100	100	1	USD	1
SUNGLASS HUT TURKEY GOZLUK TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA TRADING AND FINANCE LIMITED	100	100	41,000,000	LTL	4,100,000
SUNGLASS TIME (EUROPE) LIMITED	ST ALBANS-HERTFORDSHIRE	LUXOTTICA RETAIL UK LTD	100	100	10,000	GBP	10,000
SUNGLASS WORLD HOLDINGS PTY LIMITED	MACQUARIE PARK-NSW	SUNGLASS HUT AUSTRALIA PTY LIMITED	100	100	13,309,475	AUD	13,309,475
THE OPTICAL SHOP OF ASPEN INC	LOS ANGELES-CALIFORNIA	OAKLEY INC	100	100	1	USD	250
THE UNITED STATES SHOE CORPORATION	DOVER-DELAWARE	LUXOTTICA USA LLC	100	100	1	USD	100
WAS BE RETAIL PTY LTD	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100	100	110	AUD	110

(*) Control through shareholders' agreement

(**) Consolidated using the equity method

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Milan, March 1, 2016

Luxottica Group S.p.A.

On behalf of the Board of Directors

Leonardo Del Vecchio	**Massimo Vian**
Executive Chairman	**CEO Product and Operations**

6. CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PERSUANT TO ARTICLE 154 BIS OF THE LEGISLATIVE DECREE 58/98

Certification of the separate financial statements pursuant to Article 154 bis of Legislative Decree 58/98

1. The undersigned Leonardo Del Vecchio, as Executive President, Massimo Vian, as chief executive officer for Product and Operations, and Stefano Grassi, as chief financial officer of Luxottica Group SpA, having also taken into account the provisions of Article 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree 58 of 24 February 1998, hereby certify:

• the adequacy in relation to the characteristics of the Company and

• the effective implementation

of the administrative and accounting procedures for the preparation of the separate financial statements over the course of the year 2015.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the separate financial statements as of December 31, 2015 was based on a process developed by Luxottica Group S.p.A. in accordance with the model Internal Control – Integrated Framework as issued by the Committee of Sponsoring organizations of the Tradeway Commission which is a framework generally accepted internationally.

3. It is also certified that:

3.1 the separate financial statements:

a) have been drawn up in accordance with the international accounting standards recognized in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002, and the provisions which implement ART. 9 of the legislative decree 38/2005;

b) is consistent with the entries in the accounting books and records;

c) is capable of providing a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer.

Milan, March 1, 2016

Leonardo Del Vecchio

Executive Chairman

Massimo Vian

C.E.O for Product and Operations

Stefano Grassi

(Manager charged with preparing the Company's financial reports)

11. *AUDITORS' REPORT*

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE 39 OF 27 JANUARY 2010

To the Shareholders of
Luxottica Group SpA

Report on the financial statements

We have audited the accompanying financial statements of Luxottica Group SpA, which comprise the statement of financial position as of 31 December 2015, the statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity preparation of financial statements that give a true and fair view, to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Luxottica Group SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05.

Report on compliance with other laws and regulations

Opinion on the consistency with the financial statements of management the report and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion, as required by law, on the consistency of the management report and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/98, which are the responsibility of the directors of Luxottica Group SpA, with the financial statements of Luxottica Group SpA as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Luxottica Group SpA as of 31 December 2015.

Milan, 5 April 2016

PricewaterhouseCoopers SpA

Signed by

Stefano Bravo
(Partner)

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

12. BOARD OF DIRECTORS PROPOSAL

Luxottica Group S.p.A.

Registered office at Piazzale Luigi Cadorna 3 – 20123 Milan

Share capital € 29.020.114,98

Authorized and issued

Board of Directors' proposal

The Board of Directors, in consideration of the prospects for the Group development and its expectations of future income, recommends the distribution of a gross dividend of Euro 0.89 per ordinary share and hence per American Depository Share (ADS), payable out of the net income of the 2015 fiscal year totalling Euro 541,170,762.

Having taken into account the calendar approved by Borsa Italiana S.p.A., the Board of Directors recommends that the payment date of the dividend is set for May 25, 2016, with its ex-dividend date on May 23, 2015 and record date May 24, 2016.

