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Net Income

646,014 548,861 538,556 452,068 402,753

Of which attributable to:

Luxottica Group Stockholders

642,596 544,696 534,375 446,111 397,680

Non-controlling Interests

3,417 4,165 4,181 5,957 5,072

Net Income

646,014 548,861 538,556 452,068 402,753

Weighted Average Shares Outstanding (thousands)

Basic

475,948 472,057 464,643 460,437 458,711

Diluted

479,247 476,273 469,574 463,296 460,535

Basic Earnings per Share from Continuing Operations(1)

1.35 1.15 1.15 0.97 0.83

Basic Earnings per Share from Discontinued Operations(1)

0.04

Basic Earnings per Share(1)

1.35 1.15 1.15 0.97 0.87

Diluted Earnings per Share from Continuing Operations(1)

1.34 1.14 1.14 0.96 0.82

Diluted Earnings per Share from Discontinued Operations(1)

0.04

Diluted Earnings per Share[1]

1.34 1.14 1.14 0.96 0.86

(*) Fiscal year 2014 for certain entities within the Retail Division included 53 weeks, compared to 52 weeks in each of fiscal years 2010 through 2013.

(1) Earnings per Share for each year have been calculated based on the weighted-average number of shares outstanding during the respective years. Each American Depositary Share ("ADS" or "ADR") represents one ordinary share.

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(Amounts in thousands of Euro except share data)	As of December 31, 2014	2013	2012	2011	2010
BALANCE SHEET DATA:					
Working Capital(1)	778,955	535,616	621,882	526,241	649,236
Total Assets	9,594,297	8,082,905	8,442,160	8,374,325	7,739,679
Total Debt(2)	2,466,506	2,079,430	2,452,463	2,936,712	2,791,285
Stockholders' Equity	4,921,479	4,142,828	3,981,372	3,612,928	3,256,375
Capital Stock	28,900	28,653	28,394	28,041	27,964
Total Number of Ordinary Shares (thousands)	481,672	477,561	473,238	467,352	466,077

(1) Working Capital is total current assets minus total current liabilities. See Item 5 "Operating and Financial Review and Prospects Liquidity and Capital Resources."

(2) The current portion of Total Debt was Euro 778.1 million, Euro 363.0 million, Euro 400.4 million, Euro 692.1 million and Euro 356.2 million for the years ended December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

DIVIDENDS

We are required to pay an annual dividend on our ordinary shares if such dividend has been approved by a majority of our stockholders at the ordinary meeting of stockholders. Before we may pay any dividends with respect to any fiscal year, we are required, as necessary, to set aside an amount equal to 5% of our statutory net income for such year in our legal reserve unless and until the reserve, including amounts remaining from prior years, is at least equal to one-fifth of the nominal value of our then issued share capital. Each year thereafter, such legal reserve requirement remains fulfilled so long as the reserve equals at least one-fifth of the nominal value of our issued share capital for each such year.

At our ordinary meeting of stockholders held on April 29, 2014, our stockholders approved the distribution of a cash dividend in the amount of Euro 0.65 per ordinary share and ADR. The total amount of the dividend paid to stockholders on May 22, 2014 was Euro 308.3 million. On March 2, 2015, the Board of Directors of the Company proposed to the ordinary meeting of stockholders convened on April 24, 2015 the distribution of an ordinary cash dividend in the amount of Euro 0.72 per ordinary share and ADR and an extraordinary cash dividend in the amount of Euro 0.72 per ordinary share and ADR.

Future determinations as to dividends will depend upon, among other things, our earnings, financial position and capital requirements, applicable legal restrictions and such other factors as the Board of Directors and our stockholders may determine.

The table below sets forth the cash dividends declared and paid on each ordinary share in each year indicated.

Year	Cash Dividends per Ordinary Share(1)(2)(3)	Translated into U.S. $ per Ordinary Share(4)
	(Euro)	(U.S. $)
2010	0.350	0.428
2011	0.440	0.622
2012	0.490	0.615
2013	0.580	0.750
2014	0.650(5)	0.888

(1) Cash dividends per ordinary share are expressed in gross amounts without giving effect to applicable withholding or other deductions for taxes.

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(2) Each ADS represents one ordinary share.

(3) Our dividend policy is based upon, among other things, our consolidated net income for each fiscal year, and dividends for a fiscal year are paid in the immediately following fiscal year. The dividends reported in the table were declared and paid in the fiscal year for which they have been reported in the table.

(4) Holders of ADSs received their dividends denominated in U.S. dollars based on the conversion rate used by our paying agent, Deutsche Bank Trust Company Americas.

(5) The dividend of Euro 0.65 per ordinary share was approved by our Board of Directors on February 27, 2014 and was voted upon and approved by our stockholders at the ordinary meeting of stockholders held on April 29, 2014.

EXCHANGE RATE INFORMATION

The following tables set forth, for 2010 through 2014, certain information regarding the Euro foreign exchange reference rate published by the European Central Bank (the "BCE Rate"), which is used by the Company for translating amounts denominated in currencies other than Euro. The information is expressed in U.S. dollars per Euro 1.00:

Year Ended December 31,	Low	High	Average(1)	End of Period
2010	1.1942	1.4563	1.3207	1.3362
2011	1.2669	1.4882	1.4000	1.2939
2012	1.2053	1.3453	1.2859	1.3194
2013	1.2768	1.3814	1.3308	1.3791
2014	1.2141	1.3953	1.3211	1.2141

(1) The average of the BCE Rate in effect on the last business day of each month during the period. When the Company consolidates its profit and loss statement, it translates U.S. dollar denominated amounts into Euro using an average U.S. dollar/Euro exchange rate of each business day during the applicable period.

Month	Low	High
October 2014	1.2524	1.2823
November 2014	1.2393	1.2539
December 2014	1.2141	1.2537
January 2015	1.2043	1.1198
February 2015	1.1240	1.1447
March 2015	1.0557	1.1227

On April 10, 2015, the BCE Rate was U.S. $1.0570 per Euro 1.00.

Unless otherwise indicated, all translations included in this Form 20-F of amounts expressed in Euro into U.S. dollars have been made using the exchange rates, as indicated in the above table, in effect as of the end of the relevant period or date, as appropriate.

In this Form 20-F, unless otherwise stated or the context otherwise requires, references to "$," "U.S. $," "dollars," "USD" or "U.S. dollars" are to United States dollars, references to "Euro" or "€" are to the Common European Currency, the Euro, and references to "AUD" or "A$" are to Australian dollars.

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

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.

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

We currently operate worldwide and have begun to expand 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.

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.

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

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.

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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.

If we are unable to achieve and manage growth, operating margins may be reduced as a result of decreased efficiency of distribution.

In order to achieve 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.

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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, 2014 and 2013, no single license agreement represented greater than 5.0% of total sales.

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 certain circumstances, even if no fine or penalty is imposed, 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. See Item 4 "Information on the Company Regulatory Matters" and Item 8 "Financial Information Legal Proceedings."

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.

If we are unable to maintain our current operating relationship with host stores of our retail licensed brands division, 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 division, including Sears Optical and Target Optical. Our leases and licenses with Sears Optical are terminable upon short notice. If our relationship with Sears Optical or Target Optical 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.

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.

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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 as described in Item 8 "Financial Information 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.

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.

If there is any material failure, inadequacy, interruption or security failure 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, 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.

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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.

Leonardo Del Vecchio, our chairman and principal stockholder, controls 61.38% 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 April 10, 2015, Mr. Leonardo Del Vecchio, the Chairman of our Board of Directors, through the company Delfin S.à r.l., has voting rights over 295,904,025 Ordinary Shares, or 61.38% of the issued share capital. See Item 7 "Major Shareholders and Related Party Transactions." 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.

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 new 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. 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.

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,

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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.

Our auditors, like other independent registered public accounting firms operating in Italy and various other non-U.S. jurisdictions, are not inspected by the U.S. Public Company Accounting Oversight Board (the "PCAOB") and, as such, investors currently do not have the benefits of PCAOB oversight.

