LUXOTTICA GROUP SPA
Form 20-F
April 29, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

o	**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
ý	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the fiscal year ended December 31, 2013**
	OR
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
o	**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-10421

LUXOTTICA GROUP S.p.A.

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

REPUBLIC OF ITALY

(Jurisdiction of incorporation or organization)

VIA C. CANTÙ 2, MILAN 20123, ITALY

(Address of principal executive offices)

Michael A. Boxer, Esq.
Executive Vice President and Group General Counsel
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Port Washington, NY 11050
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(Name, Telephone, Email and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange of which registered
ORDINARY SHARES, PAR VALUE EURO 0.06 PER SHARE*	NEW YORK STOCK EXCHANGE
AMERICAN DEPOSITARY SHARES, EACH REPRESENTING ONE ORDINARY SHARE	NEW YORK STOCK EXCHANGE

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the New York Stock Exchange

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Securities registered or to be registered pursuant to Section 12(g) of the Act.

None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

ORDINARY SHARES, PAR VALUE EURO 0.06 PER SHARE	473,403,448

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes **ý** No **o**

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes **o** No **ý**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes **ý** No **o**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes **o** No **o**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer **ý**	Accelerated filer **o**	Non-accelerated filer **o**

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP **o**	International Financial Reporting Standards as issued by the International Accounting Standards Board **ý**	Other **o**

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 **o** Item 18 **o**

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Yes **o** No **ý**

FORWARD-LOOKING INFORMATION

Throughout this annual report on Form 20-F (this "Form 20-F"), management has made certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 which are considered prospective. These statements are made based on management's current expectations and beliefs and are identified by the use of forward-looking words and phrases such as "plans," "estimates," "believes" or "belief," "expects" or other similar words or phrases.

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

Throughout this Form 20-F, when we use the terms "Luxottica," "Company," "Group," "we," "us" and "our," unless otherwise indicated or the context otherwise requires, we are referring to Luxottica Group S.p.A. and its consolidated subsidiaries.

TRADEMARKS

Our proprietary brands and designer line prescription frames and sunglasses that are referred to in this Form 20-F, and certain of our other products, are sold under names that are subject to registered trademarks held by us or, in certain instances, our licensors. These trademarks may not be used by any person without our prior written consent or the consent of our licensors, as applicable.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

The following tables set forth selected consolidated financial data for the periods indicated and are qualified by reference to, and should be read in conjunction with, our Consolidated Financial Statements, the related notes thereto, and Item 5 "Operating and Financial Review and Prospects" contained elsewhere herein. We prepare our financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The selected consolidated income statement data for the years ended December 31, 2013, 2012 and 2011, and the selected consolidated balance sheet data as of December 31, 2013 and 2012, are derived from the audited Consolidated Financial Statements included in Item 18. The selected consolidated income statement data for the years ended December 31, 2010 and 2009, and the selected

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consolidated balance sheet data as of December 31, 2011, 2010 and 2009, are derived from audited consolidated financial statements which are not included in this Form 20-F. The consolidated financial statements were audited by Deloitte and Touche S.p.A. with respect to 2011, 2010 and 2009. The consolidated financial statements with respect to 2013 and 2012 have been audited by our current independent auditor PricewaterhouseCoopers S.p.A., which replaced Deloitte & Touche S.p.A. as part of the normal rotation of auditors as required by Consob (the Italian securities regulatory authority). In 2013, the Group applied accounting policies on a basis consistent with the previous year and did not elect the early adoption of any IFRS standards (other than as disclosed in Note 2 to the Consolidated Financial Statements in Item 18 of this Form 20-F).

The selected financial data below should be read in conjunction with the Consolidated Financial Statements and notes thereto included elsewhere in this Form 20-F.

[TABLES APPEAR ON THE FOLLOWING PAGES]

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(Amounts in thousands of Euro except share data)	**2013**	**2012(2)**	**2011(2)**	**2010(2)**	**2009(2)**
STATEMENT OF INCOME DATA:					
Net Sales	7,312,611	7,086,142	6,222,483	5,798,035	5,094,318
Cost of Sales	(2,524,006)	(2,435,993)	(2,216,876)	(2,035,686)	(1,802,552)
Gross Profit	4,788,605	4,650,148	4,005,607	3,762,349	3,291,766
OPERATING EXPENSE					
Selling and Advertising	(2,866,307)	(2,840,649)	(2,509,783)	(2,367,979)	(2,104,362)
General and Administrative	(866,624)	(839,360)	(698,795)	(689,526)	(621,844)
Total	(3,732,931)	(3,680,009)	(3,208,578)	(3,057,505)	(2,726,206)
Income from Operations	1,055,673	970,139	797,029	704,845	565,560
OTHER INCOME (EXPENSE)					
Interest Income	10,072	18,910	12,472	8,494	6,887
Interest Expense	(102,132)	(138,140)	(121,067)	(106,987)	(109,132)
Other Net	(7,247)	(6,463)	(3,273)	(8,130)	(4,056)
Other Income (Expenses) Net	(99,307)	(125,693)	(111,868)	(106,623)	(106,301)
Income Before Provision for Income Taxes	956,366	844,447	685,161	598,221	459,259
Provision for Income Taxes	(407,505)	(305,891)	(233,093)	(215,411)	(157,479)
Net Income from Continuing Operations	548,861	538,556	452,068	382,809	301,510
Discontinued Operations				19,944	
Net Income	548,861	538,556	452,068	402,753	301,510
Of which attributable to:					
Luxottica Group Stockholders	544,696	534,375	446,111	397,680	295,736
Non-controlling Interests	4,165	4,181	5,957	5,072	5,774
Net Income	548,861	538,556	452,068	402,753	301,510

Weighted Average Shares Outstanding (thousands)					
Basic	472,057.3	464,643.1	460,437.2	458,711.4	457,270.5
Diluted	476,272.6	469,573.8	463,296.3	460,535.4	457,937.8
Basic Earnings per Share from Continuing Operations[1]	1.15	1.15	0.97	0.83	0.65
Basic Earnings per Share from Discontinued Operations[1]				0.04	
Basic Earnings per Share[1]	1.15	1.15	0.97	0.87	0.65
Diluted Earnings per Share from Continuing Operations[1]	1.14	1.14	0.96	0.82	0.65
Diluted Earnings per Share from Discontinued Operations[1]				0.04	
Diluted Earnings per Share[1]	1.14	1.14	0.96	0.86	0.65

(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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(2) Prior year amounts were restated following the adoption of IAS 19 R. In addition, certain prior year comparative information has been revised to conform to the current year presentation. See "Basis for Preparation" in the Notes to the Consolidated Financial Statements in Item 18 of this Form 20-F.

(Amounts in thousands of Euro except share data)	As of December 31, 2013	2012	2011	2010	2009
BALANCE SHEET DATA:					
Working Capital[1]	535,616	621,882	526,241	649,236	406,819
Total Assets	8,082,905	8,442,160	8,374,325	7,739,679	7,007,252
Total Debt[2]	2,079,430	2,452,463	2,936,712	2,791,285	2,717,026
Stockholders' Equity	4,142,828	3,981,372	3,612,928	3,256,375	2,737,239
Capital Stock	28,653	28,394	28,041	27,964	27,863
Total Number of Ordinary Shares (thousands)	477,560.7	473,238.2	467,351.7	466,077.2	464,386.4

(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 363.0 million, Euro 400.4 million, Euro 692.1 million, Euro 356.2 million and Euro 315.2 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, 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, 2013, our stockholders approved the distribution of a cash dividend in the amount of Euro 0.58 per ordinary share and ADR. The total amount of the dividend paid to stockholders on May 23, 2013 was Euro 273.7 million. On February 27, 2014, the Board of Directors of the Company proposed to the ordinary meeting of stockholders convened on April 29, 2014 the distribution of a cash dividend in the amount of Euro 0.65 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. $)
2009	0.220	0.327
2010	0.350	0.428

2011	0.440	0.622
2012	0.490	0.615
2013	0.580(5)	0.750

(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 0.58 per ordinary share was approved by our Board of Directors on February 28, 2013 and was voted upon and approved by our stockholders at the ordinary meeting of stockholders held on April 29, 2013.

EXCHANGE RATE INFORMATION

The following tables set forth, for 2009, certain information regarding the Noon Buying Rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York, which we refer to as the Noon Buying Rate. For 2010 through 2013, the information reported in the below table is based upon the Euro foreign exchange reference rate published by the European Central Bank (the "BCE Rate"), which, starting from 2010, 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
2009	1.2547	1.5100	1.3946	1.4332
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

(1) The average of the Noon Buying Rate or the BCE Rate, as applicable, 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 2013	1.3493	1.3805
November 2013	1.3365	1.3611
December 2013	1.3536	1.3814
January 2014	1.3516	1.3687
February 2014	1.3495	1.3813
March 2014	1.3732	1.3942

On April 15, 2014, the BCE Rate was U.S. $1.3803 per Euro 1.00.

Unless otherwise indicated, all convenience 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.

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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 which 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;

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- 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

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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.

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

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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.

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, Bulgari, Tiffany & Co., Versace, Burberry, Polo Ralph Lauren, Donna Karan, DKNY, Paul Smith, Brooks Brothers, Stella McCartney, Tory Burch, Coach*, *Armani* and *Starck Eyes.* These license agreements typically have terms of between three 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, 2013 and 2012, 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. 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 and Eye Safety Systems subsidiaries are U.S. government contractors 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, including requirements to obtain applicable governmental approvals, clearances and certain export licenses, may impose additional costs and risks on our business. 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, 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

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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 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 distribution network or if there is a significant disruption to our plants or network, 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 U.S. Internal Revenue Service, the Italian tax authority 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 taxes. 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 or other assets that are obsolete or exceed anticipated demand or net realizable value, 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 61.35% 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 15, 2014, Mr. Leonardo Del Vecchio, the Chairman of our Board of Directors, through the company Delfin S.à r.l., has voting rights over 293,274,025 Ordinary Shares, or 61.35% 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 himself 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 our procedures designed to comply with Section 404 of the Sarbanes-Oxley Act of 2002 cause us to identify material weaknesses in our internal control over financial reporting, the trading price of our securities may be adversely impacted.

Our annual report on Form 20-F includes a report from our management relating to its evaluation of our internal control over financial reporting, as required under Section 404 of the U.S. Sarbanes-Oxley Act of 2002, as amended. There are inherent limitations on the effectiveness of internal controls, including collusion, management override and failure of human judgment. In addition, control procedures are designed to reduce, rather than eliminate, business risks. Notwithstanding the systems and procedures we have implemented to comply with these requirements, we may uncover circumstances that we determine, with the assistance of our independent auditors, 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.

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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 Euro or the Chinese Yuan strengthens relative to certain other currencies or if the U.S. dollar weakens 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 Euro or the Chinese Yuan relative to other currencies in which we receive revenues could negatively impact the demand for our products or decrease our profitability in consolidation, adversely affecting our business and 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).

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 increased costs due to additional 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.

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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 2013, our total net sales reached a record Euro 7.3 billion, net income attributable to Luxottica stockholders was Euro 544.7 million and headcount as of year-end was approximately 73,400 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, Asia-Pacific, China and Latin America.

Product design, development and manufacturing take place in six production facilities in Italy, three wholly owned factories in China, one in Brazil and one sports sunglasses production facility in the United States. We also have a small plant in India serving the local market. In 2013, our worldwide production reached approximately 77.3 million units.

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

Our direct wholesale operations are complemented by an extensive retail network comprising over 7,000 stores worldwide at December 31, 2013. We are a leader in the prescription business in North America with our LensCrafters and Pearle Vision retail brands, in Asia-Pacific with our OPSM and Laubman & Pank brands, in China with our LensCrafters brand and in South America with our GMO brand. In North America, we operate points of sale for our retail Licensed Brands under the Sears Optical and Target Optical brands. In addition, we are one of the largest managed vision care operators in the United States, through EyeMed, and the second largest lens finisher, having a network of four central laboratories in North America, over 900 on-site labs at LensCrafters stores, a fully dedicated Oakley lab plus an additional facility based in China dedicated to North American optical retail.

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

Our 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 a variety of Oakley-branded products in addition to our Oakley eyewear styles. Our Oakley-branded products include apparel, footwear, backpacks and accessories designed for surf, snow, golf and other active lifestyles.

Our distribution channels are complemented by an e-commerce component, including the Oakley, Ray-Ban, Sunglass Hut and Target Optical websites.

In 2013, 46.1% of total sales of frames and lenses in Euros related to prescription eyewear and 53.9% related to sunglasses.

Our capital expenditures for our continuing operations were Euro 369.7 million for the year ended December 31, 2013 and Euro 81.0 million for the three-month period ended March 31, 2014. We expect 2014 aggregate capital expenditures to be approximately Euro 400.0 million, excluding any additional investments for business acquisitions. The most significant investments planned are the remodeling of existing stores for our North American retail operations and the continuing rollout of a new IT infrastructure worldwide. We expect to fund these future capital expenditures with our current available borrowing capacity and available cash. 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 Via C. Cantù 2, 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 the market. 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 has focused on customer differentiation, customized service and new sales channels, such as large department stores, travel retail and e-commerce, as well as penetration in the emerging markets. The acquisition, in 1981, of La Meccanoptica Leonardo, the owner of the Sferoflex brand and 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, in 1988, to embark on our first collaboration with the fashion industry 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 Bulgari (1997), Chanel (1999), Prada (2003), Versace (2003), Donna Karan (2005), Dolce & Gabbana (2006), Burberry (2006), Polo Ralph Lauren (2007), Paul Smith (2007), Tiffany (2008), Stella McCartney (2009), Tory Burch (2009), Coach (2012), Starck Eyes (2013) and Armani (2013).

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In addition, we acquired Ray-Ban in 1999, one of the world's best-known sunglasses brands. Through this acquisition, we obtained crystal sun lens technology and associated manufacturing capacity.

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 also 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 owns 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, Thailand, India, the Philippines, Mexico, Brazil and Mediterranean Europe. In 2011, we started our optical retail expansion in Latin America by completing the acquisition of Multiópticas Internacional S.L. ("MOI" 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 is key to Luxottica's success. During 2013, 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 pair of eyewear expresses Luxottica's two core precepts: on the one hand, use of innovative materials, technologies and processes, and on the other, craftsmanship to create unique eyewear.

The design process begins with our in-house designers who work in an environment that emphasizes innovation and originality and espouses a creative process that views eyewear 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.

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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 scheduling the process pursuant to 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 be applied 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 specimens 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 ascertain the quality of the engineering.

The final step is the production of an initial batch using definitive tooling certified by an external standards organization. These samples are produced in a pilot facility representing the plant chosen to mass-produce the new model in order to meet the needs of production planning.

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.

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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, 2013	2012	2011	2010	2009
Designer brands	31.4%	29.7%	30.5%	32.4%	35.8%
Proprietary brands	68.6%	70.3%	69.5%	67.6%	64.2%

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, 2013	2012	2011	2010	2009
Prescription frames and lenses	46.1%	47.3%	46.3%	50.2%	51.5%
Sunglasses	53.9%	52.7%	53.7%	49.8%	48.5%

Proprietary Brands

In 2013, proprietary brands accounted for approximately 69% of total sales of frames. Ray-Ban and Oakley, the two biggest eyewear brands in our portfolio, accounted for approximately 24.7% and 11.4%, respectively, of the Group's 2013 net sales.

Ray-Ban

Style, tradition 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 and is worn by celebrities all over the world.

Oakley

Acquired by Luxottica in 2007, Oakley is a leading sports eyewear brand, known for its blend of technology, design and art across all its products. In addition to its sun and prescription eyewear and ski goggles, it offers branded apparel, footwear and accessories in collections addressing specific consumer categories: Sport/Active, Lifestyle and Women. Oakley is also well-known for its lens technologies and especially its High Definition Optics® (HDO®).

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.

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 frame to see as well as to be seen".

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Vogue Eyewear

Launched in 1973 under the same name as the famous fashion magazine, Vogue Eyewear was acquired by Luxottica in 1990. Vogue models distinguish themselves through their innovative and fashionable designs, their variety of colors and frames and the smart detailing on the temples.

Arnette

Launched in California in 1992, Arnette was acquired by us 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.

