

LUXOTTICA GROUP SPA
Form 11-K
June 15, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-10421

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

Luxottica Group Tax Incentive Savings Plan

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Luxottica Group ERISA Plans Compliance and Investment Committee

Luxottica U.S. Holdings Corp.

12 Harbor Park Drive

Port Washington, New York 11050

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

LUXOTTICA GROUP S.p.A.

PIAZZALE CADORNA 3, MILAN, 20123 ITALY
(Address of principal executive office)

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Financial Statements and Report of Independent Registered Public Accounting Firm

Luxottica Group Tax Incentive Savings Plan

December 31, 2015 and 2014

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Report of Independent Registered Public Accounting Firm

The Luxottica Group ERISA Plans

Compliance and Investment Committee

We have audited the accompanying statements of net assets available for plan benefits of the Luxottica Group Tax Incentive Savings Plan (the Plan) as of December 31, 2015 and 2014, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for plan benefits for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets held at end of year as of December 31, 2015 have been subjected to audit procedures performed in conjunction with the audit of the Plan s financial statements. The supplemental information is the responsibility of the Plan s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Department of Labor s Rules and Regulations for Reporting under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Plante & Moran, PLLC

Cincinnati, Ohio

June 15, 2016

Table of Contents**LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS**

December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash	\$ 712,484	\$ 913,313
Participant-directed investments, at fair value:		
Mutual funds	308,300,019	416,286,038
Common collective trust funds	120,229,316	
Money market fund	50,699,870	51,580,846
Common stock	90,718,190	76,456,816
Total investments	569,947,395	544,323,700
Receivables:		
Participant contributions		617
Employer contributions	3,779,884	3,187,328
Due from broker for securities sold	308,491	295,100
Notes receivable from participants	21,951,766	21,081,814
Total receivables	26,040,141	24,564,859
Total assets	596,700,020	569,801,872
LIABILITIES		
Due to broker for securities purchased	224,420	270,291
Total liabilities	224,420	270,291
Net assets available for plan benefits	\$ 596,475,600	\$ 569,531,581

The accompanying notes are an integral part of these statements.

Table of Contents**LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS**

Year ended December 31, 2015

Additions to Net Assets	
Contributions:	
Participant contributions	\$ 34,087,366
Employer contributions	14,646,426
Rollover contributions	4,173,377
Total contributions	52,907,169
Investment income:	
Net appreciation in fair value of investments	1,172,673
Interest and dividends	19,047,360
Net investment income	20,220,033
Interest income from participant notes receivable	917,583
Total additions	74,044,785
Deductions from Net Assets	
Benefits paid to participants	46,851,124
Administrative expenses	249,642
Total deductions	47,100,766
Net increase	26,944,019
Net assets available for plan benefits:	
Beginning of year	569,531,581
End of year	\$ 596,475,600

The accompanying notes are an integral part of this statements.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE A PLAN DESCRIPTION

The following description of the Luxottica Group Tax Incentive Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan Document for more complete information.

1. General

The Plan is a defined contribution plan sponsored by Luxottica U.S. Holdings Corp. (the Company) and covers U.S.-based employees of certain of the Company's subsidiaries. The Plan provides participants the opportunity to save for future financial needs by setting aside a portion of their compensation through payroll deductions. Associates are eligible to participate in the Plan for purposes of making salary deferral contributions as soon as administratively practical. Associates are eligible to participate in the Plan for purposes of receiving Company matching contributions after reaching age 21, meeting certain hours of service and other requirements, as defined.

The Luxottica Group ERISA Plans Compliance and Investment Committee controls and manages the operation and administration of the Plan. The Plan's administrative function is being performed by Fidelity Workplace Services, LLC and Fidelity Management Trust Company serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

2. Contributions

Each year, participants may contribute up to 25% of their pretax annual compensation, as defined in the Plan, subject to certain Internal Revenue Code (IRC) limitations.

The Company makes matching contributions on a quarterly basis. During 2015, the Company matched 100% of the first 3% of eligible compensation for associates hired prior to January 1, 2014 and up to 5% of eligible compensation for associates hired or rehired on or after January 1, 2014.

Participants may also contribute amounts representing qualified rollover distributions from other qualified defined benefit or defined contribution plans.

3. Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Company's matching contribution, and an allocation of Plan earnings (losses). Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE A PLAN DESCRIPTION (continued)

4. Investments

Participants direct the investment of their contributions into various investment options offered by the Plan. Company contributions are invested according to participants' directions. The Plan currently offers various funds through Fidelity Management Trust Company as well as a Luxottica Stock Fund which invests primarily in the stock of Luxottica Group S.P.A ADS. All participant and Company match contributions, if any, are invested directly into these elected funds.

5. Vesting

Participants are 100% vested in their salary deferral contributions and vest in the Company's contribution portion of their accounts, if any, based on years of vesting service as defined by the Plan. A participant is 25% vested after two years of vesting service and gains an incremental 25% each subsequent year, reaching full vesting at the end of five years of vesting service.

6. Participant Notes Receivable

Participants are eligible to borrow from their account balances a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the vested value of their accounts (excluding matching contributions). Participants cannot have more than two loans outstanding at the same time. The loans are secured by the balance in the participant's account and bear interest based on local prevailing rates as determined by the Plan Administrator. Principal and interest is paid ratably through payroll deductions over a period not to exceed five years, with the exception of mortgage loans, which may be repaid over 15 years.

7. Payment of Benefits

On termination of service for any reason, a participant may elect to receive a lump-sum distribution or a rollover to another qualified benefit plan or Individual Retirement Account, equal to the value of the participant's vested interest in his/her account, less applicable withholding tax if paid to the individual. Subject to approval by the plan administrator, participants may apply for hardship withdrawals, as defined.

8. Forfeited Accounts

Company contributions forfeited by participants may be used by the Company to satisfy Plan administrative expenses or to reduce future Company contributions. At December 31, 2015 and 2014, forfeited non-vested accounts totaled \$1,033,939 and \$1,629,041, respectively. Forfeitures of \$1,119,814 and \$141,800 were used to reduce employer contributions during the years ended December 31, 2015 and December 31, 2014, respectively.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Use of Estimates

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

3. Investment Valuation and Income Recognition

The Plan's investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note C.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, these management fees and operating expenses are reflected as a reduction of investment return for such investments.

4. Participant Notes Receivable

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Participant notes receivable are recorded at their unpaid principal balances plus any accrued interest. Participant notes receivable are written off when determined to be uncollectible.

5. Administrative Expenses

Administrative expenses of the Plan are paid by the Company and the Plan, as provided in the plan document.

6. Payment of Benefits

Benefit payments to participants are recorded upon distribution.

7. Risks and Uncertainties

The Plan utilizes various investment instruments, including a money market fund, common collective trust funds, mutual funds, and common stock. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. New Accounting Pronouncements

During 2015, the Plan adopted Accounting Standards Update (ASU) Nos. 2015-07, *Disclosures for Investments In Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* and 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965) - I. Fully Benefit-Responsive Investment Contracts, II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient*. ASU No. 2015-07 amended ASC 820, Fair Value Measurements, and removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. Only Part II of ASU No. 2015-12 was applicable to the Plan. Part II modified the investment disclosures under ASC 820 and 962. These standards were adopted retrospectively and had no impact on the Plan's net assets or changes in net assets.

NOTE C FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance establishes a framework for measuring fair value that provides a hierarchy that prioritizes into three levels the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets and liabilities that the Plan has the ability to access at the measurement date.