The independent accounting firms that issue audit reports filed with the SEC are required under U.S. law to undergo regular inspections by the PCAOB to assess their compliance with professional auditing standards in connection with their audits of public companies. Because our independent auditor is located in Italy, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Italian authorities, the audit work and practices of our independent auditor, like other independent registered public accounting firms operating in Italy, are currently not inspected by the PCAOB.

The inability of the PCAOB to conduct inspections of auditors in Italy makes it more difficult to evaluate the effectiveness of our independent auditor's audit procedures and quality control procedures as compared to auditors outside of Italy that are subject to periodic PCAOB inspections. As a result, investors may be deprived of the benefits of PCAOB inspections.

Financial Risks

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. We also maintain manufacturing facilities in China, 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.

See Item 11 "Quantitative and Qualitative Disclosures about Market Risk" and Item 18 "Financial Risks" (Note 3).

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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.

ITEM 4. INFORMATION ON THE COMPANY

OVERVIEW

We are a market leader in the design, manufacture and distribution of fashion, luxury, sport and performance eyewear. Due to the strong growth enjoyed throughout 2014, our total net sales reached over Euro 7.6 billion, net income attributable to Luxottica stockholders was Euro 642.6 million and headcount as of year-end was approximately 77,730 employees. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Item 18 "Financial Statements" for additional disclosures about our operating segments. Founded in 1961 by Leonardo Del Vecchio, we are a vertically integrated organization. Our manufacturing of sun and prescription eyewear is backed by a wide-reaching wholesale network and a retail distribution network, located mostly in North America, Latin America and Asia-Pacific.

Product design, development and manufacturing take place in six production facilities in Italy, three factories in China, one production facility in Brazil and one production facility in the United States devoted to sports and performance eyewear. We also have a small plant in India serving the local market. In 2014, our worldwide production reached approximately 83 million units.

The design and quality of our products and our strong and well-balanced brand portfolio are recognized throughout the world. Proprietary brands include Ray-Ban, one of the world's best-known eyewear brands, Oakley, Vogue Eyewear, Persol, Oliver Peoples, Alain Mikli and Arnette, and our licensed brands include Armani, Bvlgari, Burberry, Chanel, Coach, Dolce & Gabbana, DKNY, Michael Kors, Paul Smith, Ralph Lauren, Prada, Starck Eyes, Tiffany, Tory Burch and Versace. Our wholesale distribution network covers more than 130 countries across five continents and has approximately 50 commercial subsidiaries providing direct operations in key markets.

Our direct wholesale operations are complemented by an extensive retail network comprised of over 7,000 stores worldwide at December 31, 2014. We are a leader in the prescription business in North America with our LensCrafters and Pearle Vision retail brands, in Australia and New Zealand with our OPSM and Laubman & Pank brands, in China with our LensCrafters brand and in Latin America with our GMO brand. In North America, we also operate our retail licensed brands, Sears Optical and Target Optical. Additionally, we operate one of the largest managed vision care networks in the United States, through EyeMed, and the second largest lens finishing network, with three central laboratories, over 900 on-site labs at LensCrafters stores, a fully dedicated Oakley lab and an additional facility based in China dedicated to North American optical retail.

We have a global retail organization to support our sun and luxury retail brands, including Sunglass Hut, ILORI and The Optical Shop of Aspen. The Sunglass Hut brand, in particular, has a global presence with stores in North America, Latin America, Asia-Pacific, South Africa, Europe and the Middle East.

The Oakley brand provides a powerful wholesale and retail ("O Stores") presence in both the performance optics and the sport channels. In our O Store locations, we offer Oakley eyewear styles in addition to a variety of Oakley-branded products, such as apparel, footwear, backpacks and accessories designed for athletic lifestyles (e.g., surf, snow, golf, outdoor, motor sports and mountain biking).

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Our distribution channels are complemented by an e-commerce component, including the Oakley, Ray-Ban and Sunglass Hut websites and the recently acquired glasses.com.

In 2014, 44.3% of total sales of frames and lenses in Euros related to prescription eyewear and 55.7% related to sunglasses.

Our capital expenditures for our continuing operations were Euro 418.9 million for the year ended December 31, 2014 and Euro 94.0 million for the three-month period ended March 31, 2015. We expect 2015 aggregate capital expenditures to be approximately 5.5% of the Group's net sales, excluding any additional investments for business acquisitions. The most significant investments planned are the remodeling of existing stores, the opening of new stores, the upgrade and expansion of our manufacturing facilities as well as enhancement of our IT infrastructure. We expect to fund these future capital expenditures through cash flow generation primarily due to our operating leverage as well as working capital efficiencies. For a description of capital expenditures for the previous three years, see Item 5 "Operating and Financial Review and Prospects Liquidity and Capital Resources Cash Flows Investing Activities."

Our principal executive offices are located at Piazzale L. Cadorna 3, Milan 20123, Italy, and our telephone number at that address is (011) 39-02-863341. We are domiciled in Milan, Italy.

HISTORY

Incorporation

Luxottica Group was founded by Leonardo Del Vecchio in 1961, when he set up Luxottica di Del Vecchio e C. S.a.S., which subsequently became a joint-stock company organized under the laws of Italy under the name of Luxottica S.p.A. We started out as a small workshop and operated until the end of the 1960s as a contract producer of dyes, metal components and semi-finished goods for the optical industry. We gradually widened the range of processes offered until we had an integrated manufacturing structure capable of producing a finished pair of glasses. In 1971, our first collection of prescription eyewear was presented at Milan's MIDO (an international optics trade fair), marking our definitive transition from contract manufacturer to independent producer.

Expansion in Wholesale Distribution

In the early 1970s, we sold our frames exclusively through independent distributors. In 1974, after five years of sustained development of our manufacturing capacity, we started to pursue a strategy of vertical integration, with the goal of distributing frames directly to retailers. Our first step was the acquisition of Scarrone S.p.A., which had marketed our products since 1971, bringing with it a vital knowledge of the Italian eyewear market.

Our international expansion began in the 1980s with the acquisition of independent distributors and the formation of subsidiaries and joint ventures in key international markets.

Our wholesale distribution expansion focuses on customer differentiation, customized service and new sales channels, such as large department stores, travel retail and e-commerce, as well as continuous penetration into the emerging markets. The acquisition, in 1981, of La Meccanoptica Leonardo, the owner of the Sferoflex brand and of an important flexible hinge patent, enabled us to enhance the image and quality of our products and increase our market share.

From the late 1980s, eyeglasses, previously perceived as mere sight-correcting instruments, began to evolve into "eyewear." Continual aesthetic focus on everyday objects and designers' interest in the emerging accessories industry led us to embark on our first collaboration with the fashion industry in 1988 by entering into a licensing agreement with Giorgio Armani. We followed up that initial collaboration, with numerous others and with the acquisition of new brands, gradually building our current world-class brand portfolio and thereby increasing our commitment to research, innovation, product quality and manufacturing excellence.

Over the years, we have launched collections from names like Bvlgari (1997), Chanel (1999), Prada (2003), Versace (2003), Donna Karan (2005), Dolce & Gabbana (2006), Burberry (2006), Polo Ralph Lauren (2007), Paul Smith (2007), Tiffany (2008), Tory Burch (2009), Coach (2012), Starck Eyes (2013), Armani (2013) and Michael Kors (2015).

Moreover, in 1999 we acquired Ray-Ban, one of the world's best-known sunglasses brands. Through this acquisition, we obtained crystal sun lens technology.

In 2007, we acquired California-based Oakley, a leading sport and performance brand, which owned the Oliver Peoples brand and a license to manufacture and distribute eyewear under the Paul Smith name. At the time of the acquisition, Oakley had its own retail network of over 160 stores.

In 2013, we acquired Alain Mikli International SA ("Alain Mikli"), a French luxury and contemporary eyewear company, which owned the Alain Mikli brand and Starck Eyes license. As a result of the acquisition, we strengthened both our luxury brand portfolio and prescription offerings, which now include Alain Mikli's distinctive designs.