K&L

Created in 1989, Killer Loop joined our brand portfolio in 1999. It gradually evolved from a general sports style to embody a more "urban" spirit. In 2008 it took on a new name, K&L, and launched a project for collections specifically addressing the preferences of consumers in emerging markets, but maintaining global distribution.

Luxottica

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

Mosley Tribes

Launched in 2005 and part of our brand portfolio since 2007, Mosley Tribes combines design and aesthetics with a vision of the urban lifestyle and sports performance worlds. Some of these sleek and stylish frames use titanium and injected plastic for a lightweight design, ideal for active individuals. Most frames feature advanced lens technology.

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 that appeals to sophisticated consumers.

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 three 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 and Dolce & Gabbana are two significant licenses in our portfolio as measured by total sales. In 2013, sales realized through the Prada, Prada Linea Rossa and Miu Miu brand names together represented approximately 4.0% of total sales, whereas the sales realized through the Dolce & Gabbana group brands represented approximately 2.3% 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.

Bulgari

Extending its vision of extraordinary beauty to everyday objects, Bulgari, under license since 1997, applies the same uncompromising design and product standards to its men's and women's eyewear collections, recapturing fine handcrafting in ladies collections and technical innovation in gentlemen's styles.

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: style, elegance and class.

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 gifts for women and men. Under license since 2012, the Coach eyewear collection perfectly expresses the signature look and distinctive identity of the Coach brand. This license agreement includes the Reed Krakoff brand, launched by Coach in 2010. The sunwear collection, under license since 2012, combines the glamour and modern elegance of Krakoff's art with the distinctive details taken from his fashion house. Reed Krakoff stores are located in New York, Tokyo and Las Vegas.

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.

Donna Karan

Under license since 2005, this product line reflects the design sensibility and spirit of the Donna Karan collection. Designed "for a woman by a woman," the collection offers sophisticated styling, sensuality and comfort in a modern way with identifiable detailing and quality workmanship. The DKNY brand is part of this license agreement. DKNY is easy-to-wear fashion with an urban mindset, the energy of New York City and its street-smart look. DKNY eyewear caters to modern, urban, fashion conscious women and men, addressing a broad range of lifestyle needs, from work to weekend, jeans to evening. The license was entered into in 2005.

Paul Smith

Licensed by Luxottica in 2007, the Paul Smith 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 fashion brands, with a keen attention to detail and new trends. The Prada eyewear collection reflects this approach with unmistakable style, sophisticated 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 style and has a dedicated advertising campaign.

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

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brand with a very strong and autonomous identity, characterized by an avant-garde, sensual, sometimes provocative style aimed at a trendsetting woman with a strong and independent personality.

Ralph Lauren Group

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

Ralph Lauren Purple Label

The Ralph Lauren Purple Label eyewear collection reflects an impeccable sense of high quality, precious materials and style. Dedicated to the highest level of quality and elegance, it is the ultimate expression of luxury for the modern gentleman.

Polo Ralph Lauren

Authentic and iconic, the Polo eyewear collection is the original symbol of the modern preppy lifestyle. Often imitated but never matched, Polo's aesthetic signature is recognized worldwide as a mark of contemporary heritage excellence.

Ralph Lauren

Timeless and sophisticated, the Ralph Lauren eyewear collection reflects Ralph Lauren's definitive design philosophy in its groundbreaking juxtaposition of feminine glamour and impeccable execution. A mix of American glamour with an air of refined luxury.

Ralph

This women's line is an expression of the Ralph Lauren spirit at an accessible price point. It features the latest looks and trends, as well as some more classic looks and vibrant colors, for a feminine, youthful, flirty and fun look.

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 screw-less hinge modeled after the human shoulder. Biomechanics in the service of vision.

Stella McCartney

Stella McCartney, under license since 2009, is a design lifestyle brand, synonymous with modern cool. The sunglasses collection appeals to women who are naturally sexy and confident, combining everyday quality with sophistication and masculinity with feminine allure and allowing its wearers to create their own distinctive look.

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.

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Tory Burch

Under license since 2009, Tory Burch is an attainable luxury lifestyle brand defined by classic American sportswear with an eclectic sensibility, which embodies the personal style and spirit of its co-founder and creative director, Tory Burch.

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

Our primary manufacturing facilities are located in Italy, China, the United States and Brazil.

We have six manufacturing facilities in Italy: five in northeastern Italy, the area in which most of the country's eyewear industry is based, and one near Turin.

Over the years, we have consolidated our manufacturing processes by utilizing a consistent production technology in each of the Italian facilities. This consolidation has enabled us to improve both the productivity and quality of our manufacturing operations. Plastic frames are made in the Agordo, Sedico, Pederobba and Lauriano facilities, while metal frames are produced in Agordo and Rovereto. Certain metal frame parts are produced in the Cencenighe plant. The Lauriano facility also makes crystal and polycarbonate lenses for sunglasses.

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. After the construction of this new facility, our annual average daily production in China increased by approximately 80% in 2006 compared to 2005. Since then, we have further expanded our manufacturing capacity in China. During 2010, Tristar started producing plastic sun lenses, which are paired with frames manufactured in the same Chinese facility. In 2013, Luxottica integrated into its manufacturing processes a newly developed state-of-the-art decoration plant 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. The production of Oakley apparel, footwear, watches and certain goggles is outsourced to third-party manufacturers.

The manufacturing facility in Campinas, Brazil, acquired in 2012, produces both plastic and metal frames for the Brazilian market. In September 2012, we launched the first locally designed and produced Vogue prescription collection for this market. During 2013, we added the production of select Ray-Ban and Arnette collections.

Luxottica also operates a small plant in India serving the local market.

In 2013, the Group's manufacturing facilities produced a combined total of approximately 77.3 million prescription frames and sunglasses. Approximately 33% of the frames were metal-based and the remaining frames were plastic. Three main manufacturing technologies are involved: metal, acetate slabs and plastic (injection molding). The manufacturing process for both metal and plastic frames begins with the fabrication of precision tooling and molds based on prototypes developed by in-house designers and engineering staff.

Metal Frames

The manufacturing process for metal frames has approximately 70 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 plastic sheets. 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 engage in research and development activities relating to our manufacturing processes on an on-going basis. As a result, we plan to invest over Euro 200 million between 2013 and 2015 (including amounts already invested) to increase manufacturing capacity in Italy, China, the United States, Brazil and India, as well as for 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 2013 we continued to utilize a process to hedge the risk of price fluctuations for gold and palladium, in order to minimize the related impact. 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 2013, 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 retail operations, accounting for 31% of total North America retail lens merchandise purchases and related processing costs in each of 2013 and 2012. 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

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maintain adequate access to suppliers. Luxottica Retail North America Inc. ("Luxottica Retail N.A.") has both purchase and long-term financing contracts with Essilor to acquire anti-reflective equipment that has been or will be 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 by 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.

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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.

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 2013.

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)	**2013**	**2012**	**2011**
European Retail	170,000	134,020	114,334
European Wholesale	1,272,789	1,183,312	1,128,946
North America Retail	3,360,783	3,380,684	3,008,990
North America Wholesale	763,000	742,205	596,324
Asia-Pacific Retail	599,307	626,290	563,458
Asia-Pacific Wholesale	318,455	271,201	216,260
Other Retail	191,224	172,074	79,361
Other Wholesale	637,052	576,355	514,810
Total	7,312,611	7,086,142	6,222,483

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 20 distribution centers worldwide, of which 12 are in the Americas, six are in the Asia-Pacific region and two are in Europe.

We have four main distribution centers (hubs) in strategic locations serving our major markets: Sedico (Italy), Atlanta (United States), Ontario (United States) and Dongguan (China). They operate as centralized facilities, offering customers a highly automated order management system that reduces delivery times and keeps stock levels low.

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The Sedico hub was opened in 2001 and is state of the art in the sector. In 2013, it managed over 19,000 orders per day, including eyeglasses and spare parts. Sedico ships over 200,000 units daily to customers in Europe, North America, the Middle East, Africa and to the Group's distribution centers in the rest of the world, from which they are then shipped to local customers.

The Sedico hub enabled us to close local warehouses throughout Europe that served the previous distribution system, improving the speed and efficiency of our distribution.

The Atlanta facility, opened in 1996, has consolidated several North America based facilities into a single state-of-the-art distribution center located close to one of the major airport hubs of the United States. This facility has a highly advanced cross-belt sorting system that can move up to 150,000 units per day. In late 2009, the facility, which was originally a retail-only distribution center, started serving both our retail and wholesale businesses in the North American market.

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 resulted in this hub becoming 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.

Wholesale Distribution

Our wholesale distribution structure covers more than 130 countries, with nearly 50 directly controlled or majority owned operations in the major markets and approximately 100 independent distributors in other markets. Each wholesale subsidiary operates its own network of sales representatives who are normally retained on a commission basis. Relationships with large international, national and regional accounts are generally managed by employees.

Customers of our wholesale business 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 penetrate emerging markets and 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 offering our wholesale customers 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 product, and in a time frame and manner that best serve our customers' needs.

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 within the Wholesale Division the STARS program (Superior Turn Automatic Replenishment System), originally under the name "Retail Service," to provide third-party customers with an enhanced partnership 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. This business unit directly manages product selection activities, production and 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 2013, STARS served a total of approximately 3,000 stores in the major European markets, Latin America and emerging markets.

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Retail Distribution

With a strong portfolio of retail brands, we are well positioned to reach different segments 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 eyecare, everyday value and high-quality vision care health benefits.

As of March 31, 2014, our retail business consisted of 6,423 corporate stores and 576 franchised or licensed locations as follows:

	North America	Asia-Pacific	China / Hong Kong	Europe	Africa and Middle East	South Africa	Central and South America	Total
LensCrafters	950		227					1,177
Pearle Vision	217							217
Sunglass Hut(1)	1,886	272	9	271		122	201	2,761
Ilori and The Optical Shop of Aspen	33							33
Oakley retail locations(2)	165	24		9				198
Sears Optical	708							708
Target Optical	338							338
OPSM		359						359
Laubman & Pank		41						41
David Clulow(3)				96				96
GMO(4)							465	465
Oliver Peoples	8							8
Alain Mikli	5	9	5	3				22
Franchised or licensed locations(5)	393	130		8	38		7	576
Total	4,703	835	241	387	38	122	673	6,999

(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 Econopticas.

(5) Includes franchised and licensed locations for Pearle Vision (373 locations), David Clulow, Sunglass Hut, Oakley "O" Stores and Vaults, Oliver Peoples, Icon-HMS 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 other ophthalmic products manufactured by other companies. In 2013, net sales of the Retail division from our own brand names and our licensed brands represented approximately 88.6% of the total net sales of frames by the Retail division (87.1% in 2012).

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 nearly 100 David Clulow stores, selling both prescription and sun products. As of March 31, 2014, our optical retail business consisted of approximately 3,775 retail locations globally.

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LensCrafters

LensCrafters is currently the largest optical retailer in North America in terms of sales. Usually located in high-traffic commercial malls and shopping centers, the stores offer a wide array of premium prescription frames and sunglasses, mostly made by Luxottica, but also a wide range of high-quality lenses and optical products made by other suppliers. LensCrafters was founded in 1983 with the idea of providing customers with a pair of quality glasses in about an hour, which today represents a key feature of LensCrafters' customer service model. Most stores in North America have onsite either an independent or employed doctor of optometry and a fully equipped, state-of-the-art lens laboratory that is able 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 couple of years, LensCrafters has further invested in technology to enable a distinctive signature customer experience, such as implementing tablets for customer use in every store, the AccuFit Digital Measurement technology, which provides a lens fit with five times greater precision than traditional methods, and the anti-reflective coating capability at in-store labs, further enhancing the "one-hour service" concept. LensCrafters also introduced iPads in every store to make the decision-making process a more friendly experience for clients, tested AccuExam in certain locations and continued its significant investment in the omnichannel experience.

In 2006, Luxottica began to expand the LensCrafters brand in China by rebranding the stores that we acquired through the acquisition of three retail chains in Beijing, Shanghai, Guangdong and Hong Kong. Hong Kong is one of China's most significant luxury markets, and launching LensCrafters as a premium brand in Hong Kong was important for increasing awareness and consumer demand for Luxottica products and services in the region.

As of March 31, 2014, we operated a retail network of 1,177 LensCrafters stores, of which 950 stores are in North America and 227 stores are in China and Hong Kong.

Pearle Vision

Acquired by Luxottica in 2004, Pearle Vision is one of the largest optical retail chains in North America. LensCrafters' and Pearle Vision's positionings are complementary. Pearle Vision focuses on the factors that made the brand a success: customers' trust in the doctor's experience and the quality of service they receive, which made Pearle Vision the "Home of Trusted Eyecare" for generations of Americans. Pearle Vision is expanding through franchising and is one of the largest franchise systems in optical retailing.

As of March 31, 2014, Pearle Vision operated 217 corporate stores and had 373 franchise locations throughout North America.

Retail Licensed Brands

With the acquisition of Cole in 2004, Luxottica also acquired a network of retail locations in North America operating under the brand names of their respective host American department stores. These "retail Licensed Brands" are Sears Optical and Target Optical and offer consumers the convenience of taking care of their optical needs while shopping at a department store. Each of these brands has a precise market positioning that Luxottica has reinforced by improving service levels while strengthening their fashion reputation with brands such as Ray-Ban and Vogue.

As of March 31, 2014, Luxottica operated 708 Sears Optical and 338 Target Optical locations throughout North America.

OPSM

OPSM is the largest optical retail chain in Australia and New Zealand, with a proud history spanning more than 80 years. Today, OPSM has an unmatched retail footprint. The brand is recognized both for its

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expertise in eye care and its wide range of both luxury and affordable optical frames and sunglasses. OPSM is committed to significant investment in optical technology, including implementing digital retinal scanners across the store network, and OPSM customers receive outstanding eye care and world class customer service.

As of March 31, 2014, Luxottica operated 314 corporate-owned stores and 34 franchise locations throughout Australia. OPSM also has 45 owned stores in New Zealand and seven franchise locations, mainly in large urban areas.

Laubman & Pank

Laubman & Pank is well-known in regional Australian markets for high-quality eye care and outstanding service. Laubman & Pank delivers personalized service to local communities through long-standing expert optical health services. As of March 31, 2014, Luxottica owned 41 stores and there were six 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 1998, GMO has developed a reputation for optical retail excellence among consumers in Chile, Peru, Ecuador and Colombia with its strong Opticas GMO, Econópticas and Sun Planet retail brands. As of March 31, 2014, Luxottica operated 354 Opticas GMO stores, and 111 Econópticas stores.

EyeMed Vision Care

EyeMed Vision Care is one of the United States' largest managed vision care companies, servicing approximately 36 million members in large- and medium-sized companies, government entities and through insurance companies. Innovation, choice and convenience drive EyeMed's commitment to eye health and vision wellness as it works with its plan sponsors to incorporate vision as part of an overall health care benefits program. Its members have access to a network of over 27,000 providers consisting of independent opticians, ophthalmologists, optometrists and retail optical stores, including Luxottica's optical stores.

Lens Laboratories

Together with LensCrafters' over 900 in-store labs, we operate four central lens surfacing/finishing labs in North America plus an additional lab based in China dedicated to North American optical retail. Leveraging the combined network capabilities of in-store labs and central manufacturing, Luxottica lens operations reduce the time and cost to surface and finish lenses while improving quality of service. All the labs use highly advanced technologies to meet growing demand. The central laboratories serve all of the Pearle Vision corporate and franchise stores, the retail Licensed Brands stores and LensCrafters.

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 International formed in February 2010.

E-commerce

Online Retail for Contact Lenses

In 2009, we entered into a strategic multi-year e-commerce alliance with Vision Direct, a leading online contact lens retailer and wholly-owned subsidiary of Drugstore.com, to develop branded contact lens e-commerce sites for our North American retail business and provide customer care and fulfillment services for this channel. The alliance enables us to offer a comprehensive solution for consumers to conveniently purchase contact lenses in person, by telephone or online.

Brand e-commerce sites

Our Oakley, Ray-Ban and Sunglass Hut e-commerce websites comprise additional important sales channels that complement Luxottica's retail operations and international distribution. The websites allow consumers to purchase products efficiently, increasing brand awareness, improving customer service and communicating the values and essence of these important brands.