Having taken into consideration the number of shares that are presently issued, namely 483,668,583, and the shares which are directly owned by the Company on the date of the present report, namely 3,252,592, the total amount to be distributed would be equal to Euro 427.6 million. The distribution would take place after the allocation of Euro 18,621 to the legal reserve.

In any case, in the event that all the exercisable stock options are in fact exercised before the ex-dividend date, the maximum amount to be taken from the profit for the year for the distribution of the dividend, assuming that the number of the treasury shares of the company remains unchanged, would amount to approximately Euro 429.0 million.

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Milan, March 1, 2016

Luxottica Group S.p.A.

On behalf of the Board of Directors

Leonardo Del Vecchio	Massimo Vian
(Executive Chairman)	(C.E.O for Product and Operations)

13. BOARD OF STATUTORY AUDITORS' REPORT ON THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

BOARD OF STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Board of Statutory Auditors Report of Luxottica Group S.p.A. as of December 31, 2015 pursuant to article 2429 of the Italian Civil Code and article 153 of Italian Legislative Decree 58/1998.

Dear Shareholders,

This Board of Statutory Auditors was nominated on 24 April 2015 and will be in office until the approval of the Statutory financial statements as of December 31, 2017. The members of the Board of Statutory Auditors are Francesco Vella (President), Alberto Giussani and Barbara Tadolini. Maria Venturini and Roberto Miccù are substitute statutory auditors.

During the 2015 fiscal year we performed our supervisory activities required by law and in accordance with the Board of Statutory Auditors Code of Conduct , recommended by the Italian National Board of Chartered Accountants (*Consigli Nazionali dei Dottori Commercialisti e degli Esperti contabili*).

With regard to the activities performed during the fiscal year, and in compliance with the instructions provided by CONSOB through the communication of 6 April 2001 and subsequent amendments and supplements, we hereby report the following:

a) We verified the respect and compliance with the law, the deed of incorporation and the company bylaws;
b) We obtained punctual information from the Directors on the activities and the most relevant economic and financial transactions decided and undertaken during the fiscal year, also through subsidiary companies. In particular, we mention the following:

   1. On May 14, 2015, Luxottica Group S.p.A. (hereinafter the "Company") and Prada S.p.A., part of Prada Group, announced the renewal of an exclusive license agreement for the design, production and worldwide distribution of prescription frames and sunglasses under the Prada and Miu Miu brands. The 10-year agreement will extend through December 31, 2025;
   2. On May 19, 2015, the Company announced the grant of free treasury shares to the Group's employees in Italy in honor of the 80th birthday of its Chairman and Founder, Mr. Leonardo Del Vecchio. This share award is a gift from the Founder with an aggregate amount of 119,755 Luxottica Group treasury shares distributed. Delfin S.`a.r.l. assumed all costs and expenses of the share grant;
   3. On June 25, 2015, the Company signed an agreement to enhance the market liquidity of its 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 agreement is between the Company and Kepler Capital Markets SA;
   4. On July 1, 2015, the Series B Senior Unsecured Notes issued in a private placement by Luxottica U.S. Holdings Corp. matured and were fully repaid in the amount of U.S.$ 127.0 million;
   5. On July 29, 2015, the Company and Burberry Group announced the renewal of an exclusive license agreement for the development, production and worldwide distribution of sunglasses and prescription frames under the Burberry name. The 10-year agreement will extend to December 31, 2025;
   6. On November 10, 2015, notes issued in a private placement issued on November 10, 2010 matured and were fully repaid in the amount of Euro 500.0 million.
   7. On December 16, 2015, the Company and Dolce&Gabbana announced the renewal of an exclusive license agreement for the development, production and worldwide distribution of sunglasses and prescription frames under the Dolce&Gabbana brand. The agreement was extended to December 31, 2025.