Financial Markets

In 1990, we listed our American Depositary Shares ("ADSs") on the New York Stock Exchange. In 2000, our stock was listed on Borsa Italiana's electronic share market and it has been in Italy's Mercato Telematico Azionario ("MTA") since 2003.

Retail Distribution

In 1995, we acquired The United States Shoe Corporation, which owned LensCrafters, one of North America's largest optical retail chains. As a result, we became the world's first significant eyewear manufacturer to enter the retail market, thereby maximizing synergies with our production and wholesale distribution and increasing penetration of our products through LensCrafters stores.

Since 2000, we have strengthened our retail business by acquiring a number of chains, including Sunglass Hut (2001), a leading retailer of premium sunglasses, OPSM Group (2003), a leading optical retailer in Australia and New Zealand, Cole National Corporation ("Cole") (2004), which brought with it another important optical retail chain in North America, Pearle Vision, and an extensive retail licensed brands store business (Target Optical and Sears Optical). In 2005, we began our retail expansion into China, where LensCrafters has become a leading brand in the country's high-end market. In the same year, we also started to expand Sunglass Hut globally in high-potential markets like the Middle East, South Africa, India, Southeast Asia, Mexico, Brazil and Europe. In 2011, we started our optical retail expansion in Latin America by completing the acquisition of Multiópticas Internacional S.L. ("GMO" or "Multiópticas Internacional"), a leading retailer in Chile, Peru, Ecuador and Colombia.

DESIGN AND PRODUCT DEVELOPMENT

Emphasis on product design and the continuous development of new styles are key to Luxottica's success. During 2014, we added approximately 1,900 new styles to our eyewear collections. Each style is typically produced in two sizes and five colors.

The design of the Group's products is the focal point where vision, technology and creativity converge. Each frame expresses Luxottica's two core precepts: the use of innovative materials, technologies and processes and unparalleled craftsmanship.

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The design process begins with our in-house designers who work in an environment that promotes innovation, originality and a creative process in which eyewear is interpreted as art, an object to put on display. They draw inspiration from both market trends and their own imagination and creativity. In addition, our design team works directly with the marketing and sales departments, which monitor the demand for our current models, as well as general style trends in eyewear.

After the design process has been completed, the product development process is executed through engineering, planning, manufacturing and distribution of our products. The engineering process consists of the product development stages between style sketches and the manufactured final products. By using a launch calendar that focuses on customer and geographic demand, the engineering department has been able to decrease product development timelines in recent years.

The research and development efforts of our engineering staff play a crucial role in the product development process. Our engineers are continuously looking for new materials, concepts and technology innovations to apply to our products and processes in an effort to differentiate them in the eyewear market.

During the initial phase of the development process, the prototype makers transform designs into one-off pieces, crafted by hand with precision. Once developed, they are passed on to the product department, which uses visual rendering and 3D software to analyze the steps necessary to bring the prototype to mass production.

At this point in the cycle, the mold workshop designs and assembles the equipment needed to make the components for the new model. The first samples obtained are assembled and undergo a series of tests required by internal quality control procedures.

The next steps in the process involve the production and quality certification of sales samples of the new models. These samples are subjected to another sequence of tests to verify the quality of the engineering. The final step is the production of a preliminary batch using definitive tooling certified by an external standards organization. These samples are produced in a pilot facility that resembles the plant chosen to produce the final product for consumers.

We differentiate our products not only through innovation in style and design but also through a commitment to technological innovation. As growth in wearable technology creates a new playing field for innovation, in 2014, we announced strategic partnerships with Google and Intel. Both collaborations will expand the limits of what eyewear can be by creating frames that are as intelligent and functional as they are beautiful. Our eyewear professionals and Google's high-tech developers are devoted to designing, developing and distributing a new breed of eyewear for Google Glass and the multi-year R&D collaboration between Luxottica and Intel is aimed at fusing premium, luxury and sports eyewear with smart technology.

BRAND PORTFOLIO

Our brand portfolio is one of the largest in the industry and continuously evolves, with our major global brands backed by leading brands both at a regional level and in particular segments and niche markets. Our portfolio is well-balanced between proprietary and licensed brands, a combination of stability and prestige.

The presence of Ray-Ban, one of the world's best-selling brands of sun and prescription eyewear, and Oakley, a leader in the sport and performance category, gives the proprietary brand portfolio a strong base, complemented by Persol, Oliver Peoples and Alain Mikli in the high end of the market, Arnette in the sport market, and Vogue Eyewear in the fashion market.

Alongside the proprietary brands, our portfolio has over 20 licensed brands, including some well-known and prestigious names in the global fashion and luxury industries. With our manufacturing know-how, capillary distribution and direct retail operations supported by targeted advertising and our experience in international markets, our goal is to be the ideal partner for fashion houses and stylists seeking to translate their style and values into successful premium quality eyewear collections. We differentiate each designer's offering, segmenting it by type of customer and geographic market, to produce a broad range of models capable of satisfying diverse tastes and tendencies and to respond to the demands and characteristics of widely differing markets.

The following table presents the respective percentages of our total sales of frames in Euros comprised by our designer and proprietary brands during the periods indicated:

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Designer brands	30.6%	31.4%	29.7%	30.5%	32.4%
Proprietary brands	69.4%	68.6%	70.3%	69.5%	67.6%

The following table presents the respective percentages of our total sales of frames and lenses in Euros comprised by our prescription frames and lenses and sunglasses for the periods indicated:

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Prescription frames and lenses	44.3%	46.1%	47.3%	46.3%	50.2%
Sunglasses	55.7%	53.9%	52.7%	53.7%	49.8%

Proprietary Brands

In 2014, proprietary brands accounted for approximately 69% of total sales of frames. Ray-Ban and Oakley, the two largest eyewear brands in our portfolio based on sales, accounted for 27.0% and 11.7%, respectively, of the Group's 2014 net sales.

Ray-Ban

Lifestyle, authenticity and freedom of expression are the key values underpinning the philosophy of Ray-Ban, a leader in sun and prescription eyewear for generations. Debuting in 1937 with the Aviator created for the American Air Force, Ray-Ban joined Luxottica's brand portfolio in 1999. Ray-Ban is recognized for the quality and authenticity of its eyewear, is worn by celebrities all over the world and is one of the most loved eyewear brands worldwide.

Oakley

Established in 1975 and acquired by Luxottica in 2007, Oakley is one of the leading product design and sport performance brands in the world, with products that world-class athletes around the globe depend on to compete at the highest level possible. The holder of more than 750 patents, Oakley is also known for its lens technologies, including High Definition Optics. Oakley extended its position as a sports eyewear brand into apparel and accessories, offering men's and women's product lines that appeal to sports performance, active and lifestyle consumers. The brand's global distribution includes Oakley "O" Stores and outlet Oakley Vault Stores.

Vogue Eyewear

Launched in 1973 under the same name as the famous fashion magazine, Vogue Eyewear was acquired by Luxottica in 1990. Vogue eyewear plays with prevalent fashion trends by offering a wide global assortment completed by local collections for the emerging markets. It has become an

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international contemporary fashion brand. Vogue eyewear follows a global approach with local relevance to appeal to consumers with different needs and tastes.

Persol

Persol, the iconic "Made in Italy" eyewear brand, made its debut in 1917 and was acquired by Luxottica in 1995. With its evocative name, meaning "for sun," it is the proud heir to a culture of excellence and craftsmanship, a perfect alchemy of aesthetics and technology. The irresistible appeal of timeless design and high quality make the brand a favorite among celebrities.

Oliver Peoples

Acquired by Luxottica in 2007, Oliver Peoples began in 1987 with the introduction of a retro-inspired eyewear collection created by designer and optician Larry Leight. Select eyewear is handcrafted from the finest quality materials, in colors exclusive to Oliver Peoples. Frames are manufactured in limited quantities and with deliberate anti-logo labeling, which appeals to sophisticated consumers.