Oakley.com conducts e-commerce across multiple markets including the United States, Canada, Australia, Japan and 16 countries in Europe. *Ray-Ban.com* was launched in the United States in 2009 and is the place to go for a premium Ray-Ban assortment and exclusive services. The path of international e-commerce expansion for the Ray-Ban brand is woven into the course of Ray-Ban Remix, the online customization service, which was initially launched in a few European countries in 2013. It was recently launched in the United States and will be made available in additional markets during 2014. Launched in 2008, SunglassHut.com has become the digital destination for consumers looking to find the latest trends and hottest products in premium sunwear. This e-commerce platform is now also available in Australia.

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

In 2014, Luxottica acquired glasses.com, an exclusive virtual mirroring technology that can be accessed through smartphone and tablet applications. The technology renders a 3-D image of the user's face to allow for multiple try-on options.

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 with a focus on building its presence in emerging markets, including Brazil, Southeast Asia and India and continues to make its mark in Europe having acquired retailers in Spain and Portugal. The brand continues to enhance its presence in more mature markets, opening a flagship store in New York's Times Square and one in Sydney, Australia. In addition, Sunglass Hut has been growing in the digital space, launching ".com" sites in almost every region including a new site in Australia. Sunglass Hut is also heavily investing in the digitalization of the "in-store" shopping experience.

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As of March 31, 2014, Sunglass Hut operated a retail network of 2,873 stores worldwide, including 2,761 corporate stores across North America, Asia-Pacific, Europe, South Africa and Latin America and 112 franchise locations in North America, India and the Middle East.

ILORI

ILORI is Luxottica's high-end fashion sunwear retail brand, with 16 stores in North America as of March 31, 2014, 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, 2014, we operated 17 stores in some of the most upscale and exclusive locations throughout the United States.

Oliver Peoples

We operate 8 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, 2014, four Oliver Peoples retail locations are operated under license in Tokyo and Los Angeles.

Alain Mikli

We operate 24 luxury retail stores under the Alain Mikli brand of which two are operated under license. The stores are located in the most prestigious cities worldwide.

David Clulow

In Europe, we operate David Clulow, a premium optical retailer operating in the United Kingdom and Ireland, predominantly in London and the southeast of England. 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, 2014, David Clulow operated 37 corporate owned locations (including 8 joint ventures), 3 franchise locations and 59 sun stores/concessions.

Oakley Stores and Vaults

As of March 31, 2014, we operated 223 Oakley "O" Stores and Vaults worldwide (including 25 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 Australia, Canada, Japan, Germany and the United Kingdom.

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.

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Advertising expenses amounted to approximately 6.6% and 6.3% of our net sales in 2013 and 2012, 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 (print, radio and television, as well as 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 and participate in major industry trade fairs, where we promote some of our new collections.

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.

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 and advertising 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, which we protect 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 dedicate considerable efforts to monitoring the trafficking of counterfeit goods through the Internet, and work actively to remove counterfeit eyewear from certain popular on-line auction platforms and shut down the websites that violate our intellectual property rights through the sale of counterfeit products or the unauthorized use of our trademarks.

TRADEMARKS, TRADE NAMES AND PATENTS

Our principal trademarks or trade names include *Luxottica, Ray-Ban, Oliver Peoples, Oakley, Persol, Vogue, Arnette, LensCrafters, Sunglass Hut, ILORI, Pearle Vision, OPSM, Laubman & Pank,* and the Oakley ellipsoid *"O"* and square *"O"* logos. Our principal trademarks are registered worldwide. Other than *Luxottica, Ray-Ban, Oakley, LensCrafters, Sunglass Hut, Pearle Vision, OPSM* and the Oakley ellipsoid *"O"* and square *"O"* logos, we do not believe that any single trademark or trade name is material to our business or results of operations. The collection of *Oakley* and *Ray-Ban* products accounted for approximately 11.4% and 24.7%, respectively, of our net sales in 2013. 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, 2014, we held a portfolio of over 700 (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 three 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.

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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, 2014 (renewable until 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
Chanel Group	Chanel	Worldwide exclusive license	December 31, 2014
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	Donna Karan DKNY	Worldwide exclusive license	December 31, 2014 (renewable until December 31, 2019)
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 Services B.V.	Starck Eyes	Worldwide exclusive license	December 31, 2018 (renewable until December 31, 2023)

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Licensor	**Licensed Marks**	**Territory**	**Expiration**
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
Stella McCartney Limited	Stella McCartney	Worldwide exclusive license	December 31, 2014 (renewable until December 31, 2019)
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, Korea, Japan, Australia	December 31, 2017
Tory Burch LLC	Tory Burch TT	Worldwide exclusive license	December 31, 2014 (renewable until December 31, 2018)

* Brooks Brothers Group, Inc. is indirectly owned and controlled by one of our directors.

** Japan only.

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

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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 international 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. 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 network or if there is a disruption to our critical manufacturing plants or distribution network in our 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 Vision Works of America, and, in the sunglasses area, department stores and numerous sunglass retail chains and outlet centers. 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 53.9% and 52.7% of our sales in 2013 and 2012, 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. In 2008, the fiscal year for our Retail Division in North America and the United Kingdom included 53 weeks; in 2009, the fiscal year for our Retail Division in Asia-Pacific, Greater China (mainland China and Hong Kong) and South Africa included 53 weeks. A 53-week year occurs in five- to six-year intervals and will occur again in fiscal 2014 in North America, the United Kingdom, Europe and South Africa and in fiscal 2015 in Asia-Pacific and Greater China.

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 11 manufacturing plants and nearly 50 geographically oriented wholesale distribution subsidiaries. See " Distribution" for a breakdown of the

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

Subsidiary	Country of Incorporation	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 Via C. Cantù 2, Milan 20123, Italy. Information regarding the location, use and approximate size of our principal offices and facilities as of March 31, 2014 is set forth below:

Location	Use	Owned/ Leased	Approximate Area in Square Feet
Milan, Italy	Corporate headquarters	Owned	115,716
Agordo, Italy(1)	Administrative offices and manufacturing facility	Owned	926,200
Mason (Ohio), United States	North American retail division headquarters	Owned	415,776
Atlanta (Georgia), United States	North American distribution center	Owned	183,521
Campinas, Brazil	Manufacturing and research facility, administrative offices and related space	Leased	484,391
Port Washington (New York), United States	U.S. corporate headquarters and wholesale division	Leased	35,000
Foothill Ranch/Lake Forest (California), United States(2)	Oakley headquarters, manufacturing facility and ophthalmic laboratory	Owned	850,713
Ontario (California), United States	Oakley eyewear, apparel and footwear distribution centers	Leased	643,301
Macquarie Park, Australia	Offices	Leased	61,496
Revesby, Australia	Distribution center	Leased	61,054
Cincinnati (Ohio), United States	Warehouse, distribution center	Leased	96,000
Dallas (Texas), United States	Ophthalmic laboratory, distribution center, office	Leased	128,869
Memphis (Tennessee), United States	Ophthalmic laboratory	Leased	59,350
Columbus (Ohio), United States	Ophthalmic laboratory, distribution center	Leased	121,036
Salt Lake City (Utah), United States	Ophthalmic laboratory, warehouse, offices	Leased	47,171
St. Albans (Hertfordshire), United Kingdom	Offices	Leased	15,600
Dongguan, China(1)(3)	Office, manufacturing facility, land and dormitories	Leased	4,571,088
Shanghai, China(4)	Offices	Leased	51,643
Bhiwadi, India(5)	Manufacturing facility, administrative offices	Leased	343,474
Rovereto, Italy	Frame manufacturing facility	Owned	228,902
Sedico, Italy(1)	Distribution center	Owned	392,312
Cencenighe, Italy	Semi-finished product manufacturing facility	Owned	59,892
Lauriano, Italy	Frame and crystal lenses manufacturing facility	Owned	292,078
Pederobba, Italy(1)(6)	Frame manufacturing facility	Owned	191,722
Sedico, Italy(1)	Frame manufacturing facility	Owned	342,830
Izmir, Turkey	Turkish headquarters, offices, warehouse and frame manufacturing facility	Leased	92,750
Winnipeg, Canada	Ophthalmic laboratory, distribution center, offices	Leased	21,949
Santiago, Chile	Offices, warehouse, finishing lab	Leased	41,484
São Paulo, Brazil	Administrative offices	Leased	51,010
Jundiaí, Brazil	Distribution center	Leased	81,698
Manhattan (New York), United States	Offices	Leased	14,406

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

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(2) Facility is comprised of several different premises located in Foothill Ranch and Lake Forest, California, United States. The premises in Lake Forest (313,813 square feet) are leased.

(3) Facility consists of 1,422,545 square feet dedicated to offices and manufacturing and the rest consists of dormitories, related facilities and undeveloped land. We have leased this facility for 50 years beginning in 2004. A new facility is under construction to expand our manufacturing capacity.

(4) Facility is comprised of three different premises located within the same municipality. The office lease of Luxottica (China) Investment Co. Ltd. is subject to a mortgage.

(5) We have leased such facility for 99 years beginning in 1989.

(6) 25,963 square feet of this facility are leased.

A substantial number of our retail stores are leased. See " Distribution Retail Distribution" above for more information about our retail locations and a breakdown of geographic regions. All of our retail store leases expire between 2013 and 2025 and have terms that we believe are generally reasonable and reflective of market conditions.

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

RECENT DEVELOPMENTS

On January 20, 2014, the Group received an upgrade of its long-term credit rating from "BBB+" to "A-" by Standard & Poor's Ratings Services ("Standard & Poor's"). The "A-" rating applies to our EMTN program and all of our outstanding long-term notes.

On February 10, 2014, the Group completed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due February 10, 2024. Interest on the notes accrues at 2.625% per annum.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

Overview

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

Licensed Brands (Sears Optical and Target Optical). As of December 31, 2013, the retail segment consisted of 6,472 corporate-owned retail locations and 579 franchised or licensed locations as follows:

	North America	Asia-Pacific	China/ Hong Kong	Europe	Africa and Middle East	South Africa	Central and South America	Total
LensCrafters	958		228					1,186
Pearle Vision	221							221
Sunglass Hut[(1)]	1,897	274	9	265		122	197	2,764
Ilori and The Optical Shop of Aspen	35							35
Oakley retail locations[(2)]	163	23		12				198
Sears Optical	726							726
Target Optical	335							335
OPSM		363						363
Laubman & Pank		44						44
David Clulow[(3)]				96				96
GMO[(4)]							475	475
Oliver Peoples	7							7
Alain Mikli	5	9	6	2				22
Franchised or licensed locations[(5)]	395	131		9	37		7	579
Total	4,742	844	243	384	37	122	679	7,051

(1) Includes Sunglass Icon in North America; Sunglass World and Occhiali for Sunglasses in South Africa; and 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 and licensed locations for Pearle Vision (375 locations), David Clulow, Sunglass Hut, Oakley "O" Stores and Vaults, Oliver Peoples, Alain Mikli, Icon-HMS and Laubman & Pank.

LensCrafters, ILORI, Pearle Vision, our retail Licensed Brands (Sears Optical and Target Optical), Oakley (Oakley "O" Stores and Vaults), Sunglass Icon, The Optical Shop of Aspen and Oliver Peoples have retail distribution operations located throughout the United States, Canada and Puerto Rico, while OPSM and Laubman & Pank operate retail outlets located in Australia and New Zealand. Sunglass Hut is a leading retailer of sunglasses worldwide based on sales in Euro. In 2006, we began operating retail locations in mainland China and currently we have rebranded the acquired stores to our premium LensCrafters brand in mainland China and Hong Kong. In 2008, we acquired David Clulow, a premium optical, retailer operating in the United Kingdom and Ireland. In 2011, we completed our acquisition of Multiópticas Internacional. Our net sales consist of direct sales of finished products manufactured with our own brand names or our licensed brands to opticians and other independent retailers through our wholesale distribution channel and sales directly to consumers through our retail division.

Demand for our products, particularly our higher-end designer lines, is largely dependent on the discretionary spending power of the consumers in the markets in which we operate. See Item 3 "Key Information Risk Factors If we do not correctly predict future economic conditions and changes in consumer preferences, our sales of premium products and profitability could suffer." We have also historically experienced sales volume fluctuations by quarter due to seasonality associated with the sale of sunglasses. As a result, our net sales are typically higher during the summer and the winter holiday season.

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As a result of our numerous acquisitions and the subsequent expansion of our business activities in the United States through these acquisitions, our results of operations, which are reported in Euro, are susceptible to currency rate fluctuations between the Euro and the U.S. dollar. The Euro/U.S. dollar exchange rate has fluctuated from an average exchange rate of Euro 1.00 = U.S. $1.3920 in 2011 to Euro 1.00 = U.S. $1.2848 in 2012 to Euro 1.00 = U.S. $1.3277 in 2013. Additionally, with the acquisition of OPSM, our results of operations have been rendered susceptible to currency fluctuations between the Euro and the Australian dollar. Although we engage in certain foreign currency hedging activities to mitigate the impact of these fluctuations, they have impacted our reported revenues and expenses during the periods discussed herein. See Item 11 "Quantitative and Qualitative Disclosures About Market Risk Foreign Exchange Sensitivity" and Item 3 "Key Information Risk Factors If the Euro or the Chinese Yuan strengthens relative to certain other currencies or if the U.S. dollar weakens relative to the Euro, our profitability as a consolidated group could suffer."

Critical Accounting Policies and Estimates

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

- Revenue Recognition;
- Income Taxes;
- Inventories; and
- Goodwill and Other Intangible Assets and Impairment of Long-Lived Assets.

Revenue Recognition

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

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

In some countries, the wholesale and retail divisions offer the customer the right to return products for a limited period of time after the sale. However, such right of return does not impact the timing of revenue recognition as all conditions of International Accounting Standards ("IAS") 18, *Revenue*, are satisfied at the date of sale. We have estimated and accrued for the amounts to be returned in the subsequent period. This estimate is based on our right of return policies and practices along with historical data, sales trends and the timing of returns from the original transaction date when applicable. Changes to these policies and practices or a change in the trend of returns could lead to actual returns being different from the amounts estimated and accrued.

Also included in retail division revenues are managed vision care revenues consisting of (i) insurance revenues which are recognized when earned over the terms of the respective contractual relationships and (ii) administrative services revenues which are recognized when services are provided during the contract period. Accruals are established for amounts due under these relationships based on an estimate of uncollectible amounts. Our insurance contracts require us to estimate the potential

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costs and exposures over the life of the agreement such that the amount charged to the customers will cover these costs. To mitigate the exposure risk, these contracts are usually short-term in nature. However, if we do not accurately estimate the future exposure and risks associated with these contracts, we may suffer losses as we would not be able to cover our costs incurred with revenues from the customer.

Income Taxes

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

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

Inventories

Frames manufactured by us were approximately 56.0% and 53.5% of total frame inventory as of December 31, 2013 and 2012, respectively. All inventories at December 31, 2013 were valued using the lower of cost, as determined under an average annual cost by product line method, or market. Inventories are recorded net of allowances for possible losses. These reserves are calculated using various factors including sales volume, historical shrink results, changes in market conditions and current trends. In addition, production schedules are made on similar factors which, if not estimated correctly, could lead to the production of potentially obsolete inventory. As such, actual results could differ significantly from the estimated amounts.

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

In connection with various acquisitions, we have recorded as intangible assets certain goodwill, trade names and certain other identifiable intangibles. At December 31, 2013, the aggregate carrying value of intangibles, including goodwill, was approximately Euro 4.3 billion or approximately 53.3% of total assets.

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

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Goodwill is no longer amortized, but rather is tested for impairment annually and, under certain circumstances, between annual periods. An impairment charge will be recorded if the fair value of goodwill and other intangible assets is less than the carrying value. The calculation of fair value may be based on, among other items, estimated future cash flows if quoted market prices in active markets are not available. We test our goodwill for impairment annually as of December 31 of each year and any other time a condition arises that may cause us to believe that an impairment has occurred. Since impairment tests use estimates of the impact of future events, actual results may differ and we may be required to record an impairment in future years. We recorded no impairment losses in 2013, 2012 and 2011. For further details, see Note 11 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

Intangibles subject to amortization based on a finite useful life continue to be amortized on a straight-line basis over their useful lives. Our long-lived assets, other than goodwill, are tested for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. When such events occur, we measure impairment by comparing the carrying value of the long-lived asset to its recoverable amount, which is equal to its value in use. The value-in-use calculation involves discounting the expected cash flows to be generated by the asset to its present value. If the sum of the expected discounted future cash flows is less than the carrying amount of the assets, we would recognize an impairment loss, if determined to be necessary. Actual results may differ from our current estimates. Following the reorganization of the retail business in Australia, approved by the Board of Directors on January 24, 2012, the Group decided to stop selling under the Budget Eyewear name and recorded an impairment loss in our 2011 Consolidated Financial Statements of Euro 8.9 million (AUD 12 million) related to this trademark.