   Based on the information available to us, we can reasonably assure that the transactions here above described are compliant with law and the company bylaws and were not manifestly imprudent, high risky, in potential conflict of interest or able to compromise the integrity of the company assets. From the information disclosed during the Board of Directors' meetings, it appears that the Directors did not undertake any transactions that create potential conflict of interest with the Company;

c) We investigated and verified, to the extent of our responsibility, that the organizational structure of the company was adequate, that the principles of fair management were respected and that the instructions given by the Company to its subsidiaries were coherent with article 114, paragraph 2 of Italian Legislative Decree 58/1998. The above was accomplished though the collection of information from the competent functional managers and though meetings with the Auditing Company, according to a reciprocal exchange of the significant facts and figures. No significant issues concerning the main subsidiaries emerged from the assessment of the annual reports, annexed to the financial statements and issued by the Boards of Statutory Auditors (where they exist), and from the information sharing with the latter;

d) We assessed and verified the adequacy of the internal control system and the administration and accounting system as well as the reliability of the latter to fairly represent operating events. This was achieved through:

   i) the review of reports issued by the manager responsible for the preparation of the Company's accounting recordsaccording to the provisions stated in article 154-bis of Italian Legislative Decree 58/98;
   ii) the review of the internal audit reports, as well as the disclosures on the outcome of monitoring activities to check the fulfillment of the corrective actions identified by the audit activity;
   iii) the review of company documents and the results of the work done by the Audit Company, taking in to consideration also the activities performed by the latter in accordance with US Law (*Sarbanes Oxley Act*);
   iv) participating to the Internal Control Committee's activities and, when it was deemed necessary, dealing with the issues together with the Committee;
   v) the meetings with the Chief Risk Compliance Officer.

   Based on the activities we performed, no anomalies arose which indicated that the Internal Control System is significantly inadequate.

e) We looked over and gathered information on the management activities and procedures implemented in accordance with Italian Legislative Decree 231/2001 regarding the administrative responsibilities of Bodies for the violations mentioned in the aforesaid regulations. The Supervisory Body, initially set up by the Board of Directors in the meeting of October 27, 2005, and ultimately renewed in the meeting of April 24, 2015, reported on the activities developed during the 2015 fiscal year;

f) We supervised the actual implementation models of the Code of Conduct promoted by Borsa Italiana S.p.A. and adopted by Luxottica Group S.p.A. in the meeting of July 26, 2007, in accordance with article 149, paragraph 1, letter c-bis of Italian Legislative Decree 58/98, and among other things, but not limited to, we checked that the assessment criteria and procedures used by the Board to evaluate the independence of its members were applied correctly. We also verified that the criteria regarding the independence of the members of this Board of Statutory Auditors were respected, as provided for by the Code of Conduct;

g) Based on the provisions of article 19 of Italian Legislative Decree of 27 January 2010, no. 39, the Board also reviewed: the financial information process; the statutory audit of the annual accounts and consolidated accounts; the independence of the statutory auditor, paying particular attention to the services provided outside the auditing process.

h) We did not find any atypical or unusual transactions that were set with companies of the Group, third parties or related parties. In its Management Report the Board of Directors provided a thorough explanation of the most important transactions of ordinary, economic and financial nature that were undertaken with subsidiary companies and related parties, as well as of the methods for determining the remuneration paid to them. Please refer to this specific report for further information.

i) We also verified that the ordinary operating procedures in force within the Group were arranged in order to assure that the transactions with related parties were concluded according to market conditions; the Board of Statutory Auditors verified the compliance of the procedures followed by the Company with the "Procedure on Transactions with Associated Parties", approved by the Board of Directors on October 25, 2010, in fulfillment of the Regulation approved by CONSOB resolution no.17221 of March 12, 2010 and subsequent amendments. In particular during 2015 the Risk and Control Committee of the Company, in its role as Related Party Transactions Committee, had to express an opinion on the grant of free treasury shares of the Company in honor of the 80th birthday of its Chairman and Founder, Mr. Leonardo Del Vecchio. This share awarded were 119,755. As the grant was considered a lesser relevant transaction with related parties, the Board of Statutory Auditors verified the correct and strict application of above mentioned procedure. The Related Party Transactions Committee had to express an opinion on the renewal of the license agreement for the development, production and worldwide distribution of sunglasses and prescription frames under the Brooks brothers name. The renewal will extend to December 19, 2019. The Brooks Brothers' brand is owned by Brooks Brothers Group Inc., owned and controlled by Claudio Del Vecchio. As the renewal was considered a lesser relevant transaction with related parties, the Board of Statutory Auditors verified the correct and strict application of above mentioned procedure.