Alain Mikli

Acquired by Luxottica in 2013, Alain Mikli is not simply the name of an eyewear brand, it also represents over 35 years of passion and know-how. Since 1978, the designer Alain Mikli recognized that vision correction was not merely a solution for a medical condition but could also be a means to communicate style and trends. His idea is simple but revolutionary: add style to a necessity and transform a need into a sign of personality The frames to see as well as to be seen.

Arnette

Launched in California in 1992, Arnette was acquired by Luxottica in 1999, and combines the comfort and functionality demanded by extreme sports enthusiasts.

Eye Safety Systems ("ESS")

Acquired in 2007, ESS designs, develops and markets advanced eye protection systems for military, firefighting and law enforcement professionals worldwide and is a leading supplier of protective eyewear to the U.S. military and firefighting markets.

Luxottica

Launched in 1967, the Group's original line best conveys the experience and tradition that are its essence.

Sferoflex

Sferoflex, which joined the Group's portfolio in 1981, takes its name from the patented flexible hinge enabling the temples to conform to the shape and size of the face, thus increasing the resilience of the frame itself and ensuring perfect fit.

Licensed Brands

Designer lines are produced and distributed through license agreements with major fashion houses. The license agreements are exclusive contracts, which typically have terms of between four and ten years and may contain options for renewal for additional periods. Under these license agreements, we are required to pay a royalty ranging from 6% to 14% of the net sales of the related collection and a mandatory marketing contribution of between 5% and 10% of net sales.

Prada is the most significant license in our portfolio as measured by total sales. In 2014, sales realized through the Prada, Prada Linea Rossa and Miu Miu brand names together represented approximately 4% of total sales.

Armani Group

Under license since 2013, the Armani Group includes the following collections:

Giorgio Armani

The Giorgio Armani brand's incomparable sense of style is timeless and consistent. Armani's vision of the world of creative design is not about turning heads, but about leaving a lasting impression, so that the brand's aesthetic becomes an outward expression of the normality of sophistication. Pure lines, intrinsic elegance and care for details are the elemental concepts underlying all of Giorgio Armani's iconic designs as well as all of its eyewear styles.

Emporio Armani

Created in the early 1980s by Giorgio Armani, this label addresses the needs of trendy customers who love the Armani DNA. Armani's core elements are revisited in a modern take on fresh style, with innovative and trendy colorful designs that are distinguished by contemporary lines, shapes and materials.

Armani Exchange

A--X Armani Exchange is the youthful label created in 1991 by Giorgio Armani to capture the heritage of the Armani brand through a modern sensibility for the inherent beauty of young individuals' interpretation of contemporary lifestyle. The A--X Armani Exchange eyewear collection reflects the brand's young fashion-forward urban spirit. Modern shapes in original shades reflect contemporary design with stylish details.

Brooks Brothers

Characterized by lightweight materials and a slender line, the Brooks Brothers collections reflect the iconic features of the style of this American brand. This is an affordable product line with classic style that delivers functionality, lightness and high quality. The original license agreement was entered into in 1992.

Bvlgari

Bvlgari, the great Italian jeweler that is a master of colored gemstones of international fame, represents one of the most exclusive brands of eyewear: contemporary design, unique styles and glamorous details, together with superior quality. This brand is positioned for the highest segment of jewelry eyewear, with luxury Italian craftsmanship and bold style. Bvlgari eyewear features precious materials such as gold, gemstones and crystals and is carefully crafted in timeless designs.

Burberry

Since its founding in England in 1856, Burberry has been synonymous with quality, as defined by the endurance, classicism and functionality that characterized its history. Burberry has become a leading luxury brand with a global business. The eyewear collection, under license since 2006, is inspired by the brand's innovative ready-to-wear and accessories collections and incorporates very recognizable iconic elements for both men and women.

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Chanel

In 1999, Luxottica was the first company licensed to produce Chanel eyewear products. The Chanel eyewear collection, targeting luxury-oriented consumers, reflects the essential characteristics of the brand: unique creations, elegance and refinement.

Coach

Founded in 1941 as a family-run workshop in a Manhattan loft, Coach has grown to become a leading American marketer of fine accessories and ready-to-wear for women and men. Under license since 2012, the Coach eyewear collection perfectly expresses the effortless New York style and authentic American heritage of the Coach brand. In 2013, the brand started its transformation towards becoming a global lifestyle brand. Iconic brand themes have been reinterpreted across product categories and portrayed in disruptive advertising campaigns where luxury meets utility.

Dolce & Gabbana

Dolce & Gabbana is a luxury brand that draws inspiration from the roots and the authentic values of its own DNA: Sicily, sensuality and sartorial ability. Dolce & Gabbana's essence lies in its contrasting yet complementary features. The eyewear collection, under license since 2006, is characterized by glamorous, unconventional shapes, prestigious materials and sumptuous detailing.

DKNY

DKNY is easy-to-wear fashion characterized by the energetic attitude of New York City: sleek, metropolitan, fun, fast and real. The brand caters to modern, urban, fashion conscious women and men, addressing a broad range of lifestyle needs, from work to weekend, jeans to evening. Under license since 2005, DKNY eyewear is everyday urban fashion with modern design at an accessible price. DKNY is the perfect mix of style, quality and value, fashion and color.

Michael Kors

Established in 1981, Michael Kors is an authentic contemporary fashion brand. Michael Kors eyewear, launched by Luxottica in 2015, offers a glamorous lifestyle for the consummate jet setter that is as sophisticated as it is indulgent and as iconic as it is modern. Michael Kors' eyewear collections capture the glamour and effortless sophistication for which the designer is celebrated, drawing upon signature details found in the brand's most iconic designs.

Paul Smith Spectacles

Licensed by Luxottica in 2007, the Paul Smith Spectacles brand, launched in 1994, includes prescription and sun eyewear featuring the whimsical yet classic designs and attention to detail that are synonymous with one of Britain's leading fashion designers.

Prada Group

Under license since 2003, the Prada Group includes the following collections:

Prada

Prada represents the best of Italian culture and tradition. At the same time, Prada is one of the most innovative, prestigious and widely recognized brands in the fashion and luxury goods industries, with a keen attention to detail and new trends. The Prada eyewear collection reflects this approach with unmistakable style, refined elegance and uncompromising quality. The

Prada collection also includes the Prada Linea Rossa line, which is inspired by the world of sports to convey an everyday casual yet sophisticated style.

Miu Miu

The Miu Miu eyewear collection was launched with brand-new luxury positioning in 2011 to align it with the brand's other product categories. Miu Miu is Miuccia Prada's other soul, a brand for women who are particularly fashion forward and aware of avant-garde, trendy and sophisticated fashion and lifestyle.

Ralph Lauren

Under license since 2007, Ralph Lauren includes the following collections:

Ralph Lauren

Ralph Lauren has made an indelible imprint on the fashion world with his collections for men and women. Today, his signature sensibilities Hollywood romance, town and country heritage, cosmopolitan city-chic and Art Deco glamour extend into the world of Ralph Lauren eyewear. With their sleek modernity and classic proportions, each pair is a vivid expression of the designer's elegant, sophisticated style.

Polo Ralph Lauren

Representing Ralph Lauren's iconic heritage as a designer recognized throughout the world, Polo Ralph Lauren reflects a celebrated vision of classic yet spirited American style for men and women. Timeless and authentic, Polo Ralph Lauren is the enduring symbol of a modern-day American lifestyle: easy, energetic, young and cool.

Ralph

Fresh and romantic, Ralph is the epitome of fashion for young women. Ralph eyewear is an accessible expression of Ralph Lauren's spirit. Featuring the latest looks and trends in vibrant colors, as well as more classic looks, Ralph is all about young, fun, feminine style.

Starck Eyes

Starck Eyes, under license since 2013, joined our licensed brand portfolio as part of the Alain Mikli acquisition. Starck Eyes is the combination of two visionaries for an exceptional collection. Philippe Starck and Alain Mikli pooled their skills to give birth to the Starck Eyes collection in 1996. For this line, a technological revolution was developed: the "Biolink," a screwless hinge modeled after the human clavicle, which allows a full 360-degree movement for increased comfort and durability: Biomechanics in the service of vision.