RECENT ACCOUNTING PRONOUNCEMENTS

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

OVERVIEW OF 2013 RESULTS OF OPERATIONS

In fiscal year 2013, we achieved strong growth of net sales and a more than proportionate increase in profitability relative to sales growth, as well as a significant improvement in financial leverage. Both segments made a major contribution to our results.

Because of our worldwide operations, our results of operations are affected by foreign exchange rate fluctuations. In 2013, the weakening of certain currencies in which we conduct business, in particular of the U.S. dollar against the Euro, which is our reporting currency, decreased net sales by Euro 307.8 million, primarily in the retail distribution segment. This discussion should be read in conjunction with Item 3 "Key Information Risk Factors" and the Consolidated Financial Statements and related notes included in Item 18.

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RESULTS OF OPERATIONS

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

	2013	2012	2011
Net Sales	100.0%	100.0%	100.0%
Cost of Sales	34.5	34.4	35.6
Gross Profit	65.5	65.6	64.4
Operating Expenses:			
Selling and Advertising	39.2	40.1	40.3
General and Administrative	11.9	11.8	11.2
Total	51.0	51.9	51.6
Income from Operations	14.4	13.7	12.8
Other Income (Expense) Net	(1.4)	(1.8)	(1.8)
Provision for Income Taxes	(5.6)	(4.3)	(3.7)
Net Income	7.5	7.6	7.3
Net Income Attributable to Non-Controlling Interests	0.1	0.1	0.1
Net Income Attributable to Luxottica Group Stockholders	7.4	7.5	7.2

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

Throughout the following comparison of the fiscal year ended December 31, 2013 to the fiscal year ended December 31, 2012, and of the fiscal year ended December 31, 2012 to the fiscal year ended December 31, 2011, we use certain performance measures that are not in accordance with IFRS. Such non-IFRS measures are not meant to be considered in isolation or as a substitute for items appearing in our financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding our operational performance. For further information regarding the use of and limitations relating to such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

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

COMPARISON OF THE FISCAL YEAR ENDED DECEMBER 31, 2013 TO THE FISCAL YEAR ENDED DECEMBER 31, 2012.

Net Sales. Net sales increased by Euro 226.5 million, or 3.2%, to Euro 7,312.6 million in 2013 from Euro 7,086.1 million in 2012. Euro 218.2 million of this increase was attributable to increased sales in the manufacturing and wholesale distribution segment during 2013 as compared to 2012 and to increased sales of Euro 8.2 million in the retail distribution segment during 2013 as compared to 2012.

Net sales for the retail distribution segment increased by Euro 8.2 million, or 0.2%, to Euro 4,321.3 million in 2013 from Euro 4,313.1 million in 2012. The increase in net sales for the period was partially attributable to a 3.4% improvement in comparable store sales. In particular, we saw a 2.3% increase in comparable store sales for the North American retail operations, and a 5.2% increase in comparable store sales for the Australian/New Zealand retail operations. The effects from currency fluctuations between the Euro, which is our reporting currency, and other currencies in which we conduct business, in particular the weakening of the U.S. dollar and the Australian dollar compared to the Euro, decreased net sales in the retail distribution segment by Euro 193.6 million.

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Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 218.2 million, or 7.9%, to Euro 2,991.3 million in 2013 from Euro 2,773.1 million in 2012. This increase was mainly attributable to increased sales of most of our proprietary brands, in particular Ray-Ban and Oakley, and of certain designer brands including Prada, Tiffany and the Armani brands which were launched in 2013. The positive impact on net sales was partially offset by negative currency fluctuations, in particular the weakening of the U.S. dollar and the Brazilian Real compared to the Euro, which decreased net sales in the wholesale distribution segment by Euro 114.2 million.

In 2013, net sales in the retail distribution segment accounted for approximately 59.2% of total net sales, as compared to approximately 60.9% of total net sales in 2012. This decrease in sales for the retail distribution segment as a percentage of total net sales was primarily attributable to a 7.9% increase in net sales for the manufacturing and wholesale distribution segment for 2013, as compared to a 0.2% increase in net sales to third parties in the retail distribution segment.

In 2013 and 2012, net sales in our retail distribution segment in the United States and Canada comprised 77.8% and 78.4%, respectively, of our total net sales in this segment. In U.S. dollars, retail net sales in the United States and Canada increased by 2.7% to U.S. $4,462.3 million in 2013 from U.S. $4,343.5 million in 2012, due to sales volume increases. During 2013, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 22.2% of our total net sales in the retail distribution segment and increased by 3.0% to Euro 960.5 million in 2013 from Euro 932.4 million, or 21.6% of our total net sales in the retail distribution segment, in 2012, mainly due to an increase in consumer demand.

In 2013, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 1,272.8 million, comprising 42.5% of our total net sales in this segment, compared to Euro 1,183.3 million, or 42.7% of total net sales in this segment in 2012, increasing by Euro 89.5 million or 7.6% in 2013 as compared to 2012. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. $1,013.1 million and comprised 25.5% of our total net sales in this segment in 2013, compared to U.S. $953.6 million, or 26.8% of total net sales in this segment, in 2012. The increase in net sales in the United States and Canada in 2013 compared to 2012 was primarily due to a general increase in consumer demand. In 2013, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 955.5 million, comprising 31.9% of our total net sales in this segment, compared to Euro 847.6 million, or 30.6% of our net sales in this segment, in 2012. The increase of Euro 107.9 million, or 12.7%, in 2013 as compared to 2012 was due to an increase in consumer demand, in particular in the emerging markets.

Cost of Sales. Cost of sales increased by Euro 88.0 million, or 3.6%, to Euro 2,524.0 million in 2013 from Euro 2,436.0 million in 2012, in line with the increase in net sales. As a percentage of net sales, cost of sales was 34.5% and 34.4% in 2013 and 2012, respectively, primarily due to an increase in demand. In 2013, the average number of frames produced daily in our facilities increased to approximately 302,000 as compared to approximately 289,200 in 2012, which was attributable to increased production in all manufacturing facilities in response to an overall increase in demand.

Gross Profit. Our gross profit increased by Euro 138.8 million, or 3.0%, to Euro 4,788.6 million in 2013 from Euro 4,650.1 million in 2012. As a percentage of net sales, gross profit was 65.5% and 65.6% in 2013 and 2012, respectively, due to the factors noted above.

Operating Expenses. Total operating expenses increased by Euro 52.9 million, or 1.4%, to Euro 3,732.9 million in 2013 from Euro 3,680.0 million in 2012. The increase was primarily due to advertising costs and royalties under the Armani license agreement, which started in 2013, and to costs associated with the new companies acquired in 2013. As a percentage of net sales, operating expenses were 51.0% in 2013 compared to 51.9% in 2012. Total adjusted operating expenses increased by Euro 64.3 million, or 1.8%, to Euro 3,723.9 million in 2013 from Euro 3,659.7 million in 2012, excluding

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the non-recurring expenses related to the reorganization of the newly acquired Alain Mikli business amounting to approximately Euro 9.0 million in 2013 and the non-recurring expenses related to the reorganization of the retail business in Australia of approximately Euro 20.3 million in 2012. As a percentage of net sales, adjusted operating expenses decreased to 50.9% in 2013 from 51.6% in 2012.

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

(Amounts in millions of Euro)	2013	2012
Operating expenses	**3,732.9**	**3,680.0**
> Adjustment for Alain Mikli reorganization	(9.0)	
> Adjustment for OPSM reorganization		(20.3)
Adjusted operating expenses	**3,723.9**	**3,659.7**

Selling and advertising expenses (including royalty expenses) increased by Euro 25.7 million, or 0.9%, to Euro 2,866.3 million in 2013 from Euro 2,840.6 million in 2012. The increase was primarily due to an increase in advertising and royalty expenses and was partially offset by a decrease in selling expenses. Selling expenses decreased by Euro 28.2 million, or 1.2%. The decrease was primarily due to the weakening of the major currencies impacting the Group's operations partially offset by the new companies acquired in 2013. Advertising expenses increased by Euro 33.7 million, or 7.6%. The increase is primarily due to advertising costs incurred in connection with the roll-out of Armani and to the companies acquired in 2013. Royalties increased by Euro 20.2 million, or 16.2%. The increase was primarily due to royalties under the Armani license agreement which started in 2013. As a percentage of net sales, selling and advertising expenses were 39.2% in 2013 and 40.1% in 2012.

Adjusted selling and advertising expenses (including royalty expenses), excluding the non-recurring expenses related to the reorganization of the retail business in Australia of approximately Euro 17.3 million, increased by Euro 43.0 million, or 1.5%, to Euro 2,866.3 million in 2013, as compared to Euro 2,823.3 million in 2012. As a percentage of net sales, adjusted selling and advertising expenses were 39.2% in 2013 and 39.8% in 2012.

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

(Amounts in millions of Euro)	2013	2012
Selling and advertising expenses	**2,866.3**	**2,840.6**
> Adjustment for OPSM reorganization		(17.3)
Adjusted selling and advertising expenses	**2,866.3**	**2,823.3**

General and administrative expenses, including intangible asset amortization, increased by Euro 27.3 million, or 3.2%, to Euro 866.6 million in 2013, as compared to Euro 839.4 million in 2012. The increase was mainly driven by the general and administrative expenses of the companies acquired in 2013 which account for Euro 24.7 million of this increase. As a percentage of net sales, general and administrative expenses increased to 11.9% in 2013, compared to 11.8% in 2012.

Adjusted general and administrative expenses, including intangible asset amortization and excluding, in 2013, the non-recurring expenses related to the reorganization of the newly acquired Alain

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Mikli business amounting to approximately Euro 9.0 million and, in 2012, the non-recurring expenses related to the reorganization of the retail business in Australia of approximately Euro 3.0 million, increased by Euro 21.2 million, or 2.5%, to Euro 857.6 million in 2013 as compared to Euro 836.4 million in 2012. As a percentage of net sales, adjusted general and administrative expenses decreased to 11.7% in 2013, compared to 11.8% in 2012.

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

(Amounts in millions of Euro)	**2013**	**2012**
General and administrative expenses	**866.6**	**839.4**
> Adjustment for Alain Mikli reorganization	(9.0)	
> Adjustment for OPSM reorganization		(3.0)
Adjusted general and administrative expenses	**857.6**	**836.4**

Income from Operations. For the reasons described above, income from operations increased by Euro 85.5 million, or 8.8%, to Euro 1,055.7 million in 2013 from Euro 970.1 million in 2012. As a percentage of net sales, income from operations increased to 14.4% in 2013 from 13.7% in 2012. Adjusted income from operations increased by Euro 72.8 million, or 7.3%, to Euro 1,064.7 million in 2013 from Euro 991.8 million in 2012. As a percentage of net sales, adjusted income from operations increased to 14.6% in 2013 from 14.0% in 2012.

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

(Amounts in millions of Euro)	**2013**	**2012**
Income from operations	**1,055.7**	**970.1**
> Adjustment for Alain Mikli reorganization	9.0	
> Adjustment for OPSM reorganization		21.7
Adjusted income from operations	**1,064.7**	**991.8**

Other Income (Expense) Net. Other income (expense) net was Euro (99.3) million in 2013 as compared to Euro (125.7) million in 2012. Net interest expense was Euro 92.1 million in 2013 as compared to Euro 119.2 million in 2012. The decrease was mainly due to the early repayment of a portion of long-term debt in 2012 and 2013.

Net Income. Income before taxes increased by Euro 111.9 million, or 13.3%, to Euro 956.4 million in 2013 from Euro 844.4 million in 2012 for the reasons described above. As a percentage of net sales, income before taxes increased to 13.1% in 2013, from 11.9% in 2012. Adjusted income before taxes increased by Euro 99.2 million, or 11.5%, to Euro 965.4 million in 2013 from Euro 866.2 million in 2012, for the reasons described above. As a percentage of net sales, adjusted income before taxes increased to 13.2% in 2013 from 12.2% in 2012.

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

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

(Amounts in millions of Euro)	2013	2012
Net income before taxes	**956.4**	**844.4**
> Adjustment for Alain Mikli reorganization	9.0	
> Adjustment for OPSM reorganization		21.7
Adjusted net income before taxes	**965.4**	**866.2**

Our effective tax rate was 42.6% and 36.2% in 2013 and 2012, respectively. Included in 2013 was Euro 66.7 million for certain income taxes accrued in the period as a result of ongoing tax audits as compared with Euro 10.0 million accrued in 2012.

Net income attributable to non-controlling interests was equal to Euro 4.2 million, in each of 2013 and 2012.

Net income attributable to Luxottica Group stockholders increased by Euro 10.3 million, or 1.9%, to Euro 544.7 million in 2013 from Euro 534.4 million in 2012. Net income attributable to Luxottica Group stockholders as a percentage of net sales decreased to 7.4% in 2013 from 7.5% in 2012. Adjusted net income attributable to Luxottica Group stockholders increased by Euro 57.7 million, or 10.3%, to Euro 617.3 million in 2013 from Euro 559.6 million in 2012. Adjusted net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 8.4% in 2013, from 7.9% in 2012. A reconciliation of adjusted net income attributable to Luxottica Group stockholders, a non-IFRS measure, to net income attributable to Luxottica Group stockholders, the most directly comparable IFRS measure, is presented in the table below. For a further discussion of such non-IFRS measures, please refer to the "Non-IFRS Measures: Adjusted Measures" discussion following the year-over-year comparisons.

(Amounts in millions of Euro)	2013	2012
Net income attributable to Luxottica Group stockholders	**544.7**	**534.4**
> Adjustment for Alain Mikli reorganization	5.9	
> Adjustment for the cost of the tax audit relating to Luxottica S.r.l. (fiscal year 2007)	26.7	
> Adjustment for the accrual for the tax audit relating to Luxottica S.r.l. (fiscal years subsequent to 2007)	40.0	
> Adjustment for OPSM reorganization		15.2
> Adjustment for Italian income tax audit		10.0
Adjusted net income attributable to Luxottica Group stockholders	**617.3**	**559.6**

Basic earnings per share were Euro 1.15 in 2013 and in 2012. Diluted earnings per share were Euro 1.14 in 2013 and in 2012.

COMPARISON OF THE FISCAL YEAR ENDED DECEMBER 31, 2012 TO THE FISCAL YEAR ENDED DECEMBER 31, 2011.

Net Sales. Net sales increased by Euro 863.7 million, or 13.9%, to Euro 7,086.1 million in 2012 from Euro 6,222.5 million in 2011. Euro 316.7 million of this increase was attributable to increased sales in the manufacturing and wholesale distribution segment during 2012 as compared to 2011 and to increased sales of Euro 546.9 million in the retail distribution segment during 2012 as compared to 2011.

Net sales for the retail distribution segment increased by Euro 546.9 million, or 14.5%, to Euro 4,313.1 million in 2012 from Euro 3,766.1 million in 2011. The increase in net sales for the period

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was partially attributable to a 5.8% improvement in comparable store sales. In particular, we saw a 5.5% increase in comparable store sales for the North American retail operations, and a 6.5% increase in comparable store sales for the Australian/New Zealand retail operations. The effects from currency fluctuations between the Euro, which is our reporting currency, and other currencies in which we conduct business, in particular the strengthening of the U.S. dollar and of the Australian dollar compared to the Euro, increased net sales in the retail distribution segment by Euro 327.3 million.