j) We set meetings with the managers of the Audit Company, also in accordance with article 150, paragraph 2 of Italian Legislative Decree 58/98 for the regulations provided for by the Sarbanes Oxley Act, during which no events or situations emerged that must be highlighted in this report;

k) On April 5, 2016 PricewaterhouseCoopers S.p.A. issued the opinions without remarks in accordance with article 156 of Italian Legislative Decree 58/1998, for the statutory financial statement for the fiscal year ending on December 31, 2015 and the consolidated financial statements of the Group prepared according to IFRS accounting principles. From these opinion letters it emerges that the financial statements represent a true and fair view, in accordance with their respectively accounting principles, of the statement of financial position, the financial and economic position, the equity movements and the cash flows as of December 31, 2015. Furthermore, in accordance with article 156, paragraph 4-bis of Italian Legislative Decree 58/98, the Audit firm certified that the Management Report is consistent with the statutory financial statement and the consolidated financial statements as of December 31, 2015;

l) The Board advised on remuneration in accordance with article 2389, paragraph 3, of the Italian Civil Code;

m) The Board analyzed the complaints sent by stockholders during 2015. In particular on May 19, 2015, a stockholder made reference to certain articles appeared on newspapers on a criminal investigation started by "Procura di Belluno" for alleged unfaithful declaration made by some managers of the Company. The Board, while pointing out that some of the above managers are no longer in the Company's employment and that, on November 9, 2015, as requested by "Procura di Belluno", the judge ordered that the procedure were closed, considers the complaints outside the scope of art. 2408 c.c.. The Board also considers the other complaints made by the same stockholder in 2016, outside the scope of art. 2408 c.c., as they are requests for additional information on specific promotional activities, made in compliance with the Company's procedures, and on the investigation conducted by the French Antitrust authority which has always been accurately disclosed in the Company's financial statements.

n) The Company provided information, requested by articles 123 bis and 123 ter of the Italian consolidated financial law (*Testo Unico della Finanza*) both in the remuneration report and in the Corporate Governance Report;

o) With reference to the statement in article 36, paragraph 1 of the Markets regulation (CONSOB resolution no. 16191 of 20 October 2007), we inform that on December 31, 2014 the provisions were applied to the subsidiary companies which the Company indicated as significant with regard to the financial information control system: in this respect it has to be stated that no omissions were noted;

p) the Audit firm PricewaterhouseCoopers S.p.A., appointed by the Shareholders on the Meeting held on April 28, 2011 together with the other companies within its network, in addition to the duties required by the law (audit of the statutory financial statements, the consolidated financial statements, as well as the audit of the half-year financial statement and checks on the regular keeping of company accounts during the fiscal year), were also appointed for the following activities, stated below with their respective remuneration (in thousands of Euro):

Certification Services:

▪ PricewaterhouseCoopers S.p.A.	Luxottica Group S.p.A.	0
▪ PricewaterhouseCoopers S.p.A.	Italian Subsidiaries	0
▪ PricewaterhouseCoopers S.p.A.	Foreign Subsidiaries	173

Other Audit Services:

▪ PricewaterhouseCoopers S.p.A.	Luxottica Group S.p.A.	278
▪ PricewaterhouseCoopers S.p.A.	Italian Subsidiaries	0
▪ PricewaterhouseCoopers S.p.A.	Foreign Subsidiaries	785

Taking in consideration the nature of these activities and related fees, that were assigned to PricewaterhouseCoopers S.p.A. and the companies within its network by Luxottica Group S.p.A. and the other companies of the Group, the Board of Statutory Auditors believes PricewaterhouseCoopers S.p.A. remained independent;

q) During 2015 fiscal year the Board of Auditors met fourteen times, the Board of Directors met seven times and the Risk and Control Committee met eleven times.

Finally, we express our assent, within the limits of our responsibility, to the approval of the financial statements together with the Management Report for the 2014 fiscal year as presented by the Board of Directors, and to the consequent proposal, made by the Board itself, for a net income distribution of 548.0 Million Euro.

Milan, April 5, 2016