Tiffany & Co.

Founded in 1837 in New York City, Tiffany has a rich heritage filled with celebrated events, artists and milestones that live on today in legendary style. We were the first company licensed to produce Tiffany's eyewear collection, which takes inspiration from the most iconic jewelry collection, celebrating stunning originality and enduring beauty. The first collection was launched in 2008.

Tory Burch

Tory Burch is an American attainable luxury lifestyle brand, which embodies the unique sense of style of its chairman, CEO and designer, Tory Burch. She has established herself as a favorite among women and celebrities alike for her contemporary, preppy-bohemian styles. Under license since 2009, the eyewear collection perfectly captures the Tory Burch brand identity: a classic but modern sensibility, eclectic esthetics renowned for its graphic prints, bold colors and exotic detailing are all signatures of the brand.

Versace

Versace is a prestigious fashion and lifestyle brand, symbol of Italian luxury world-wide. The collection is intended for men and women looking for a contemporary style that is strong in personality, sexy and sophisticated. The eyewear collection, under license since 2003, perfectly combines glamour and modern elegance, bearing the distinctive details taken from the graphic direction of the fashion house.

MANUFACTURING

Plants and Facilities

In 2014, our manufacturing facilities located in Italy, China, India, the United States and Brazil produced a combined total of approximately 83 million prescription frames and sunglasses.

Six of our manufacturing facilities are located in Italy, which is the center of our luxury eyewear production, and combine the tradition of Italian craftsmanship with the speed and efficiency of modern automation and represent 43% of our global production output. Five facilities are located in northeastern Italy, where most of the country's eyewear industry is based, and one is located near Turin.

Over the years, we have consolidated our manufacturing processes and allocated specific production roles and technologies to each plant. This has enabled us to improve both the productivity and quality of our manufacturing operations.

Three manufacturing facilities in China and a small plant in India collectively represent 43% of our production output. From 1998 to 2001, we operated the Dongguan plant in China's Guangdong province through our 50%-owned joint venture (Tristar Optical Company Ltd.) with a Japanese partner. In 2001, Luxottica acquired the remaining 50% interest in this Chinese manufacturer and, in 2006, we increased our manufacturing capacity in China through the construction of a new manufacturing facility to produce both metal and plastic frames. With the opening of this new facility, our annual average daily production in China increased by approximately 80% from 2005 to 2006. In 2010, our Tristar facility started producing plastic sun lenses to be paired with frames manufactured in the same location. In 2013, Luxottica integrated into its manufacturing processes a newly developed state-of-the-art plant, partly dedicated to decorations, utilizing techniques adapted from other industries.

The Foothill Ranch facility in California manufactures high-performance sunglasses and prescription frames and lenses and assembles most of Oakley's eyewear products. Oakley apparel, footwear, watches and certain goggles are produced by third-party manufacturers.

The manufacturing facility in Campinas, Brazil, acquired in January 2012, produces both plastic and metal frames for the Brazilian market. In September 2012, we launched the first locally designed and produced Vogue eyewear collection for this market. Between 2013 and 2014, we added the production of select Ray-Ban, Arnette and Oakley collections. In 2014, the Campinas plant produced approximately 50% of the eyewear sold by Luxottica in the Brazilian market.

Over the years, we have progressively diversified our technology mix from traditional metal, plastic injection and acetate slabs to include aluminum, wood, die casting, fabrics and LiteForce material. This technology shift has reduced the concentration of metal-based frames from 44% of total production output in 2010 to approximately 30% in 2014. The manufacturing process for all frames begins with the creation of precision tooling and molds based on prototypes developed by in-house designers and engineering staff.

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Metal Frames

Our manufacturing process for metal frames has approximately 70 different phases, beginning with the production of basic components such as rims, temples and bridges, which are produced through a molding process. These components are then welded together to form frames over numerous stages of detailed assembly work. Once assembled, the metal frames are treated with various coatings to improve their resistance and finish, and then prepared for lens fitting and packaging.

Plastic Frames

Plastic frames are manufactured using either a milling or an injection molding process. In the milling process, a computer controlled machine carves frames from colored acetate slabs. This process produces rims, temples and bridges that are then assembled, finished and packaged. In the injection molding process, plastic resins are liquefied and injected into molds. The plastic parts are then assembled, coated, finished and packaged.

We invest in research and development to strengthen our manufacturing processes on an on-going basis. As a result, we continue to invest to increase manufacturing capacity in Italy, China, the United States, Brazil and India, while benefitting from innovation and information technology enhancements. This commitment is expected to translate into increased efficiency and improved quality of our manufacturing processes.

Suppliers

The principal raw materials and components purchased for the manufacturing process include plastic resins, acetate sheets, metal alloys, crystal and plastic lenses and frame parts.

We purchase a substantial majority of raw materials in Europe and Asia and, to a lesser extent, in the United States. In addition, we use external suppliers for frames, lenses, eyewear cases, packaging materials, machinery and equipment, and for some logistic services. We also rely on outside suppliers for the production of Oakley apparel, footwear, accessories and watches.

Although, historically, prices of the raw materials used in our manufacturing process have been stable, in 2014, we continued to utilize a process to hedge the risk of price fluctuations for gold and palladium, in order to minimize the related impact. In November 2014, we entered into a jet fuel commodity swap transaction to hedge the risk of price fluctuations associated with fuel costs incurred in connection with our distribution operations. Regarding other raw materials and components used in our manufacturing process, we negotiate prices directly with our suppliers.

We have continued to build strong relationships with our major strategic suppliers. In 2014, we continued to monitor the risk management initiatives in our purchasing function to identify potential risks (impact and probability) and implemented mitigation actions if not already in place. With most suppliers, we maintain agreements that prohibit disclosure of our proprietary information or technology to third parties. Although our Oakley subsidiary relies on outside suppliers for most of the specific molded components of its glasses and goggles, it generally retains ownership of the molds used in the production of the components. Most of the components used in our products can be obtained from one or more alternative sources within a relatively short period of time, if necessary or desired. In addition, we have strengthened the in-house injection molding capability for sunglass lenses and built new ones on crystal lenses.

Essilor International ("Essilor") is one of the largest suppliers of our global retail operations, accounting for a significant portion of total North America retail lens merchandise purchases and related processing costs in 2014. We have entered into a number of long-term contracts with Essilor governing new products and services and have additional agreements directly with lens casters to ensure that we maintain adequate access to suppliers. Luxottica Retail North America Inc. ("Luxottica Retail N.A.") has long-term contracts with Essilor to finance, use and service anti-reflective equipment installed at selected LensCrafters in-store labs. In addition, EyeMed has a contract with Essilor to procure lab services for certain independent opticians, ophthalmologists and optometrists. We have not experienced any significant interruptions in our sourcing of supplies and we believe that the loss of Essilor or any of our other suppliers would not have a significant long-term impact on our operations.

Luxottica and Essilor have formed a long-term joint venture for the Australian and New Zealand markets. This alliance (which is majority controlled by Essilor) manages Eyebiz Laboratories Pty. Ltd., which provides lens manufacturing, finished lenses, and fitting services for Australia and New Zealand. This joint venture invested in a new, state-of-the-art facility in Thailand capable of providing 24-hour production seven days a week.

Quality Control

The satisfaction of wholesale clients and retail consumers is one of Luxottica's primary objectives. At Luxottica, achieving this objective means continually improving quality in every phase of our production and distribution cycles and this has been one of the drivers prompting our full vertical integration. By increasing production capacity in both developed and emerging countries, we are pursuing a crucial goal: delivering the same "Made in Luxottica" quality everywhere in the world. Wherever design and production of frames and sun lenses take place, a single quality system applies to every process involved, from product development to procurement, distribution, operational analysis and uniform and measurable performance management in the plants. Most of the manufacturing equipment that we use is specially designed and adapted for our manufacturing processes. This facilitates a rapid response to customer demand and an adherence to strict quality control standards.