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 316.7 million, or 12.9%, to Euro 2,773.1 million in 2012 from Euro 2,456.3 million in 2011. This increase was mainly attributable to increased sales of most of our proprietary brands, in particular Ray-Ban, Oakley, which recorded high single-digit growth in optical, and Persol, and of some designer brands such as Burberry, Prada, Polo, Tiffany and the additional sales of Coach, launched in January 2012. These sales volume increases occurred in most of the geographic markets in which the Group operates. In addition there was a further positive net sales impact of Euro 71.7 million due to positive currency fluctuations, in particular the strengthening of the U.S. dollar and other minor currencies, including but not limited to the Japanese Yen and Canadian Dollar, partially offset by weakening of the Brazilian Real.

In 2012, net sales in the retail distribution segment accounted for approximately 60.9% of total net sales, as compared to approximately 60.5% of total net sales in 2011. This increase in sales for the retail distribution segment as a percentage of total net sales was primarily attributable to a 14.5% increase in net sales to third parties in our retail distribution segment in 2012 as compared to 2011, which exceeded a 12.9% increase in net sales for the manufacturing and wholesale distribution segment for 2012 as compared to 2011.

In 2012 and 2011, net sales in our retail distribution segment in the United States and Canada comprised 78.4% and 79.9%, respectively, of our total net sales in this segment. In U.S. dollars, retail net sales in the United States and Canada increased by 3.7% to U.S. $4,343.5 million in 2012 from U.S. $4,188.4 million in 2011, due to sales volume increases. During 2012, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 21.6% of our total net sales in the retail distribution segment and increased by 23.1% to Euro 932.4 million in 2012 from Euro 757.2 million, or 20.1% of our total net sales in the retail distribution segment, in 2011, mainly due to an increase in consumer demand and to the contribution to sales by Multiopticas, our newly acquired retail chain in South America for all of 2012.

In 2012, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 1,183.3 million, comprising 42.7% of our total net sales in this segment, compared to Euro 1,128.9 million, or 46.0% of total net sales in the segment, in 2011. The increase in net sales in Europe of Euro 54.4 million in 2012 as compared to 2011 constituted a 4.8% increase in net sales to third parties. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. $953.6 million and comprised 26.8% of our total net sales in this segment in 2012, compared to U.S. $830.1 million, or 24.3% of total net sales in the segment, in 2011. The increase in net sales in the United States and Canada in 2012 compared to 2011 was primarily due to a general increase in consumer demand and to additional sales of the recently launched Coach line. In 2012, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 847.6 million, comprising 30.6% of our total net sales in this segment, compared to Euro 731.1 million, or 29.8% of our net sales in this segment, in 2011. The increase of Euro 116.5 million, or 15.9%, in 2012 as compared to 2011 was due to the effect of currency fluctuations as well as an increase in consumer demand, in particular in the emerging markets.

Cost of Sales. Cost of sales increased by Euro 219.1 million, or 9.9%, to Euro 2,436.0 million in 2012 from Euro 2,216.9 million in 2011. As a percentage of net sales, cost of sales was 34.4% and 35.6% in 2012 and 2011, respectively, primarily due to an increase in manufacturing efficiency. In 2012, the

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average number of frames produced daily in our facilities increased to approximately 275,500 as compared to approximately 263,300 in 2011, which was attributable to increased production in all manufacturing facilities in response to an overall increase in demand.

Gross Profit. Our gross profit increased by Euro 645.5 million, or 16.1%, to Euro 4,650.1 million in 2012 from Euro 4,005.6 million in 2011. As a percentage of net sales, gross profit was 65.6% and 64.4% in 2012 and 2011, respectively, due to the factors noted above.

Operating Expenses. Total operating expenses increased by Euro 471.4 million, or 14.7%, to Euro 3,680.0 million in 2012 from Euro 3,208.6 million in 2011. As a percentage of net sales, operating expenses were 51.9% in 2012 compared to 51.6% in 2011. Total adjusted operating expenses increased by Euro 464.9 million, or 14.6%, to Euro 3,659.7 million in 2012 from Euro 3,194.8 million in 2011, excluding the non-recurring expenses related to the reorganization of the retail business in Australia of approximately Euro 20.3 million and, in 2011, non-recurring income and expenses amounting to approximately Euro 13.8 million. As a percentage of net sales, adjusted operating expenses decreased to 51.6% in 2012 from 51.3% in 2011.

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

(Amounts in millions of Euro)	2012	2011
Operating expenses	**3,680.0**	**3,208.6**
> Adjustment for OPSM reorganization	(20.3)	(9.6)
> Adjustment for Multiópticas Internacional extraordinary gain		19.0
> Adjustment for 50th anniversary celebrations		(12.0)
> Adjustment for restructuring costs in retail division		(11.2)
Adjusted operating expenses	**3,659.7**	**3,194.8**

Selling and advertising expenses (including royalty expenses) increased by Euro 330.8 million, or 13.2%, to Euro 2,840.6 million in 2012 from Euro 2,509.8 million in 2011. Selling expenses increased by Euro 275.1 million, or 13.8%. Advertising expenses increased by Euro 37.7 million, or 9.2%. Royalties increased by Euro 18.1 million, or 17.0%. As a percentage of net sales, selling and advertising expenses were 40.1% in 2012 and 40.3% in 2011.

Adjusted selling and advertising expenses (including royalty expenses) increased by Euro 322.1 million, or 12.9%, to Euro 2,823.3 million in 2012, as compared to Euro 2,501.2 million in 2011. Adjusted selling expenses in 2012 and 2011, excluding, respectively, the non-recurring expenses related to the reorganization of the retail business in Australia of approximately Euro 17.3 million and the non-recurring impairment loss related to the reorganization of the Australian retail division of approximately Euro 2.9 million, increased by Euro 260.6 million, or 13.1% to Euro 2,252.7 million from Euro 1,992.1 million in 2011. As a percentage of net sales, adjusted selling expenses were 31.8% in 2012 and 32.0% in 2011.

Adjusted advertising expenses, excluding, in 2011, the non-recurring expenses related to celebration of the 50th anniversary of the founding of Luxottica Group S.p.A. of approximately Euro 5.7 million, increased by Euro 43.4 million to Euro 446.2 million from Euro 402.8 million in 2011. As a percentage of net sales, adjusted advertising expenses were 6.3% in 2012 and 6.5% in 2011.

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

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

(Amounts in millions of Euro)	2012	2011
Selling and advertising expenses	**2,840.6**	**2,509.8**
> Adjustment for OPSM reorganization	(17.3)	
> Adjustment for 50th anniversary celebrations		(5.7)
> Adjustment for restructuring costs in retail division		(2.9)
Adjusted selling and advertising expenses	**2,823.3**	**2,501.2**

General and administrative expenses, including intangible asset amortization, increased by Euro 140.6 million, or 20.1%, to Euro 839.4 million in 2012, as compared to Euro 698.8 million in 2011. As a percentage of net sales, general and administrative expenses decreased to 11.8% in 2012, compared to 11.2% in 2011.

Adjusted general and administrative expenses, including intangible asset amortization and excluding, in 2012, the non-recurring expenses related to the reorganization of the retail business in Australia of approximately Euro 3.0 million and, in 2011, the non-recurring income and expenses of approximately Euro 5.2 million, increased by Euro 142.7 million, or 20.6%, to Euro 836.3 million in 2012 as compared to Euro 693.6 million in 2011. As a percentage of net sales, adjusted general and administrative expenses was 11.8% in 2012 and 11.1% in 2011.

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

(Amounts in millions of Euro)	2012	2011
General and administrative expenses	**839.4**	**698.8**
> Adjustment for OPSM reorganization	(3.0)	(9.6)
> Adjustment for Multiópticas Internacional extraordinary gain		19.0
> Adjustment for 50th anniversary celebrations		(6.3)
> Adjustment for restructuring costs in retail division		(8.3)
Adjusted general and administrative expenses	**836.3**	**693.6**

Income from Operations. For the reasons described above, income from operations increased by Euro 173.1 million, or 21.7%, to Euro 970.1 million in 2012 from Euro 797.0 million in 2011. As a percentage of net sales, income from operations increased to 13.7% in 2012 from 12.8% in 2011. Adjusted income from operations increased by Euro 181.0 million, or 22.3%, to Euro 991.8 million in 2012 from Euro 810.8 million in 2011. As a percentage of net sales, adjusted income from operations increased to 14.0% in 2012 from 13.0% in 2011.

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

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

(Amounts in millions of Euro)	**2012**	**2011**
Income from operations	**970.1**	**797.0**
> Adjustment for OPSM reorganization	21.7	9.6
> Adjustment for Multiópticas Internacional extraordinary gain		(19.0)
> Adjustment for 50th anniversary celebrations		12.0
> Adjustment for restructuring costs in retail division		11.2
Adjusted income from operations	**991.8**	**810.8**

Other Income (Expense) Net. Other income (expense) net was Euro (125.7) million in 2012 as compared to Euro (111.9) million in 2011. Net interest expense was Euro 119.2 million in 2012 as compared to Euro 108.6 million in 2011. The increase was mainly due to the acquisition of Tecnol and to a new long-term loan being executed during 2012.

Net Income. Income before taxes increased by Euro 159.2 million, or 23.2%, to Euro 844.4 million in 2012 from Euro 685.2 million in 2011 for the reasons described above. As a percentage of net sales, income before taxes increased to 11.9% in 2012, from 11.0% in the same period of 2011. Adjusted income before taxes increased by Euro 167.2 million, or 23.9%, to Euro 866.2 million in 2012, from Euro 699.0 million in 2011 for the reasons described above. As a percentage of net sales, adjusted income before taxes increased to 12.2% in 2012 from 10.9% in 2011.

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

(Amounts in millions of Euro)	**2012**	**2011**
Net income before taxes	**844.4**	**685.2**
> Adjustment for OPSM reorganization	21.7	9.6
> Adjustment for Multiópticas Internacional extraordinary gain		(19.0)
> Adjustment for 50th anniversary celebrations		12.0
> Adjustment for restructuring costs in retail division		11.2
Adjusted net income before taxes	**866.2**	**699.0**

Our effective tax rate was 36.2% and 34.0% in 2012 and 2011, respectively.

Net income attributable to non-controlling interests decreased to Euro 4.2 million in 2012 as compared to Euro 6.0 million in 2011.

Net income attributable to Luxottica Group stockholders increased by Euro 88.3 million, or 20.0%, to Euro 534.4 million in 2012 from Euro 446.1 million in 2011. Net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 7.5% in 2012 from 7.2% in 2011. Adjusted net income attributable to Luxottica Group stockholders increased by Euro 110.2 million, or 24.5%, to Euro 559.6 million in 2012 from Euro 449.4 million in 2011. Adjusted net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 7.9% in 2012, from 7.2% in 2011.

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

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

(Amounts in millions of Euro)	2012	2011
Net income attributable to Luxottica Group stockholders	**534.4**	**446.1**
> Adjustment for OPSM reorganization	15.2	6.7
> Adjustment for Italian income tax audit	10.0	
> Adjustment for Multiópticas Internacional extraordinary gain		(19.0)
> Adjustment for 50th anniversary celebrations		8.5
> Adjustment for restructuring costs in retail division		7.1
Adjusted net income attributable to Luxottica Group stockholders	**559.6**	**449.4**

Basic earnings per share were Euro 1.15 in 2012 as compared to Euro 0.97 in 2011. Diluted earnings per share were Euro 1.14 in 2012 as compared to Euro 0.96 in 2011.

Non-IFRS Measures: Adjusted Measures

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

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

(a) non-recurring costs in 2013 of approximately Euro 9.0 million (Euro 5.9 million net of tax) related to the reorganization of the newly acquired Alain Mikli business;

(b) non-recurring costs in 2013 for the tax audit relating to Luxottica S.r.l. (fiscal year 2007) of approximately Euro 26.7 million;

(c) non-recurring accrual in 2013 for the tax audit relating to Luxottica S.r.l. (fiscal years subsequent to 2007) of approximately Euro 40 million;

(d) non-recurring costs in 2012 of approximately Euro 15.2 million and impairment loss in 2011 of approximately Euro 9.6 million related to the OPSM reorganization;

(e) non-recurring costs in 2012 of approximately Euro 10.0 million related to an ongoing income tax audit;

(f) a non-recurring gain in 2011 of approximately Euro 19.0 million related to the acquisition of the 40% stake in Multiópticas Internacional;

(g) non-recurring costs in 2011 of approximately Euro 12.0 million related to Luxottica's 50th anniversary celebrations; and

(h) non-recurring restructuring and start-up costs in our retail division in 2011 of approximately Euro 11.2 million.

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

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

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

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

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

TAXES

Our effective tax rates for the fiscal years ended December 31, 2013, 2012 and 2011, were approximately 42.6%, 36.2% and 34.1%, respectively. The effective tax rate for fiscal year 2013 includes a tax accrual of Euro 66.7 million associated with the ongoing tax audits. The effective tax rate for 2012 includes an accrual of Euro $10.0 million also related to ongoing tax audits. In future periods, we expect that our effective tax rate should return to historical levels in the 33% to 36% range. However, until all open tax years have been settled, our effective tax rate may be higher than historical levels.

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents at December 31, 2013 totaled Euro 618.0 million, compared to Euro 790.1 million at December 31, 2012. As of December 31, 2013, Euro 468.2 million of the Group's total cash and cash equivalents was held outside of Italy. There are no significant repatriation restrictions other than local or Italian taxes associated with repatriation. While we currently do not foresee a need to repatriate funds, should we require more capital in Italy than is generated by our operations locally, we could elect to raise capital in Italy or the rest of Europe through debt or equity issuances. These alternatives could result in higher effective tax rates or increased interest expense.

Cash Flows

Operating Activities. The Company's net cash provided by operating activities in 2013, 2012 and 2011 was Euro 921.8 million, Euro 1,040.4 million and Euro 820.9 million, respectively.

Depreciation and amortization were Euro 366.6 million in 2013 as compared to Euro 358.3 million in 2012 and Euro 323.9 million in 2011. The increase in depreciation and amortization in 2013 as compared to 2012 is mainly due to the increase in tangible and intangible asset purchases and to the acquisition of Alain Mikli. The increase in depreciation and amortization in 2012, as compared to 2011, is mainly due to the increase in tangible and intangible asset purchases; the acquisitions of Tecnol and Sun Planet concluded in 2012 of approximately Euro 3.1 million; and to the strengthening of the Euro as compared to other currencies of approximately Euro 20.8 million.

Non-cash stock-based compensation expense was Euro 28.1 million in 2013 as compared to Euro 41.4 million in 2012 and Euro 44.5 million in 2011. The decrease in 2013 as compared to 2012 was

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mainly due to higher expenses related to incentive plan awards granted in previous years that vested in 2012. The decrease in 2012 as compared to 2011 was mainly due to a non-recurring expense from the gift of treasury shares as part of the Group's 50th anniversary celebration recorded in 2011, partially offset by the higher expense related to awards under new incentive awards granted in 2012.

The change in accounts receivable was Euro (16.8) million in 2013 as compared to (34.6) million in 2012 and Euro (16.4) million in 2011. The change was primarily due to the higher volume of sales partially offset by an improvement in collections during 2013 as compared to 2012. The change in 2012 as compared to 2011 was primarily due to an increase in sales volume, partially offset by an improvement in the DSO ratio (days of sales outstanding). The inventory change was Euro 11.8 million in 2013 as compared to Euro (80.5) million in 2012 and Euro (30.5) million in 2011. The change in 2013 as compared to 2012 was due to higher inventory stock level in 2012 due to the SAP implementation in the Italian manufacturing plants. The change in 2012 as compared to 2011 was driven by an increase in inventory stock for the Wholesale Division to prepare for the SAP roll-out in the Italian manufacturing plants in early 2013. The change in other assets and liabilities was Euro (30.4) million in 2013 as compared to Euro 51.3 million in 2012 and Euro (3.9) million in 2011. The change in 2013 as compared to 2012 was primarily driven by the decrease in the liability to employees in the retail division in North America due to the timing in payment of salaries to store personnel and a decrease in bonus accruals. The change in 2012 as compared to 2011 was mainly due to the increase in liabilities to employees (Euro 18.4 million) in the retail division in North America due to the timing in payment of salaries to store personnel. The change in accounts payable was Euro 12.5 million in 2013 as compared to Euro 61.5 million in 2012 and Euro 51.1million in 2011. The change in 2013 as compared to 2012 was primarily due to favorable payment terms and conditions negotiated during 2012. The change in 2012 as compared to 2011 was mainly due to extended payment terms with vendors partially offset by the growth in our business. Income tax payments in 2013 were Euro 427.9 million as compared to Euro 265.7 million in 2012 and Euro 228.2 million in 2011. The increase in income tax payments in 2013 as compared to 2012 was related to the timing of our tax payments related to certain Italian and U.S. subsidiaries in the amount of Euro 103.3 million and 27.1 million, respectively, and the payment of Euro 38.0 million in the last quarter of 2013 related to the tax audit of Luxottica S.r.l. The increase in income tax payments in 2012 compared to 2011 was primarily attributable to the timing of our tax payments in different tax jurisdictions. Interest paid was Euro 94.5 million in 2013 as compared to Euro 120.8 million in 2012 and Euro 122.5 million in 2011. The change in 2013 as compared to 2012 was mainly due to repayment of long-term debt.