Through on-going verification of precision and expertise in all the phases of production, we seek to manufacture a product of the highest quality. Quality and process control teams regularly inspect semi-finished products, verifying the feasibility of prototypes in the design phase, controlling standards in both the product development and production phases, subsequently checking for resistance to wear and tear and reviewing optical properties in relation to type of use. The manufacturing processes and materials used by primary suppliers are also controlled and certified.

We design products to meet or exceed relevant industry standards for safety, performance and durability. Throughout the development process, our eyewear products undergo extensive testing against standards established specifically for eyewear by ANSI (Z.80.3), ASTM, Standards Australia Limited (AS 1067) and EU (EN ISO 12312 and EN ISO 12870). These standards relate to product safety and performance and provide quantitative measures of optical quality, UV protection, light transmission and impact resistance.

To assure our quality standards worldwide and the right support for quality improvement, we have four main labs, one in each of Italy, China, Brazil and the United States. Each lab is responsible for establishing and maintaining the quality standards in the region where it is located and supports activities in engineering, production and market feedback management. All of our labs conduct the same tests using the same equipment and procedures, which are developed and approved in the central Italian lab.

In 2014, our Italian, Chinese and U.S. manufacturing facilities were granted accreditation by the American Association for Laboratory Accreditation (A2LA) for performing ISO 8624 and ISO 12870 tests on eyewear. The A2LA accreditation program provides formal recognition of the technical competence and quality management utilized in performing these specific tests.

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Every year, we enhance the performance criteria used in our standards tests and introduce new requirements. As a result of the effectiveness of our quality control program, the return rate for defective merchandise manufactured by us has remained stable at approximately 1% in 2014.

DISTRIBUTION

Our Principal Markets

The following table presents our net sales by geographic market and segment for the periods indicated:

	Year Ended December 31,		
(Amounts in thousands of Euro)	**2014**	**2013**	**2012**
European Retail	211,818	170,000	134,020
European Wholesale	1,295,283	1,272,789	1,183,279
North America Retail	3,445,481	3,360,783	3,380,684
North America Wholesale	841,290	763,000	742,205
Asia-Pacific Retail	616,998	618,180	637,487
Asia-Pacific Wholesale	432,910	386,365	347,544
Latam Retail(*)	155,583	146,012	134,555
Latam Wholesale(*)	350,428	324,228	299,086
Other Retail	28,679	26,339	26,323
Other Wholesale	273,847	244,914	200,959
Total	7,652,317	7,312,611	7,086,142

(*) Latam consists of countries in the Latin American region, primarily Brazil, Argentina, Ecuador, Mexico, Peru, Chile and Colombia.

Logistics

Our distribution system is globally integrated and supplied by a centralized manufacturing programming platform. The network linking the logistics and sales centers to the production facilities in Italy, China, the United States and Brazil also provides daily monitoring of global sales performance and inventory levels so that manufacturing resources can be programmed and warehouse stocks re-allocated to meet local market demand. This integrated system serves both the retail and wholesale businesses and is one of the most efficient and advanced logistics system in the industry, with 18 distribution centers worldwide, including 11 in the Americas, five in the Asia-Pacific region and two in Europe, which have allowed the Group to reduce worldwide logistics lead time year after year.

We have four main distribution centers (hubs) in strategic locations serving our major markets: Sedico (Italy), Atlanta, Georgia (United States), Ontario, California (United States) and Dongguan (China). They operate as centralized facilities incorporating a highly automated order management system, servicing other Group distribution centers or, in some markets, shipping products directly to customers, thereby further reducing delivery times and keeping stock levels low.

The Sedico hub was opened in 2001 and is one of the most technically advanced in the industry. In 2014, it managed approximately 20,000 orders per day, including eyeglasses and spare parts. Sedico ships approximately 210,000 units daily to customers in Europe, the Middle East, Africa, select U.S. markets and to the Group's distribution centers in the rest of the world, where they are then shipped to local customers. In addition, Sedico manages customized services, such as Ray-Ban Remix, providing direct global deliveries of these products.

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The Atlanta facility, opened in 1996, has consolidated several North America based facilities into a single state-of-the-art distribution center, which is located close to one of the major airport hubs of the United States. It serves both our retail and wholesale businesses in the North American market. This facility has a highly advanced cross-belt sorting system that can move up to 150,000 units per day.

The Dongguan hub was opened in 2006 and manages an average of 170,000 units per day. The growth in the Asia-Pacific region has made this hub a strategic part of the Group's distribution network. We continue to invest in ways to improve services and increase capacity in order to create even greater efficiencies in the region.

In 2013, the Group opened a distribution center in Jundiaí, Brazil, which is near São Paulo and offers targeted distribution services to customers.

Wholesale Distribution

Our wholesale distribution structure covers more than 130 countries, with approximately 50 commercial subsidiaries in major markets and approximately 100 independent distributors in other markets. Wholesale customers are mostly retailers of mid-to premium-priced eyewear, such as independent opticians, optical retail chains, specialty sun retailers, department stores and duty-free shops. We are currently seeking to further exploit new channels of distribution, such as department stores, travel retail and e-commerce.

Certain brands, including Oakley, also are distributed to sporting goods stores and specialty sports stores, including bike, surf, snow, skate, golf and motor sports stores.

In addition to giving wholesale customers access to some of the most popular brands, with a broad array of models tailored to the needs of each market, we also seek to provide them with pre- and post-sale services to enhance their business. These services are designed to provide customers with the best products in the best possible time frame.

We maintain close contact with our distributors in order to monitor sales and the quality of the points of sale that display our products.

In 2002, we introduced the STARS (Superior Turn Automatic Replenishment System) program within our wholesale division to provide third-party customers with an enhanced service that leverages our knowledge of local markets and brands to deliver fresh, high-turnover products and maintain optimal inventory levels at each point of sale. Strengthening the partnership between Luxottica and its customers, this program directly manages product selection activities, assortment planning and automatic replenishment of our products in the store on behalf of the third-party customer, utilizing ad hoc systems, tools and state-of-the-art planning techniques.

At the end of 2014, STARS served a total of over 4,000 stores in the major European markets, the United States, the Middle East and emerging markets.

Retail Distribution

With a strong portfolio of retail brands, we are well positioned to reach every segment of the market. The retail portfolio offers a variety of differentiation points for consumers, including the latest in designer and high-performance sun frames, advanced lens options, advanced eye care, everyday value and high-quality vision care health benefits.

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As of March 31, 2015, our retail business consisted of 6,457 corporate stores and 602 franchised locations as follows:

	North America	Asia-Pacific	China / Hong Kong	Europe	Africa and Middle East	Latam	Total
LensCrafters	935		269				1,204
Pearle Vision	177						177
Sunglass Hut(1)	1,880	282	17	327	131	243	2,880
ILORI and The Optical Shop of Aspen	30						30
Oakley retail locations(2)	177	28		9			214
Sears Optical	630						630
Target Optical	347						347
OPSM		333					333
Laubman & Pank		30					30
David Clulow(3)				112			112
GMO(4)						473	473
Oliver Peoples	8						8
Alain Mikli	4	9	3	3			19
Franchised locations(5)	381	159		6	48	8	602
Total	4,569	841	289	457	179	724	7,059

(1) Includes Sunglass Icon locations in North America; Occhiali for Sunglasses in South Africa; Sun Planet in Latin America.

(2) Includes Oakley "O" Stores and Vaults.

(3) Includes David Clulow joint venture stores.

(4) Includes Econópticas.

(5) Includes franchised locations for Pearle Vision (380 locations), David Clulow, Sunglass Hut, Oakley "O" Stores and Vaults, Oliver Peoples and Alain Mikli.

Our retail stores sell not only prescription frames and sunglasses that we manufacture but also a wide range of prescription frames, lenses and ophthalmic products manufactured by other companies. In 2014, net sales from our proprietary and licensed brands represented approximately 89% of the total net sales of frames by the retail division (approximately 88% in 2013).

Optical Retail

Our optical retail operations are anchored by leading brands such as LensCrafters and Pearle Vision in North America, OPSM and Laubman & Pank in Australia and New Zealand and GMO in Latin America. We also have a retail presence in China, where we operate in the premium eyewear market with LensCrafters. Due to the fragmented nature of the European retail market, we do not operate optical retail stores in Europe outside of the United Kingdom, where we operate a network of over 100 David Clulow stores, selling both prescription and sun products. As of March 31, 2015, our optical retail business consisted of approximately 3,688 retail locations globally.

LensCrafters

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

Most LensCrafters stores are located in high-traffic commercial malls and shopping centers. A wide array of premium prescription frames and sunglasses, mostly made by Luxottica, and a wide range of high-quality lenses and optical products made by other suppliers, are available in most locations. In addition, many North American locations include either an independent or an employed doctor of optometry and a fully equipped, state-of-the-art lens laboratory with the technology to craft, surface, finish and fit lenses in about one hour.

As part of its underlying commitment to customer satisfaction and industry innovation, over the last few years, LensCrafters has invested in technology to enable a distinctive signature customer experience by including the AccuFit Digital Measurement technology, providing a lens fit with five times greater precision than traditional methods. The majority of in-store labs offer the anti-reflective coating capability supporting the "one hour service" concept. LensCrafters continues its investment with iPads in all stores to enhance the customer's omni channel experience, and a digital eye exam experience with AccuExam in certain locations.

In 2006, Luxottica began to expand the LensCrafters brand in China by rebranding the stores that we acquired through the acquisition of local retail chains in Beijing, Shanghai, Guangdong and Hong Kong. As of March 31, 2015, we operated a retail network of 1,204 LensCrafters stores, of which 935 stores are in North America and 269 stores are in China and Hong Kong.

Pearle Vision

Acquired by Luxottica in 2004, Pearle Vision is one of the largest franchised optical retailers in North America. It is dedicated to improving the optical experience by allowing local business operators to focus on providing genuine eye care in their respective neighborhoods.

As of March 31, 2015, Pearle Vision operated 177 corporate stores and had 380 franchise locations throughout North America.

Retail Licensed Brands

With the acquisition of Cole National in 2004, Luxottica acquired a network of retail locations in North America operating under the brand names of their respective host retail stores. These licensed "retail brands" are Sears Optical and Target Optical and offer consumers the convenience of taking care of their optical needs while shopping at their preferred retailers. These two brands have precise marketing positions within Luxottica, reinforced by favorable service levels, strong reputations and some of our most well-known brands including Ray-Ban and Vogue.

As of March 31, 2015, Luxottica operated 630 Sears Optical and 347 Target Optical locations throughout North America.

OPSM

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

As of March 31, 2015, Luxottica operated 290 corporate-owned stores and 50 franchise locations throughout Australia. OPSM also has 43 corporate-owned stores in New Zealand and eight franchise locations, mainly in large urban areas.

Laubman & Pank

Laubman & Pank is renowned for high quality eye care and personalized service in regional Australian markets. As of March 31, 2015, Luxottica owned 30 stores and there were 16 franchise locations throughout Australia.

GMO

GMO, an optical market leader in Latin America, became a part of Luxottica Group in July 2011, following the acquisition of Multiópticas Internacional. Since its beginning in the late 1990s, GMO has developed a reputation for optical retail excellence among consumers in Chile, Peru, Ecuador and Colombia with its strong Opticas GMO and Econópticas retail brands. As of March 31, 2015, Luxottica operated 369 Opticas GMO stores and 104 Econópticas stores.

EyeMed Vision Care

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

Lens Laboratories

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

In addition, we operate Oakley optical lens laboratories in the United States, Ireland and Japan. These labs provide Oakley prescription lenses to the North and South American, European and Asian markets, respectively, enabling them to achieve expeditious delivery, better quality control and higher optical standards.

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

E-commerce

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

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

Oakley.com provides an e-commerce channel across multiple markets including the United States, Canada, Australia, Japan and 16 countries in Europe.

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

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In 2014, Luxottica acquired *glasses.com*, an advanced digital player in the North American eyewear industry. *Glasses.com* developed an exclusive virtual mirroring technology accessible through smartphones or tablets that uses a 3D image of the user's face to allow for multiple try-on options with real likeness.

The e-commerce strategy is to enter additional markets as the business matures. For example, we formed strategic partnerships in China to open both Ray-Ban and Oakley stores within Tmall, the largest local online mall.

Sun and Luxury Retail

Sunglass Hut

Since the acquisition of Sunglass Hut in 2001, we have become a world leader in the specialty sunglass retail business.

Founded in 1971 as a small kiosk in a Miami mall, Sunglass Hut has grown since then into one of the world's leading destinations for top brands, latest trends and exclusive styles of high-quality fashion and performance sunglasses. Stores can be found in fashionable shopping districts across the globe, from the Americas, Europe and the Middle East to Australia, South Africa, Hong Kong and beyond, providing consumers with a fun, innovative fashion and shopping experience.

Sunglass Hut has been expanding its presence in developed markets and emerging markets, including Brazil, Mexico, Chile and India, while making its mark in Southeast Asia, with new openings in Malaysia and Indonesia. Furthermore, Sunglass Hut aims to provide a unified experience across all customer touchpoints (online, in-store, social and mobile), offering customers a premier experience and, utilizing in-store digital tools, access to the maximum assortment of sunglasses in every store location. As part of this strategy, the brand is investing in the digitalization of the "in-store" shopping experience, particularly in North America, Brazil, the United Kingdom and Australia.

As of March 31, 2015, Sunglass Hut operated a retail network of 2,986 stores worldwide, including 2,880 corporate stores across North America, Asia-Pacific, Europe, South Africa and Latin America and 106 franchise locations in North America, India and the Middle East.

ILORI

ILORI is Luxottica's high-end fashion sun retail brand, with 17 stores in North America as of March 31, 2015, including flagship stores in the SoHo neighborhood of New York City and in Beverly Hills, California. ILORI caters to exclusive clientele, offering a richer purchasing experience for eyewear in prestige locations, featuring sophisticated luxury collections, exclusive niche brands and highly personalized service.

The Optical Shop of Aspen

Founded in the 1970s, The Optical Shop of Aspen is known in the optical industry for its luxury brands for both prescription frames and sunglasses and its first class customer service. As of March 31, 2015, we operated 13 stores in some of the most upscale and exclusive locations throughout the United States.

Oliver Peoples

We operate 12 luxury retail stores under the Oliver Peoples brand. The Oliver Peoples brand retail stores only offer Oliver Peoples and Paul Smith products. As of March 31, 2015, four Oliver Peoples retail locations are operated under license in Tokyo and Los Angeles.

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Alain Mikli

We operate 21 luxury retail stores under the Alain Mikli brand of which two are franchised. The stores are located in the most prestigious cities worldwide.

David Clulow

We operate David Clulow, a premium optical retailer in the United Kingdom and Ireland. The brand emphasizes service, quality and fashion. Its marketing is targeted to reinforce these brand values and build long-term relationships with customers. In addition to operating optical stores, David Clulow operates a number of designer sunglass concessions in up-market department stores, further reinforcing our position as a premium brand in the United Kingdom. As of March 31, 2015, David Clulow operated 39 corporate owned locations (including five joint ventures), one franchise locations and 73 sun stores/concessions.

Oakley "O" Stores and Vaults

As of March 31, 2015, we operated 249 Oakley "O" Stores and Vaults worldwide (including 35 franchise locations), offering a full range of Oakley products including sunglasses, apparel, footwear and accessories. These stores are designed and merchandised to immerse consumers in the Oakley brand through innovative use of product presentation, graphics and original audio and visual elements. In the United States, Oakley "O" Stores are in major shopping centers. Outside of the United States, Oakley's retail operations are principally located in Mexico, Europe and the Asia-Pacific region.

MARKETING

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

Advertising expenses amounted to approximately 6.7% and 6.6% of our net sales in 2014 and 2013, respectively.