Investing Activities. The Company's net cash used in investing activities was Euro 479.8 million, Euro 478.3 million and Euro 459.9 million in 2013, 2012 and 2011, respectively. The primary investment activities in 2013 were related to (i) the acquisition of tangible assets for Euro 274.1 million, (ii) the acquisition of intangible assets for Euro 101.1 million, primarily related to IT infrastructure, (iii) the acquisition of Alain Mikli for Euro 71.9 million and (iv) the acquisition of 36.33% of the share capital of Salmoiraghi & Viganò for Euro 45.0 million. The primary investment activities in 2012 were related to (i) the acquisition of tangible assets for Euro 261.5 million, (ii) the acquisition of intangible assets for Euro 117.0 million, mainly due to the implementation of new IT infrastructure, (iii) the acquisition of Tecnol for Euro 66.4 million, (iv) the acquisition of Sun Planet for Euro 21.9 million and (v) other minor acquisitions for Euro 11.4 million. The primary investing activities in 2011 were related to (i) the acquisition of tangible assets for Euro 228.6 million, (ii) the acquisition of 60% of Multiópticas Internacional for Euro 89.8 million, (iii) the acquisition of two retail chains in Mexico for Euro 19.0 million, (iv) the acquisition of a retail chain in Australia for Euro 6.5 million, (v) other minor acquisitions for Euro 8.3 million and (vi) the acquisition of intangible assets for the improvement of Group IT infrastructure for Euro 107.6 million.

Our capital expenditures were Euro 369.7 million in 2013 as compared to Euro 365.0 million (excluding capital leases of Euro 7.9 million) in 2012 and Euro 307.5 million in 2011, primarily related to investments in IT infrastructure in 2013, 2012 and 2011, and in each year investments in manufacturing facilities for the manufacturing and wholesale segment and the opening, remodeling and relocation of stores in the retail division. Capital expenditures were Euro 81.0 million in the three-month period ended March 31, 2014. It is our expectation that 2014 net capital expenditures will be approximately Euro 400.0 million, excluding investments for acquisitions. The Company expects to fund future capital expenditures from currently available borrowing capacity and available cash.

Net cash provided by disposals of property, plant and equipment was insignificant in 2013, 2012 and 2011. Investments in equity investees resulted in cash used of Euro 45.0 million in 2013, Euro 0.0 million in 2012 and Euro 0.0 million in 2011.

Financing Activities. The Company's net cash used in financing activities was Euro 568.8 million, Euro 668.4 million and Euro 164.4 million in 2013, 2012 and 2011, respectively. Cash used in financing activities in 2013 mainly related to repayment of maturing outstanding debt of Euro 327.1 million and aggregate dividend payments to stockholders of Euro 273.7 million, which were partially offset by cash proceeds from the exercise of stock options totaling Euro 75.3 million. Cash used in financing activities in 2012 mainly related to proceeds received from the issuance of bonds for Euro 500.0 million, offset by the repayment of maturing outstanding debt of Euro 935.2 million and aggregate dividend payments to stockholders of Euro 227.4 million. Cash used in financing activities in 2011 mainly related to the maturing of long-term loans for Euro 250.6 million, repayment of maturing outstanding debt of Euro 230.4 million and aggregate dividend payments to stockholders of Euro 206.6 million.

Our Indebtedness

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

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

- our treasury department monitors our cash flow forecast in conjunction with our liquidity and financing credit lines;
- we utilize debt instruments and other credit lines in order to obtain funding for our operations;
- we maintain adequate access to liquidity in our bank accounts and adequate levels of available committed credit lines; and
- we monitor our liquidity risk in order to avoid unacceptable concentrations of such risk.

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

Our long-term credit facilities contain certain financial covenants including ratios of Net Financial Position (as defined in the agreements) to EBITDA (earnings before interest, taxes, depreciation and amortization as defined in the agreements) and EBITDA to net financial charges (as defined in the agreements). As of December 31, 2013 and December 31, 2012, we were in compliance with these financial covenants and we expect to continue to be in compliance in the foreseeable future periods. We believe that after giving effect to any additional financing that we may incur, such restrictions would not materially affect our compliance with these covenants, our ability to incur the additional debt or our future business operations.

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The financial and operating covenants included in the above long-term debt are as follows (such terms are defined in our applicable debt agreements):

1. consolidated Total Net Debt shall not be equal to or exceed 3.5 times the Consolidated EBITDA; and

2. consolidated EBITDA shall not be less than five times the Consolidated Net Financial Charges.

Our total indebtedness was Euro 2,034.5 million as of December 31, 2013. Available additional borrowings under credit facilities as of such date were Euro 1,242.6 million of which Euro 500.0 million were committed credit lines.

The Group has credit ratings assigned by Standard & Poor's of "A-" and "A-2" for its long-term and short-term debt, respectively; the outlook was stable as of April 15, 2014. The long-term rating was upgraded from "BBB+" on January 20, 2014.

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

Bank Overdrafts

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

Our Credit Facilities

The Amended Euro 1,130 Million and U.S. $325 Million Credit Facility and Related Interest Rate Swaps

On June 3, 2004, we and our subsidiary Luxottica U.S. Holdings Corp. ("U.S. Holdings") entered into a credit facility with a group of banks providing for loans in the aggregate principal amount of Euro 740 million and U.S. $325 million. The facility consists of three tranches (Tranche A, Tranche B and Tranche C). On March 10, 2006, this agreement was amended to increase the available Tranche C borrowings to Euro 725 million, decrease the interest margin and define a new maturity date of five years from the date of the amendment for Tranche B and Tranche C. In February 2008, we exercised an option included in the amendment to the term and revolving facility to extend the maturity date of Tranches B and C to March 2013. Tranche A was a Euro 405 million amortizing term loan requiring repayment of nine equal quarterly installments of principal of Euro 45 million beginning in June 2007, which was to be used for general corporate purposes, including the refinancing of our existing debt as it matured. Tranche A expired on June 3, 2009 and was repaid in full. Tranche B is a term loan of U.S. $325 million which was drawn upon on October 1, 2004 by U.S. Holdings to finance the purchase price for the acquisition of Cole. Amounts borrowed under Tranche B were paid prior to maturity on January 22, 2013. Tranche C was a revolving credit facility of Euro 725 million-equivalent multi-currency (Euro/U.S. dollar). Amounts borrowed under Tranche C matured in March 2013. We cancelled Tranche C effective April 17, 2012. We were able to select interest periods of one, two, three or six months with interest accruing on Euro-denominated loans based on the corresponding EURIBOR rate and accruing on U.S. dollar-denominated loans based on the corresponding LIBOR rate, both plus a margin between 0.20% and 0.40% based on the "Net Debt/EBITDA" ratio, as defined in the agreement. The interest rate on December 31, 2012 was 0.409% for Tranche B. As of December 31, 2012, Euro 45.7 million was borrowed under this credit facility. For additional information, see Note 21 to our Consolidated Financial Statements included in Item 18 of this Form 20-F. During the third quarter of 2007, we entered into

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thirteen interest rate swap transactions with an aggregate initial notional amount of U.S. $325 million with various banks ("Tranche B Swaps"). These swaps expired on March 10, 2012. The Tranche B Swaps were entered into as a cash flow hedge on Tranche B of the credit facility discussed above. The Tranche B Swaps exchanged the floating rate of LIBOR for an average fixed rate of 4.63% per annum.

The U.S. $1,500 Million Credit Facility, U.S. $500 Million Bridge Loan and Related Interest Rate Swaps

To finance the acquisition of Oakley, on October 12, 2007, we and our subsidiary U.S. Holdings entered into two credit facilities with a group of banks providing for certain term loans and a short-term bridge loan for an aggregate principal amount of U.S. $2.0 billion. The term loan facility is a term loan of U.S. $1.5 billion, with a five-year term, with options to extend the maturity on two occasions for one year each time. We exercised the first option to extend the final maturity of this facility by one year to October 12, 2013. The term loan facility is divided into two facilities, Facility D and Facility E. Facility D consists of an amortizing term loan in an aggregate amount of U.S. $1 billion, made available to U.S. Holdings, and Facility E consists of a bullet term loan in an aggregate amount of U.S. $500 million. We borrowed U.S. $500 million under Facility E. Each facility has a five-year term, with options to extend the maturity on two occasions for one year each time. This facility was paid-off on September 12, 2013.

The term loan has a spread of between 20 and 40 basis points over LIBOR, depending on the Group's ratio of debt to EBITDA. Interest accrues on the term loan at LIBOR (as defined in the agreement) plus 0.20%. Tranche E borrowings were fully repaid in advance on July 14, 2012 and October 15, 2012. Tranche D borrowings were fully repaid in advance on September 12, 2013.

During the third quarter of 2007, we entered into ten interest rate swap transactions with an aggregate initial notional amount of U.S. $500 million with various banks ("Tranche E Swaps"). These swaps expired on October 12, 2012. The Tranche E Swaps were entered into as a cash flow hedge on Facility E of the credit facility discussed above. The Tranche E Swaps exchanged the floating rate of LIBOR for an average fixed rate of 4.26% per annum.

During the fourth quarter of 2008 and January 2009, we entered into 14 interest rate swap transactions with an aggregate initial notional amount of U.S. $700 million with various banks which decreased by U.S. $50 million every three months ("Tranche D Swaps"), which matches the scheduled maturity of the hedged debt. These swaps expired on October 12, 2012. The Tranche D Swaps were entered into as a cash flow hedge on Facility D of the credit facility discussed above. The Tranche D Swaps exchange the floating rate of LIBOR for an average fixed rate of 2.672% per annum.

The Euro 250 Million Revolving Credit Facility and Related Interest Rate Swaps

On May 29, 2008, we entered into a Euro 250 million revolving credit facility agreement, guaranteed by our subsidiary, U.S. Holdings, with Intesa Sanpaolo S.p.A. as agent and Intesa Sanpaolo S.p.A., Banca Popolare di Vicenza S.c.p.A. and Banca Antonveneta S.p.A. as lenders. The credit facility required repayment of equal quarterly installments of principal of Euro 30 million, which started August 29, 2011, and a last repayment of Euro 40 million on the final maturity date. Interest accrued at EURIBOR (as defined in the agreement) plus a margin between 0.40% and 0.60% based on the "Net Debt/EBITDA" ratio, as defined in the agreement. This credit facility was fully repaid at maturity on May 29, 2013.

In June and July 2009, we entered into eight interest rate swap transactions with an aggregate initial notional amount of Euro 250 million with various banks ("Intesa Swaps"). The Intesa Swaps will decrease their notional amount on a quarterly basis, following the amortization schedule of the underlying facility, which started on August 29, 2011. The Intesa Swaps expired on May 29, 2013. The Intesa Swaps were entered into as a cash flow hedge on the Intesa Sanpaolo S.p.A. credit facility

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discussed above. The Intesa Swaps exchange the floating rate of EURIBOR (as defined in the agreement) for an average fixed rate of 2.25% per annum.

The Euro 300 Million Club Deal

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

The Euro 500 Million Multicurrency Revolving Credit Facility

On April 17, 2012, we and our subsidiary, U.S. Holdings, entered into a multicurrency (Euro/U.S. dollars) revolving credit facility with a group of banks providing for loans in the aggregate principal amount of Euro 500 million (or the equivalent in U.S. dollars). Amounts borrowed may be repaid and re-borrowed with all outstanding balances maturing on April 10, 2017. We can select interest periods of one, three or six months with interest accruing (i) on Euro-denominated loans based on the corresponding EURIBOR rate and (ii) on U.S. dollar denominated loans based on the corresponding LIBOR rate and a premium of 0.35% per annum, both plus a margin between 1.30% and 2.25% based on the "Consolidated Net Debt to Consolidated EBITDA" ratio as defined in the agreement. As of December 31, 2013, the line was undrawn.

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

Our Other Debt Financings

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

On July 1, 2008, U.S. Holdings closed a private placement of U.S. $275 million of senior unsecured guaranteed notes, issued in three series ("Series A," "Series B" and "Series C"). The aggregate principal amounts of the Series A, Series B and Series C Notes are U.S. $20 million, U.S. $127 million and U.S. $128 million, respectively. The Series A Notes matured on July 1, 2013, the Series B Notes mature on July 1, 2015 and the Series C Notes mature on July 1, 2018. Interest on the Series A Notes accrued at 5.96% per annum, interest on the Series B Notes accrues at 6.42% per annum and interest on the Series C Notes accrues at 6.77% per annum. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2013. The proceeds from the Notes were used to repay a portion of the bridge loan facility that expired on July 1, 2008.

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

On January 29, 2010, U.S. Holdings closed a private placement of U.S. $175 million of senior unsecured guaranteed notes, issued in three series ("Series D," "Series E" and "Series F"). The aggregate principal amount of each of the Series D and Series E Notes is U.S. $50 million and the aggregate principal amount of the Series F Notes is U.S. $75 million. The Series D Notes mature on January 29, 2017, the Series E Notes mature on January 29, 2020 and the Series F Notes mature on January 29, 2019. Interest on the Series D Notes accrues at 5.19% per annum, interest on the Series E Notes accrues at 5.75% per annum and interest on the Series F Notes accrues at 5.39% per annum. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2013. The proceeds from the Notes were used for general corporate purposes.

The Euro 100 Million Senior Unsecured Guaranteed Notes

On September 30, 2010, we closed a private placement of Euro 100 million senior unsecured guaranteed notes, issued in two series ("Series G" and "Series H"). The aggregate principal amounts of the Series G and Series H Notes are Euro 50 million and Euro 50 million, respectively. The Series G Notes mature on September 15, 2017 and the Series H Notes mature on September 15, 2020. Interest on the Series G Notes accrues at 3.75% per annum and interest on the Series H Notes accrues at 4.25% per annum. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2013. The proceeds from the Notes, received on September 30, 2010, were used for general corporate purposes.

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

On November 10, 2010, we closed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due November 10, 2015. The notes are listed on the Luxembourg Stock Exchange under ISIN XS0557635777. Interest on the Notes accrues at 4.00% per annum. The Notes are guaranteed on a senior unsecured basis by U.S. Holdings and Luxottica S.r.l. The Notes can be prepaid at our option under certain circumstances. The proceeds from the Notes were used for general corporate purposes. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2013.

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

On December 15, 2011, U.S. Holdings closed a private placement of U.S. $350 million senior unsecured guaranteed notes ("Series I"). The Series I Notes mature on December 15, 2021. Interest on the Series I Notes accrues at 4.35% per annum. The proceeds from the Notes, received on December 15, 2011, were used for general corporate purposes and to refinance existing term debt. The Notes contain certain financial and operating covenants. We were in compliance with those covenants as of December 31, 2013.

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

On March 19, 2012, we closed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due March 19, 2019. The Notes are listed on the Luxembourg Stock Exchange under ISIN XS0758640279. Interest on the Notes accrues at 3.625% per annum. The Notes are guaranteed on a senior unsecured basis by U.S. Holdings and Luxottica S.r.l.

The Euro 2 Billion Euro Medium Term Note Programme

On April 29, 2013, our Board of Directors authorized a Euro 2 billion "Euro Medium Term Note Programme" pursuant to which Luxottica Group S.p.A. may from time to time offer notes to investors in

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certain jurisdictions (excluding the United States, Canada, Japan and Australia). The notes issued under this program are expected to be listed on the Luxembourg Stock Exchange.

Euro 500 Million Euro Medium Term Notes (Due 2024)

On February 10, 2014, we completed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due February 10, 2024 under the Group's Euro Medium Term Note Programme. Interest on the notes accrues at 2.625% per annum. The Notes are listed on the Luxembourg Stock Exchange under ISIN XS1030851791. The Notes are guaranteed on a senior unsecured basis by U.S. Holdings and Luxottica S.r.l. The proceeds from the Notes were used for general corporate purposes and to refinance existing term debt. The Notes contain certain operating covenants. We were in compliance with those covenants as of April 15, 2014.

Outstanding Standby Letters of Credit

Certain U.S. subsidiaries have obtained various standby and trade letters of credit from banks that aggregated Euro 36.9 million and Euro 23.0 million as of December 31, 2013 and 2012, respectively. Most of these letters of credit are used for security in risk management contracts, purchases from foreign vendors or as security on store leases. Most standby letters of credit contain evergreen clauses under which the letter is automatically renewed unless the bank is notified not to renew. Trade letters of credit are for purchases from foreign vendors and are generally outstanding for a period that is less than six months. Substantially all the fees associated with maintaining the letters of credit fall within the range of 40 to 60 basis points annually.

Concentration of Credit Risk

Financial instruments which potentially expose us to concentration of credit risk consist primarily of cash, investments and accounts receivable. We attempt to limit our credit risk associated with cash equivalents by placing our cash balances and investments with highly-rated banks and financial institutions. However, at any time, amounts invested at these banks may be in excess of the amount of insurance provided on such deposits. With respect to accounts receivable, we limit our credit risk by performing ongoing credit evaluations, and certain customers may be required to post security in the form of letters of credit. As of December 31, 2013 and 2012, no single customer's balance comprised 10% or more of the overall accounts receivable balance. However, included in accounts receivable as of December 31, 2013 and 2012, was approximately Euro 23.6 million and Euro 28.1 million, respectively, due from the host stores of our retail Licensed Brands. These receivables represent cash proceeds from sales deposited into the host stores' bank accounts, which are subsequently forwarded to us on a weekly or monthly basis depending on our contract with the particular host store and are based on short-term contract arrangements.

Our Working Capital

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

	As of December 31,		
(Amounts in millions of Euro)	**2013**	**2012**	**2011**
Current Assets	2,236.0	2,426.9	2,453.7
Current Liabilities	(1,700.4)	(1,805.0)	(1,927.5)
Working Capital	535.6	621.9	526.2

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The decrease in working capital in 2013 as compared to 2012 is mainly attributable to a decrease in commercial receivables and inventory. The increase in working capital in 2012 as compared to 2011 is mainly attributable to a decrease in the current portion of outstanding long-term debt.

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

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

Off-Balance Sheet Arrangements

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

We use, from time to time, derivative financial instruments, principally interest rate and currency swap agreements, as part of our risk management policy to reduce our exposure to market risks from changes in foreign exchange rates and interest rates (see Note 31 to our Consolidated Financial Statements included in Item 18 of this Form 20-F). Although we have not done so in the past, we may enter into other derivative financial instruments when we assess that the risk can be hedged effectively.

Contractual Obligations and Commercial Commitments

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

The following table summarizes the scheduled maturities of our long-term debt, minimum lease commitments under non-cancelable operating leases, minimum payments under non-cancelable royalty arrangements, purchase commitments (including long-term) and endorsement contracts as of December 31, 2013. The table does not include pension liabilities or liabilities for uncertain tax payments. We cannot make a reasonable and reliable estimate of when or if the uncertain tax payments

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

Contractual Obligations (Amounts in millions of Euro)	Payments Due by Period 1 Year	1 to 3 Years	3 to 5 Years	After 5 Years	Total
Long-Term Debt and Current Maturities[1][2]	335.0	613.6	191.5	894.4	2,034.5
Interest Payments[3]	90.0	146.6	108.7	76.8	422.1
Operating Leases	290.4	450.9	261.6	222.6	1,225.5
Minimum Royalty Arrangements[4]	99.6	159.5	116.3	161.5	536.9
Long-Term Purchase Commitments[5]	24.9	20.1	16.1	12.4	73.5
Endorsement Contracts[6]	12.0	13.8	3.7	0.4	29.8
Other Commitments[7]	10.1	6.6	0.1		16.8
Total	862.0	1,411.1	698.0	1,368.1	4,339.2

(1) As described previously, our long-term debt has certain financial and operating covenants that may cause the acceleration of future maturities if we do not comply with them. We were in compliance with these covenants as of December 31, 2013 and expect to be in compliance for the foreseeable future.

(2) The calculation of Long-Term Debt and Current Maturities includes capital lease obligations, pursuant to which the following amounts are scheduled to become due and payable: Euro 3.8 million (less than one year) and Euro 21.8 million (one to three years).

(3) These amounts do not include interest payments due under our various revolving credit facilities as the amounts to be borrowed in future years are uncertain at this time. In addition, interest rates used to calculate the future interest due on our variable interest rate term loans were calculated based on the interest rate as of December 31, 2013 and assume that we make all scheduled principal payments as they mature.

(4) These amounts represent obligations under our license agreements with designers, some of which require us to make annual guaranteed minimum payments.

(5) These amounts represent obligations under our supplier commitments with various vendors.

(6) These amounts represent obligations under our endorsement contracts with selected athletes and others who endorse Oakley products, certain of which require us to pay specified annual minimum commitments and sometimes additional amounts based on performance goals.

(7) Other commitments mainly include auto, machinery and equipment lease commitments.

At December 31, 2013, we had available funds of approximately Euro 742.6 million under our unused short-term lines of credit. Substantially all of these lines have terms of less than one year, but they have been renewed annually in prior years. For additional information, see Note 15 to our Consolidated Financial Statements included in Item 18 of this Form 20-F.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors of Luxottica Group S.p.A. was appointed at the Stockholders' Meeting held on April 27, 2012. It currently consists of 12 members following the resignation of Mr. Sergio Erede on March 13, 2014.

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The current term of the Board of Directors expires at the time of the approval of the statutory financial statements as of and for the year ending December 31, 2014.

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

Name	Age	Senior Manager or Director(1) Since	Position
Leonardo Del Vecchio	78	1961	Chairman of the Board of Directors
Luigi Francavilla	76	1968/1985	Deputy Chairman
Andrea Guerra	48	2004	Chief Executive Officer and Director
Roger Abravanel	67	2006	Director
Mario Cattaneo	83	2003	Director
Enrico Cavatorta	52	1999/2003	Chief Financial Officer, General Manager Central Corporate Functions and Director
Claudio Costamagna	58	2006	Director
Claudio Del Vecchio	57	1978/1986	Director
Elisabetta Magistretti	66	2012	Director
Marco Mangiagalli	65	2009	Director
Anna Puccio	50	2012	Director
Marco Reboa	58	2009	Director
Paolo Alberti	51	2009	Executive V.P., Wholesale
Colin Baden	52	1999	President and CEO Oakley
Chris Beer	48	2003	Chief Operating Officer, Luxottica Optical Retail Australasia and Greater China
Michael A. Boxer	52	1993	Executive V.P. and Group General Counsel
Nicola Brandolese	42	2012	President of Retail Optical Americas
Fabio d'Angelantonio	44	2005	Chief Marketing Officer and Group Retail Luxury and Sun Director
Paola De Martini	51	2005	Group Tax and Italian Corporate Affairs Director
Stefano Grassi	40	2007	Group Controlling & Forecasting Director
John Haugh	51	2011	Executive V.P., Sunglass Hut North America
Antonio Miyakawa	47	1993	Executive V.P., Marketing, Style & Product
Mario Pacifico	51	2003	Group Shared Services and Corporate Reporting Director
Nicola Pelà	51	2005	Group Human Resources Director
Paolo Pezzutto	47	2000	Group Commercial Service Strategy & Planning Director and Italian Wholesale Regional Director
Carlo Privitera	44	2005	General Manager Glasses.com
Lukas Reucker	48	2009	General Manager Luxottica Vision Care
Alessandra Senici	46	2000	Group Investor Relations Director
Massimo Vian	41	2005	Group Chief Operations Officer

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

All information disclosed below regarding compensation, shareholdings and incentive plans also include Mr. Sergio Erede, who held the office for the entire year, and two senior managers, each of whom held office for part of 2013.

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Executive officers serve at the discretion of the Board of Directors. Messrs. Cattaneo, Abravanel, Costamagna, Claudio Del Vecchio, Mangiagalli and Reboa and Mses. Magistretti and Puccio are all non-executive directors. In addition, Mses. Magistretti and Puccio and Messrs. Cattaneo, Abravanel, Costamagna, Mangiagalli and Reboa are also independent directors under Italian law.

Pursuant to Italian law and our By-laws, a list for the appointment of the Board of Directors can be presented only by stockholders who hold the minimum percentage of the share capital established annually by Consob. For 2012, the year in which the current Board of Directors was appointed, the percentage established by Consob for Luxottica was equal to 1%. For 2014, the percentage established by Consob for Luxottica is equal to 0.5%.

Pursuant to Italian law, we maintain a Board of Statutory Auditors, elected at the Stockholders' Meeting, composed of three experts in accounting matters who are required to have no other affiliation with Luxottica Group S.p.A. and who must satisfy certain professional and other standards. The Board of Statutory Auditors is required to verify that we (i) comply with applicable law and our By-laws, (ii) respect the principles of correct administration, (iii) maintain adequate organizational structure, internal controls and administrative and accounting systems, (iv) ensure that our accounting system represents the facts in a fair and true manner and (v) give adequate instructions to our subsidiaries. The Board also supervises the manner in which we comply with the Code of Corporate Governance issued by Borsa Italiana S.p.A. It also supervises our financial reporting process, the effectiveness of our internal auditing system and risk assessment, the audit work and the independence of our auditing firm. Although members of the Board of Statutory Auditors are required to attend the meetings of the Board of Directors and of the stockholders, they are not deemed to be members of the Board of Directors and do not vote on matters submitted to such meetings. At the Stockholders Meeting on April 27, 2012, the following individuals were appointed as members of the Board of Statutory Auditors: Francesco Vella, who is Chairman, Barbara Tadolini and Alberto Giussani. The following individuals were also appointed as alternate members of the Board of Statutory Auditors: Giorgio Silva and Fabrizio Riccardo Di Giusto. The alternate members will replace current members who leave their position during the current term. Francesco Vella and Fabrizio Riccardo Di Giusto were selected from a list submitted by minority stockholders. Alberto Giussani, Barbara Tadolini and Giorgio Silva were selected from a list submitted by Delfin S.à r.l. The current term of the Board of Statutory Auditors expires at the time of the approval of the statutory financial statements as of and for the year ending December 31, 2014.

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

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

Pursuant to the Italian Code of Corporate Governance, issued by Borsa Italiana, we also maintain a Human Resources Committee, elected from the members of the Board of Directors. The Human Resources Committee has verification, advisory and proposal making functions, including, among others, (i) proposing to the Board of Directors the Group remuneration policy, (ii) recommending to the Board of Directors the remuneration payable to the Company's Directors with additional responsibilities, determining the remuneration criteria for senior management of the Company and of the entire Group and making proposals to the Board of Directors regarding the remuneration of senior management based on such criteria and (iii) reviewing the Luxottica Group employees' incentive plans and making proposals to the Board of Directors regarding the beneficiaries of the plans. Effective as of April 27, 2012, the members of the Human Resources Committee are independent directors Claudio Costamagna, who

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acts as Chairman, Roger Abravanel and Anna Puccio. The term of the Human Resources Committee is co-extensive with the term of our Board of Directors since its members are also members of our Board of Directors.

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

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

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

Leonardo Del Vecchio is the founder of our operations and has been Chairman of the Board since the Group was formed in 1961. In 1986, the President of the Republic of Italy conferred on Mr. Del Vecchio the honor of Cavaliere dell'Ordine al "Merito del Lavoro" (Knight of the Order for Labor Merit). In May 1995, he received an honorary degree in Business Administration from the Venice Ca' Foscari University. In 1999, he received a Master "honoris causa" in International Business from MIB-Management School in Trieste. In 2002, he received an honorary degree in Managerial Engineering from the University of Udine and, in March 2006, Mr. Del Vecchio received another honorary degree in Materials Engineering from Politecnico of Milan. Furthermore, in December 2012, Mr. Del Vecchio received from CUOA Foundation a master "honoris causa" in Business Administration. Mr. Del Vecchio is also a director of Beni Stabili S.p.A. SIIQ and GiVi Holding S.p.A., Vice Chairman of Foncière des Régions S.A. and a director of Delfin S.à r.l., Aterno S.a.r.l. and Kairos Julius Baer SIM.

Luigi Francavilla joined the Group in 1968, has been Director since 1985, Deputy Chairman since 1991, and was, until June 2010, the Chief Quality Officer of the Group. From 1977 until May 2009, he was Group Product and Design Director. From 1972 to 1977, Mr. Francavilla was General Manager of Luxottica S.r.l. and, from 1969 to 1971, he served as Technical General Manager of Luxottica S.r.l. In addition, he is Chairman of Luxottica S.r.l., our principal operating subsidiary. Mr. Francavilla is also a Director in the Venice branch of the Bank of Italy. In April 2000, he received an honorary degree in Business Administration from Constantinian University in Cranston, Rhode Island, U.S.A. In 2011, he was appointed Grande Ufficiale of the Italian Republic. In 2012, the President of the Republic of Italy conferred on Mr. Francavilla the honor of Cavaliere dell'Ordine al "Merito del Lavoro" (Knight of the Order for Labor Merit).

Andrea Guerra was appointed a Director and Chief Executive Officer of the Company on July 27, 2004. Prior to joining the Company, Mr. Guerra was with Merloni Elettrodomestici since 1994, where, from 2000, he was its Chief Executive Officer. Prior to being at Merloni, Mr. Guerra worked for Marriott Italia where he became Director of Marketing. He received a degree in Business Administration from the "La Sapienza" University of Rome in 1989. Mr. Guerra is Director of Luxottica S.r.l., Chairman of OPSM Group PTY Limited, member of the Board of Directors of Luxottica U.S. Holdings Corp., Luxottica Retail North America Inc. and of Oakley, Inc., all of which belong to Luxottica Group. He is a member of the Steering Committee of Fondo Strategico Italiano S.p.A. and also a member of the Board of Directors of Amplifon S.p.A. and Ariston Thermo S.p.A.

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Roger Abravanel has been a Director since 2006. He worked at McKinsey & Company from 1972 until June 2006. Mr. Abravanel is also involved in international consulting projects, advising on strategic, organizational and operational development issues. He graduated with a degree in Engineering from the Politecnico di Milano and received a Masters in Business Administration from INSEAD in Fontainebleau (with High Distinctions). He is the author of several studies and articles on business organization. He is a member of the Board of Directors of Teva Pharmaceutical Industries LTD, Banca Nazionale del Lavoro S.p.A., Admiral Group Plc., Coesia S.p.A. and Esselunga S.p.A.

Mario Cattaneo has been a Director since 2003. He is emeritus professor of Corporate Finance at the Catholic University of Milan. He was a director of Eni S.p.A. from 1998 until 2005 and of Unicredito from 1999 until 2005 and Statutory Auditor of the Bank of Italy from 1991 until 1999. He is a member of the Board of Directors of Salini Impregilo S.p.A. and Bracco S.p.A. He is an auditor of Michelin Italiana Sami S.p.A..

Enrico Cavatorta has been General Manager Central Corporate Functions since March 2011. He has been a Director of the Group since 2003. He has been Chief Financial Officer since he joined the Group in 1999 and is a director of the principal subsidiaries of the Company, including Luxottica U.S. Holdings Corp., Luxottica S.r.l., OPSM Group Pty Ltd., Luxottica Retail North America Inc. and Oakley, Inc. Mr. Cavatorta is also a director of Salmoiraghi & Viganò S.p.A. Prior to joining Luxottica, Mr. Cavatorta was with Piaggio S.p.A., most recently as Group Controller, responsible for planning and control. From 1993 to 1996, Mr. Cavatorta was a consultant with McKinsey & Co., having joined the firm from Procter & Gamble Italy, where he worked from 1985 to 1993, most recently as Controller. Mr. Cavatorta graduated with the highest honors from the LUISS University in Rome with a bachelor's degree in Business Administration.

Claudio Costamagna has been a Director since 2006. Mr. Costamagna holds a business administration degree and has held important offices in Citigroup, Montedison and Goldman Sachs where he served for many years as Chairman of the Investment Banking division for Europe, the Middle East and Africa. He is currently Chairman of "CC e Soci S.r.l.", a financial advisory boutique he founded, and a member of the International Advisory Board of the Bocconi University and Virgin Group. Mr. Costamagna is Chairman of Salini Impregilo S.p.A. and AAA S.A.. He is also director of FTI Consulting Inc. and Virgin Group Holding Limited.

Claudio Del Vecchio, a son of Leonardo Del Vecchio, joined the Group in 1978 and has been a Director since 1986. From 1979 to 1982, he managed our Italian and German distribution operations. From 1982 until 1997, he was responsible for all business operations of the Group in North America. He also serves as a Director of U.S. Holdings, a key subsidiary in North America. Claudio Del Vecchio is Chairman and Chief Executive Officer of Brooks Brothers Group, Inc.

Elisabetta Magistretti became a Director of Luxottica Group S.p.A. on April 27, 2012. She graduated with honors from Bocconi University with a degree in Business and Economics. Ms. Magistretti is a Certified Chartered Public Accountant. She began her career at Arthur Andersen in 1972, where she became a partner in 1984. In 2001, she joined Unicredit Group as Head of the Administrative Government; from 2006 to 2009 she was responsible for the Group Internal Audit Department. From 2002 to 2009, she served on the Board of "Fondo Interbancario di Tutela dei Depositi," from 2002 to 2011, she served on the Management Board of "Organismo Italiano di Contabilità" and from 2006 to 2009, she was a member of the Supervisory Board of Unicredit S.p.A. From 2003 until early 2013, she was a Director of Unicredit Audit. From 2010 until 2012, she was a member of the Unicredit Bulbank Audit Committee and of the Supervisory Board of Zao Unicredit Russia, where she was Chairman of the Audit Committee. From 2011 to 2012, she was an independent director of Gefran S.p.A. She is also member of the Board of Directors of Pirelli & C. S.p.A. and Mediobanca S.p.A.

Marco Mangiagalli became a Director on April 29, 2009. Mr. Mangiagalli received a degree in Political Economy from the "Luigi Bocconi" University in 1973. Most of his career has been with Eni

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Group; he also has had working experience with Barclays Group in Italy and the Nuovo Banco Ambrosiano Group. He has served as a member of the Board of Directors for Agip S.p.A., Polimeri Europa S.p.A., Nuovo Pignone S.p.A., Snamprogetti S.p.A., Saipem S.p.A., Eni International Holding B.V., Albacom S.p.A., Emittenti Titoli S.p.A. and Oil Investment Corp. He also has been Chairman of Eni Coordination Center S.A., Eni Bank Ltd/Banque Eni S.A. and of Enifin S.p.A. From August 2008 to May 2011, he was Chairman of the Board of Directors for Saipem S.p.A. He is a member of the Supervisory Board of Intesa San Paolo S.p.A. and a member of the Board of Directors of Autogrill S.p.A. He is also a member of the Senior Advisory Board of Global Infrastructure Partners.

Anna Puccio became a Director of Luxottica Group S.p.A. on April 27, 2012. Ms. Puccio graduated from the Venice University Ca' Foscari with a degree in Business Administration and holds a post-graduate degree in International Business from CUOA Business School. She started her career at Microsoft Corp. in the United States in 1987. Thereafter, from 1990 to 2001, Ms. Puccio worked for Procter & Gamble Corp. in various countries, including Italy, Germany, the United Kingdom and Switzerland and, most recently, as Marketing Director Europe in its Beauty Care Business Unit. From 2001 to 2004, she was Chief Executive Officer of Zed-TeliaSonera Italy and, from 2005 to 2006, Chief Executive Officer of Sony Ericsson Italy. From 2008 to 2009, Ms. Puccio was Senior Strategy Advisor for Accenture Mobility Operative Services. From 2006 to 2012, she was a member of the Board of Directors of Buongiorno S.p.A. Since 2010, Ms. Puccio has been the Group Managing Director of CGM, National Group of Social Enterprises. In February 2014, Ms. Puccio was appointed as Company Secretary and a member of the Board of Directors of Fondazione Italiana Accenture.

Marco Reboa became a Director on April 29, 2009. Mr. Reboa received a degree in Business Economics from Universita Commerciale L. Bocconi in Milan, Italy in 1978. He has been registered in the Register of Chartered Accountants of Milan since 1982 and he is an auditor pursuant to Ministerial Decree since 1995. He is currently a professor at the Faculty of Law at the Libero Istituto Universitario Carlo Cattaneo in Castellanza, Italy and works in private practice in Milan, specializing in extraordinary financial transactions. Mr. Reboa has published books and articles on financial statements, economic appraisals and corporate governance. He is editor-in-chief of the Magazine of Chartered Accountants. Mr. Reboa was the Chairman of the Luxottica Group S.p.A. Board of Statutory Auditors from June 14, 2006 until April 29, 2009. He is a member of the Board of Directors of Interpump Group S.p.A., Carraro S.p.A. and Chairman of the Board of Auditors of Indesit Company S.p.A.

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

Colin Baden became Chief Executive Officer of Oakley in July 2009. He joined Oakley in February 1996 as Director of Design and served as Vice President of Design from February 1997 to February 1999. In February 1999, Mr. Baden was named President. Prior to joining Oakley, Mr. Baden was a partner at Lewis Architects of Seattle, Washington for six years and began advising Oakley on company image and design issues in 1993.

Chris Beer became Chief Operating Officer of Luxottica Optical Retail Australasia and Greater China in June 2009. Previously, he held the position of Chief Operating Officer of Asia-Pacific and China retail operations of Luxottica Group, from 2003, having had 22 years of experience with the OPSM Group (later acquired by Luxottica). He held senior executive positions in sales and operations before being appointed International HR Manager for the OPSM Group in 1999 and General Manager Retail for OPSM Australia in 2001. Mr. Beer oversees group operations, marketing, merchandise, distribution and manufacturing for the Australia/NZ Region.

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Michael A. Boxer became Executive Vice President and Group General Counsel in April 2011, in charge of all legal and international corporate affairs for the Group and its subsidiaries worldwide. Previously, he held the position Senior Vice President, General Counsel North America from September 2005 to April 2011 and was responsible for overseeing all legal matters for the Company's North American retail and wholesale operations. Mr. Boxer has held various other executive roles since joining the Company in 1993. Prior to joining Luxottica in 1993, Mr. Boxer served as a corporate attorney with the law firm of Winston & Strawn in New York. He received his undergraduate degree from Columbia University and his law degree from the New York University School of Law.

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

Fabio d'Angelantonio was appointed to lead the Retail Luxury and Sun Business at the beginning of 2009, while maintaining the role of Chief Marketing Officer that he has held since 2005. After experience with the European Union and in the Olivetti Marketing Department in Brussels and Madrid, Mr. d'Angelantonio led the international department from 1995 to 2000 for the Belgian publishing house Editions Hemma (part of the Havas-Vivendi group). At the beginning of 2000, Mr. d'Angelantonio joined Ciaoweb (Fiat-Ifil group) where he held the position of Channel Manager, eventually moving to Merloni Elettrodomestici, today Indesit Company, where he held increasingly senior positions ending in Brand & Advertising Manager, responsible for the management of the entire brand portfolio for the group. After receiving a degree in Business Administration in 1994 from the LUISS University in Rome, he completed an MBA in International Management at the UBI in Brussels in 1999.

Paola De Martini joined Luxottica in 2005 as Group Tax Director and became Group Tax & Italian Corporate Affairs Director in 2011. Prior to joining Luxottica, from 1999 she was Tax, Legal and Corporate Affairs Director at Grimaldi. In 1996 she became Group Tax and Corporate Affairs Director of Bulgari, after working as a consultant for Studio Uckmar beginning in 1986. After graduating with a law degree from the University of Genoa, Ms. De Martini completed a Master's in International Business Law at the London School of Economics and a Ph.D. in International and Comparative Tax Law at the University of Genoa. In January 2014, Ms. De Martini was appointed as a member of the management board of Banca Popolare di Milano Società Cooperativa a r.l.

Stefano Grassi became Group Controlling & Forecasting Director in 2012. From 2008 to 2012, Mr. Grassi was Group Controller of the Retail business and, from 2007 to 2008, he was Finance Manager of Luxottica Retail North America. Before joining Luxottica, beginning in 1998, Mr. Grassi held various position at General Electric in Italy, the United States, Spain, France and Hungary until, in 2005, he became CFO of General Electric Capital Commercial Finance Italia. Mr. Grassi holds a degree in Business Administration from La Sapienza University in Rome.

John Haugh joined Luxottica in August 2011 as Executive V.P. and General Manager, Sunglass Hut North America. Prior to joining Luxottica, he was President Bear at Build-a-Bear Workshop, Inc. Before that, he served as President for the Mars Retail Group, Chief Marketing Officer & SVP Business Development for Payless Shoesource and Executive VP Marketing & Sales at Universal Studios. Mr. Haugh holds an MBA degree from the International Institute of Management Development in Lausanne, Switzerland, and received his Bachelor of Science from the University of Wisconsin.

Antonio Miyakawa is currently the Executive Vice President of Marketing, Style & Product for Luxottica Group S.p.A. From 2003 until May 2009, he was Executive Vice President of Wholesale and Marketing for Luxottica Group S.p.A. Previously, he was also head of our Asian wholesale operations, a position he held since 1999. Prior to this he served as Executive Vice President of Luxottica's Japanese operations. Prior to joining Luxottica Group S.p.A., Mr. Miyakawa was a junior consultant for Compact S.r.l. (an Italian consulting firm) working on various Luxottica matters.

Mario Pacifico became Group Shared Services Director in May 2009 and, starting from December 2010, he also serves as Corporate Reporting Director. He joined the Group as Head of Internal Auditing in 2003. Prior to joining Luxottica, he was VP of Internal Auditing of Prada Group. From 1990 to 2000, Mr. Pacifico was Controller of Eni's Italy Division, Chief Financial Officer of Agip Trading B.V. and Audit Manager for Agip S.p.A. Mr. Pacifico graduated from Bocconi University in Milan with a degree in Business Administration.

Nicola Pelà has been Group Human Resources Director since 2005. Before joining Luxottica, he held a number of HR positions in Olivetti, Fiat, Barilla and SmithKline Beecham. He has lived and worked in Italy, the United States and Belgium. Mr. Pelà has a bachelor's degree in Law with honors and a master's degree in Business Administration from CUOA (Centro Universitario di Organizzazione Aziendale).

Paolo Pezzutto joined Luxottica in 2000 as Trade Marketing Manager, and since 2010 he has been the Group Commercial Service Strategy & Planning Director. In 2013, he was also appointed to lead Wholesale for the Italian region. After two years of experience in Sana Progetti as an interior designer for hotels and yachts, from 1989 until 2000 he worked for Campari Group as a manager in different sales and merchandising areas. Mr. Pezzuto is a graduate of the PSM SDA Bocconi and holds a technical diploma from ITG Quarenghi in Bergamo.

Carlo Privitera became General Manager of the Glasses.com in 2014. Prior to this role, he was COO Retail Business Services and Distribution North America. Mr. Privitera joined Luxottica in 2005 as Group Industrial Supply Chain Director. From January 2008 to November 2010, he was the Chief Information Technology Officer. From December 2001 to February 2005, Mr. Privitera served in various capacities, including Supply Chain Management for Alfa Romeo and Production Control & Logistics for Fiat Auto subsidiaries. From 1996 to 2001, he served as Senior Manager in Efeso Consulenze. Mr. Privitera has a bachelor's degree in Engineering from the Politecnico in Milan.

Lukas Ruecker became General Manager of Luxottica Vision Care in 2013, with responsibility for leading EyeMed and optical partnerships, which includes optical industry relations and products. He joined Luxottica in 2009 as Senior Vice President of Strategy and Business Development for Luxottica Retail North America Inc. Prior to joining Luxottica, Mr. Ruecker held various positions at Staples, the office products company. During his last three years at Staples, he served as Vice President of Emerging Markets. Before that, he was Chief Operating Officer for Delta Search Labs, a supercomputing think tank, and Associate Principal for McKinsey & Company, a management consulting firm. Mr. Ruecker received a degree from the Massachusetts Institute of Technology.

Alessandra Senici has served as the Group Investor Relations Director at Luxottica Group since May 2007. Ms. Senici joined the Group in February 2000. She was previously an Equity Analyst with Rasfin Sim and Cariplo S.p.a., where she also worked on primary and secondary offerings together with the corporate finance and equity capital markets teams. She has also worked in currency trading. Ms. Senici holds a bachelor's degree in Business Administration from the University of Brescia and is a member of A.I.R., the Italian Association of Investor Relations Officers.

Massimo Vian took on leadership of the Company's Zero Waste initiative in September 2013. He became Group Chief Operations Director in July 2010. From January 2007 until 2010, he was Asia Operations Director. Prior to 2007, he was responsible for the Group's manufacturing and engineering. Prior to joining Luxottica, he held various assignments at Momo S.r.l. Mr. Vian holds a degree in Management Engineering from the University of Padova.

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COMPENSATION

Set forth below is information regarding total compensation paid to the members of our Board of Directors and our Board of Statutory Auditors for services rendered to Luxottica Group S.p.A. and our subsidiaries during 2013 (amounts in Euros).

Compensation paid to directors, general managers, auditors and senior managers

ame	Office	Term of office	Expiration	Fixed remuneration	Compensation for Committee Participation	Variable non-equity compensation Bonus and other incentives	Profit participation	Non cash benefits	Other compensation	Total	Fair valu of equi compensat *(Estim Potentia Value)*
ardo Vecchio	Chairman of the Board	January 1, 2013 - December 31, 2013	Approval of financial statements for 2014								
ompensation paid by the Company				1,285,000(1)						1,285,000	
ompensation paid by subsidiary or affiliate companies											
otal				1,285,000						1,285,000	
i cavilla	Vice Chairman	January 1, 2013 - December 31, 2013	Approval of financial statements for 2014								
ompensation paid by the Company				143,002(2)						143,002	
ompensation paid by subsidiary or affiliate companies				657,060						657,060	
otal				800,062						800,062	
rea ra	CEO	January 1, 2013 - December 31, 2013	Approval of financial statements for 2014								
ompensation paid by the Company				2,507,159(3)		1,944,179		21,103	5,102	4,477,543	2,076,59
ompensation paid by subsidiary or affiliate companies											
otal				2,507,159		1,944,179		21,103	5,102	4,477,543	2,076,59
r vanel	Director	January 1, 2013 - December 31, 2013	Approval of financial statements for 2014								
ompensation paid by the Company				85,000	25,000(4)					110,000	
ompensation paid by subsidiary or affiliate companies											
otal				85,000	25,000					110,000	
o aneo	Director	January 1, 2013 -	Approval of financial statements								

		December 31, 2013	for 2014							
ompensation paid by the Company				85,000	30,000(5)				115,000	
Compensation paid by subsidiary or affiliate companies										
Total				85,000	30,000				115,000	
co torta	Director-General Manager	January 1, 2013 - December 31, 2013	Approval of financial statements for 2014							
ompensation paid by the Company				776,324(6)		602,600	10,246	12,103	1,401,273	965,42
Compensation paid by subsidiary or affiliate companies										
Total				776,324		602,600	10,246	12,103	1,401,273	965,42
dio amagna	Director	January 1, 2013 - December 31, 2013	Approval of financial statements for 2014							
ompensation paid by the Company				85,000	30,000(7)				115,000	
Compensation paid by subsidiary or affiliate companies										
Total				85,000	30,000				115,000	
dio Del hio	Director	January 1, 2013 - December 31, 2013	Approval of financial statements for 2014							
ompensation paid by the Company				85,000					85,000	
Compensation paid by subsidiary or affiliate companies										
Total				85,000					85,000	
o Erede	Director	January 1, 2013 - December 31, 2013	(**)							
ompensation paid by the Company				85,000					85,000	
Compensation paid by subsidiary or affiliate companies										
Total				85,000					85,000	
betta stretti	Director	January 1, 2013 - December 31, 2013	Approval of financial statements for 2014							