Marketing Strategy for Our Wholesale Business

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

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

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

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

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

Marketing Strategy for Our Retail Business

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

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

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

ANTI-COUNTERFEITING POLICY

Intellectual property is one of our most important assets and is protected through the registration and enforcement of our trademarks and patents around the world. Our commitment is demonstrated through the on-going results of our anti-counterfeiting activities and increased leveraging of our global organization. Trademarks and products from market leaders are increasingly copied and the implementation of a strong global anti-counterfeiting program allows us to send a strong message both to infringers and to our authorized distribution network. This program allows us, on the one hand, to exercise our rights against retailers of counterfeit eyewear and wholesalers and manufacturers that supply them and, on the other hand, to send a message to our authorized distributors that we value our intellectual property and will work diligently to protect it.

Through a strong investigative network, especially in China, we have been able to identify key sources of counterfeit goods, to assist local law enforcement in investigating these sources and, when applicable, to file legal actions against the counterfeiters.

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

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

TRADEMARKS, TRADE NAMES AND PATENTS

Our principal trademarks or trade names include *Luxottica, Ray-Ban, Oliver Peoples, Oakley, Persol, Vogue, Arnette, LensCrafters, Sunglass Hut, ILORI, Pearle Vision, OPSM, Laubman & Pank,* and the

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Oakley ellipsoid *"O"* and square *"O"* logos. Our principal trademarks are registered worldwide. Other than *Luxottica, Ray-Ban, Oakley, LensCrafters, Sunglass Hut, Pearle Vision, OPSM* and the Oakley ellipsoid *"O"* and square *"O"* logos, we do not believe that any single trademark or trade name is material to our business or results of operations. The collection of *Oakley* and *Ray-Ban* products accounted for 11.7% and 27.0%, respectively, of our net sales in 2014. We believe that our trademarks have significant value for the marketing of our products and that having distinctive marks that are readily identifiable is important for creating and maintaining a market for our products, identifying our brands and distinguishing our products from those of our competitors. Therefore, we utilize a combination of logos, names and other distinctive elements on nearly all of our products.

We utilize patented and proprietary technologies and precision manufacturing processes in the production of our products. As of March 31, 2015, we held a portfolio of over 750 (mostly Oakley-related) patents worldwide that protect our designs and innovations.

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

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

LICENSE AGREEMENTS

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

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

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

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

Licensor	**Licensed Marks**	**Territory**	**Expiration**
Giorgio Armani S.p.A.	Giorgio Armani Emporio Armani A/X Armani Exchange	Worldwide exclusive license	December 31, 2022
Brooks Brothers Group, Inc.*	Brooks Brothers	Worldwide exclusive license	December 31, 2019
Burberry Limited	Burberry Burberry Check Equestrian Knight Device Burberry Black Label**	Worldwide exclusive license	December 31, 2015
Bulgari S.p.A.	Bulgari	Worldwide exclusive license	December 31, 2020

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Licensor	Licensed Marks	Territory	Expiration
Chanel Group	Chanel	Worldwide exclusive license	December 31, 2018 (renewable until December 31, 2020)
Coach, Inc.	Coach Poppy Coach Reed Krakoff	Worldwide exclusive license	June 30, 2016 (renewable until June 30, 2024)
Dolce & Gabbana S.r.l.	Dolce & Gabbana	Worldwide exclusive license	December 31, 2015
Donna Karan Studio LLC	DKNY	Worldwide exclusive license	June 30, 2016
Gianni Versace S.p.A.	Gianni Versace Versace Versace Sport Versus	Worldwide exclusive license	December 31, 2022
Michael Kors Group	Michael Kors Michael Michael Kors	Worldwide exclusive license	December 31, 2024
Paul Smith Limited	Paul Smith PS Paul Smith	Worldwide exclusive license	December 31, 2018 (renewable until December 31, 2023)
Prada S.A.	Prada Miu Miu	Worldwide exclusive license	December 31, 2018
PHS General Design SA	Starck Eyes	Worldwide exclusive license	December 31, 2018 (renewable until December 31, 2023)
PRL USA Inc. The Polo/Lauren Company LP	Polo by Ralph Lauren Ralph Lauren Ralph (Polo Player Design) Lauren RLX RL Ralph Ralph/Ralph Lauren Lauren by Ralph Lauren Polo Jeans Company The Representation of the Polo Player Chaps***	Worldwide exclusive license	March 31, 2017

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Licensor	Licensed Marks	Territory	Expiration
Stella McCartney Limited	Stella McCartney	Worldwide exclusive license	December 31, 2014****
Tiffany and Company	TIFFANY & CO. Tiffany	Exclusive license in United States of America including all possessions and territories thereof, Canada, Mexico, Barbados, Cayman Islands, Jamaica, Panama, Netherlands Antilles, South America (excluding Argentina), Middle East (excluding Iran, Iraq, Yemen, Jordan and Kuwait), Morocco, Tunisia, South Africa, United Kingdom, France, Germany, Italy, Austria, Holland, Spain, Belgium, Greece, Poland, Portugal, Switzerland, Bosnia, Bulgaria, Kosovo, Malta, Romania, Slovakia, Hungary, Croatia, Slovenia Republic, Russian Federation, Azerbaijan, Kazakhstan, Republic of Georgia, Ukraine, Baltic Countries, Singapore, Taiwan, Thailand, Vietnam, China, India, Pakistan, Philippines, South Korea, Japan, Australia	December 31, 2017
Tory Burch LLC	Tory Burch TT	Worldwide exclusive license	December 31, 2019 (renewable until December 31, 2024)

*
Brooks Brothers Group, Inc. is indirectly owned and controlled by one of our directors whose term expires upon the approval of the Company's financial statements for the year ended December 31, 2014.

**
Japan only.

***
United States, Canada, Mexico and Japan only.

****
License expired on December 31, 2014 with a "sell-off" period that has been extended to December 31, 2015.

REGULATORY MATTERS

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

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

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

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

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

COMPETITION

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

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

Several of our most significant competitors in the manufacture and distribution of eyewear are significant vendors to our retail division. Our success in these markets will depend on, among other things, our ability to manage an efficient distribution network and to market our products effectively as well as the popularity and market acceptance of our brands. See Item 3 "Key Information Risk

Factors If we are unable to successfully introduce new products and develop our brands, our future sales and operating performance may suffer" and " If we fail to maintain an efficient distribution and production network or if there is a disruption to our critical manufacturing plants or distribution network in highly competitive markets, our business, results of operations and financial condition could suffer."

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

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

The managed vision care market in North America is highly competitive. EyeMed has a number of competitors, including Vision Service Plan ("VSP"), Davis Vision and Spectera. While VSP was founded almost 58 years ago and is the current market leader, EyeMed's consistent year-over-year growth has enabled us to become the second largest market competitor in terms of funded lives. EyeMed competes based on its ability to offer a network and plan design with the goal of delivering overall value based on the price, accessibility and administrative services provided to clients and their members.

SEASONALITY

We have historically experienced sales volume fluctuations by quarter due to seasonality associated with the sale of sunglasses, which represented 55.7% and 53.9% of our sales in 2014 and 2013, respectively. As a result, our net sales are typically higher in the second quarter, which includes increased sales to wholesale customers and increased sales in our Sunglass Hut stores, and lower in the first quarter, as sunglass sales are lower in the cooler climates of North America, Europe and Northern Asia. These seasonal variations could affect the comparability of our results from period to period. Our retail fiscal year is either a 53-week year or a 52-week year, which also can affect the comparability of our results from period to period. When a 53-week year occurs, we generally add the extra week to the fourth quarter. A 53-week year occurs in five- to six-year intervals and occurred in fiscal 2014 in North America, the United Kingdom, Europe and South Africa.

ORGANIZATIONAL STRUCTURE

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

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the geographic regions. The significant subsidiaries controlled by Luxottica Group S.p.A., including holding companies, are:

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

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

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PROPERTY, PLANT AND EQUIPMENT

Our corporate headquarters is located at Piazzale L. Cadorna 3, Milan 20123, Italy. Information regarding the location, use and approximate size of our principal offices and facilities as of March 31, 2015 is set forth below: