English translation for information purposes only

ESSILOR

SEEING THE WORLD BETTER

Essilor International
(Compagnie Générale d'Optique)
A French *société anonyme* (joint stock company) with a registered share capital of €39,444,759.36
147, rue de Paris – 94220 Charenton-le-Pont, France
Registered with the Trade and Companies Registry of Créteil under no. 712 049 618
("**Essilor**" or the "**Company**")

Securities Note

This securities note (the "**Securities Note**") is made available to the public in connection with:

- the share capital increase without preferential subscription rights through the issuance of 139,703,301 new ordinary shares of the Company as consideration for the Luxottica Group S.p.A. shares contributed by Delfin S.à r.l. to the Company (the "**New Shares Issued as Consideration for the Contribution**");
- the share capital increase without preferential subscription rights through the issuance of up to 81,316,189 new ordinary shares of the Company as consideration for the Luxottica Group S.p.A. shares tendered into the mandatory public exchange offer, subject to Italian law, to be initiated by the Company (renamed "EssilorLuxottica" as from the closing of the Contribution) for all outstanding shares of Luxottica Group S.p.A., together with a concurrent private placement in the United States of America addressed to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), in transactions exempt from the registration requirements of the Securities Act (such shares collectively, the "**New Shares Issued as Consideration for the Exchange Offer**", together with the New Shares Issued as Consideration for the Contribution, the "**New Shares**");
- the public offering of the New Shares Issued as Consideration for the Exchange Offer; and
- the admission to listing and trading on the regulated market of Euronext in Paris ("**Euronext Paris**") of up to 221,019,490 New Shares.

The Exchange Offer (as defined below) is subject to regulations governing public exchange offers in Italy, which in turn are subject to certain terms that will be set out in the Italian exchange offer document that will be filed by EssilorLuxottica with CONSOB.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

Visa of the Autorité des Marchés Financiers

Pursuant to Articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code and to its General Regulation, in particular Articles 211-1 to 216-1, the *Autorité des Marchés Financiers* (the "**AMF**") affixed the *visa* No. 18-460 on September 28, 2018 on the Prospectus. The Prospectus was prepared by the Company, and its signatories therefore assume responsibility for its contents.

Pursuant to Article L. 621-8-1-I of the French Monetary and Financial Code, this *visa* was granted after the AMF had verified that the Prospectus is complete and comprehensible and that the information it contains is coherent. It does not imply approval of the appropriateness of the transaction or authentication of the accounting and financial elements presented.

The prospectus (the "**Prospectus**") approved by the AMF is composed of:

- the registration document of Essilor filed with the AMF on March 27, 2018 under no. D.18-0193 (the "**2017 Registration Document**");
- an update to the 2017 Registration Document filed with the AMF on September 28, 2018 under number D.18-0193-A01 (the "**Update to the 2017 Registration Document**");
- this Securities Note; and
- the summary of the Prospectus (included in this Securities Note).

Copies of the Prospectus may be obtained free of charge at Essilor's registered office at 147, rue de Paris – 94220 Charenton-le-Pont, France, as well as on its website (www.essilor.com) and on the AMF's website (www.amf france.org).

On the Closing Date of the Contribution (as defined below), it is contemplated that the legal name of Essilor will be changed to EssilorLuxottica and that its website address will become www.essilor-luxottica.com.

The Prospectus is published in connection with (i) the admission to listing and trading on Euronext Paris of the New Shares Issued as Consideration for the Contribution and (ii) the public offering and the admission to listing and trading on Euronext Paris of the New Shares Issued as Consideration for the Exchange Offer.

For the purpose of the public offering to be carried out by EssilorLuxottica in connection with the Italian Exchange Offer (as defined below), the Prospectus will be "passported" to Italy pursuant to article 18 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003. The Italian exchange offer document (referred to in the following paragraph) will incorporate by reference parts of the Prospectus.

The information to be disclosed pursuant to the applicable regulations relating to the mandatory exchange offer to be initiated by EssilorLuxottica (previously named Essilor until the closing of the Contribution) in Italy for all of the outstanding shares of Luxottica will be included in the Italian exchange offer document scheduled to be filed with CONSOB on October 11, 2018 according to the indicative timetable presented in Section 5.1.3 of this Securities Note, which will be then, after the approval by CONSOB, published and made available to the public on Essilor's (to be renamed "EssilorLuxottica" as from the closing of the Contribution) website (www.essilor.com) and on Luxottica's website (www.luxottica.com/it).

This is a free translation into English of the French Prospectus approved by the AMF under visa number 18-460 on September 28, 2018 and is provided solely for the convenience of English speaking readers. In the event of any differences between this unofficial English-language translation and the official French document, the official French document shall prevail.

PRELIMINARY NOTE

In this Securities Note:

- "**Combination**" or "**Transaction**" means the combination between Essilor Group and Luxottica Group resulting from the completion of the Contribution, the Hive Down and the Exchange Offer (as such terms are defined below);
- "**CONSOB**" means the Italian authority on capital markets and listed companies;
- "**Contribution**" means the contribution by Delfin of its entire stake in Luxottica (302,846,957 ordinary shares of Luxottica with a par value of €0.06 each) to Essilor in consideration for 139,703,301 newly issued Essilor shares. It is specified that the exchange ratio, initially set at 0.4610, will be adjusted from 0.4610 to 0.4613 (the "**Exchange Ratio**") based on Essilor dividend pay-out ratio of 42% and Luxottica pay-out of 50% for financial year 2017, in accordance with the Exchange Ratio adjustment formula described in Section 5.1.1 "Conditions of the Offer", paragraph "Adjustment mechanism" of this Securities Note. The Contribution is expected to close on October 1, 2018 (the "**Closing Date of the Contribution**");
- "**Delfin**" means Delfin S.à r.l., a Luxembourg *société à responsabilité limitée* with a share capital of €682,960,000, having its registered office at 7, rue de la Chapelle, 1325 Luxembourg registered with the Trade and Companies Registry (*Registre de Commerce et des Sociétés*) of Luxembourg under number B117420;
- "**Essilor**" or the "**Company**" means Essilor International (Compagnie Générale d'Optique), which legal name will be changed to EssilorLuxottica as from the Closing Date of the Contribution;
- "**Essilor Group**" means (i) prior to the Closing Date of the Hive-Down, Essilor and its consolidated subsidiaries and (ii) as from the Closing Date of the Hive-Down, Essilor International, its consolidated subsidiaries and the entities that were not part of the Hive-Down (i.e., Essilor India Private Ltd, Essilor Manufacturing India Private Ltd, Essilor Korea Co. Ltd, Onbitt Co. Ltd);
- "**Essilor International**" means Essilor International, formerly named Delamare Sovra prior to the Closing Date of the Hive-Down, a French simplified joint-stock company (*société par actions simplifiée*), having its registered office located at 147, rue de Paris, 94220 Charenton-le-Pont, France, registered with the Trade and Companies Registry (*Registre du Commerce et des Sociétés*) of Créteil under number 439 769 654;
- "**EssilorLuxottica**" means the Company following the Closing Date of the Contribution;
- "**EssilorLuxottica Group**" means, as from the Closing Date of the Contribution, EssilorLuxottica and its consolidated subsidiaries;
- "**Exchange Offer**" means the Italian mandatory exchange offer for all of the outstanding shares of Luxottica to be initiated by EssilorLuxottica (previously named Essilor until the Closing Date of the Contribution) in accordance with Italian law following the completion of the Contribution (the "**Italian Exchange Offer**") together with a concurrent private placement that EssilorLuxottica intends to carry out in the United States addressed to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), in transactions exempt from the registration requirements of the Securities Act;

- "**Hive-Down**" means the contribution by Essilor of substantially all of its activities (subject to the *apport-scission* regime) into one of its wholly-owned subsidiary named Delamare Sovra and renamed "Essilor International" as from the Closing Date of the Hive-Down. The Hive-Down closed on November 1, 2017 (the "**Closing Date of the Hive-Down**");
- "**Luxottica**" means Luxottica Group S.p.A., an Italian *società per azioni* (joint stock company) with a registered share capital of €29,109,181.98 (as of the date of the Prospectus), having its registered office at Piazzale Cadorna 3, 20123, Milan, Italy, registered with the Companies Registry of Milan under no. 00891030272; and
- "**Luxottica Group**" means Luxottica and its consolidated subsidiaries.

Forward-looking statements

The Prospectus contains statements regarding the prospects and growth strategies of EssilorLuxottica Group, Essilor Group and/or Luxottica Group. These statements are sometimes identified by the use of the future or conditional tense, or by the use of forward looking terms such as "considers", "envisages", "believes", "aims", "expects", "intends", "should", "anticipates", "estimates", "thinks", "wishes" and "might", or, if applicable, the negative form of such terms and similar expressions or similar terminology. Such information is not historical in nature and should not be interpreted as a guarantee of future performance. Such information is based on data, assumptions, and estimates that EssilorLuxottica Group, Essilor Group and/or Luxottica Group consider(s) reasonable as of the date of the Prospectus. Such information is subject to change or modification based on uncertainties in the economic, financial, competitive or regulatory environments. This information is contained in several sections of the Prospectus and includes statements relating to EssilorLuxottica Group, Essilor Group and/or Luxottica Group's intentions, estimates and targets with respect to its (their) markets, strategies, growth, results of operations, financial situation and liquidity. EssilorLuxottica Group, Essilor Group and/or Luxottica Group's forward looking statements speak only as of the date of the Prospectus. Absent any applicable legal or regulatory requirements, EssilorLuxottica Group, Essilor Group and/or Luxottica Group expressly disclaim(s) any obligation to release any updates to any forward looking statements contained in the Prospectus to reflect any change in its expectations or any change in events, conditions or circumstances, on which any forward looking statement contained in the Prospectus is based. EssilorLuxottica Group, Essilor Group and/or Luxottica Group operate(s) in a competitive and rapidly evolving environment; it is therefore unable to anticipate all risks, uncertainties or other factors that may affect its (their) business, their potential impact on its (their) business or the extent to which the occurrence of a risk or combination of risks could have significantly different results from those set out in any forward looking statements, it being noted that such forward looking statements do not constitute a guarantee of actual results.

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SUMMARY OF THE PROSPECTUS

Visa of the AMF No. 18-460 of September 28, 2018

The summary consists of a key set of disclosures known as "**Elements**". These Elements are set out in five sections entitled Sections A to E and numbered from A.1 to E.7.

This summary contains all the Elements required to be included in a prospectus summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering order of the Elements.

Even though an Element may be required to be provided in the summary for this type of securities and issuer, it is possible that no relevant information can be provided regarding such Element. In this case, a short description of such Element is included in the summary with the mention of "Not applicable".

Section A – Introduction and Warnings		
A.1	**Introduction and Warning to the reader**	This summary must be read as an introduction to the Prospectus. Any decision to invest in the securities which are offered to the public and/or for which admission to listing and trading is requested on a regulated market should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or parties to the European Economic Area Agreement, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Persons who have presented this summary, including any translation thereof and requested its notification pursuant to Article 212-41 of the AMF's General Regulations, may be subject to civil liability only if the content of this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or if it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Consent of the Company concerning the use of the Prospectus**	Not applicable.

Section B – Company		
B.1	**Legal and commercial name**	Essilor International (Compagnie Générale d'Optique), which legal name will be changed to "EssilorLuxottica" as from the Closing Date of the Contribution.
B.2	**Registered office/ Legal form/ Applicable law/ Country of incorporation**	Registered office: 147, rue de Paris – 94220 Charenton-le-Pont, France Legal form: limited liability company with a board of directors (*société anonyme à conseil d'administration*) Registered with the Trade and Companies Registry of Créteil under no. 712 049 618 Applicable law: French law Country of incorporation: France
B.3	**Operations and principal activities**	**Essilor: The world's leading ophthalmic optic company** Essilor designs, manufactures and markets a wide range of lenses to improve and protect eyesight. It also develops and markets equipment for prescription laboratories and instruments and services for eye care professionals. Essilor is the North American leader in non-prescription reading glasses and also sells non-prescription sunglasses.
B.4 a	**Recent trends affecting the Company Group and its industry**	**EssilorLuxottica mission statement** EssilorLuxottica's mission will be to help people see more, be more and live life to its fullest. The Company's ground-breaking products correct, protect and frame the beauty of the most precious sensory organ – the eyes. By combining proven expertise in lens technology and eyewear manufacturing, a portfolio of brands that consumers love and global distribution capabilities, EssilorLuxottica will enable people everywhere to learn, to work, to express themselves and to fulfill their potential. Lack of awareness and access have led to a global vision crisis with severe social and economic consequences for billions of people. EssilorLuxottica will exist to give vision a voice and to respond to the world's growing vision needs by meeting the changing lifestyles of existing consumers and inventing new ways to reach the 2.5 billion people who suffer from uncorrected poor vision and the 6 billion people who do not protect their eyes from harmful rays. EssilorLuxottica will be a powerful advocate for the vision cause, a passionate campaigner for greater awareness, and a pioneering eyewear innovator with solutions and styles that bring ever greater improvements so that everybody, everywhere can enjoy the life-changing benefits of good vision.

		Powering sight 80% of what people learn is processed through the eyes. But one out of three people around the world still do not have the vision care they need, and billions more are at risk of deteriorating vision. Beyond essential vision correction, EssilorLuxottica will seek to respond to the vast need for vision protection from sunlight and harmful blue light. Thanks to its portfolio of lens technologies combined with some of the world's most loved eyewear brands, EssilorLuxottica will be uniquely positioned to make wearing eyeglasses and sunglasses both a desirable and life-improving experience. The Company will act on many levels to elevate awareness on the importance of vision correction and vision protection, educating policy makers and consumers with dedicated campaigns but also supporting expert-to-expert knowledge sharing on vision science and patient needs. EssilorLuxottica already supports the Vision Impact Institute, whose mission is to make good vision a global priority, and several other non-profit organisations such as OneSight and Essilor Vision Foundation whose focus is on providing free eye exams and eyeglasses to the people most in need. **Powering style** Combining the best in advanced lens technology with beautifully crafted and branded frames turns a necessary device that improves vision into an accessory that not only fits comfortably in form and function, but also serves as a true expression of personal style. Eyewear is one of the most visible of all fashion accessories and has become part of our cultural fabric. From the moment frame meets face, there is a sense of authenticity, creativity and confidence that consumers have come to love. Because of the power they wield, each pair of frames will be considered as a little work of art, from its first sketches to the final handcrafted details. Every frame will illustrate the passion, skill and commitment of EssilorLuxottica's people who will be committed to making the best eyewear possible.
B.5	**Description of the Company Group**	**Simplified organizational chart as of June 30, 2018:** **The simplified organizational chart below** shows the overall legal structure of the Essilor Group. *(1) Excluding the following subsidiaries: Essilor India Private Limited (EIPL), Essilor Manufacturing India Private Limited (EMIL), Essilor Korea Co. Ltd., Onbitt Co. Ltd., for which ESSILOR INTERNATIONAL (Compagnie Générale d'Optique) is shareholder*

- Essilor International (Compagnie Générale d'Optique)

Essilor International (Compagnie Générale d'Optique) is Essilor Group's holding company. The Company functions primarily as a holding company that directly or indirectly owns the companies comprising the Group. Essilor International (Compagnie Générale d'Optique) is a French *société anonyme* (public limited company) whose registered office is located at 147, rue de Paris, 94220 Charenton-le-Pont, France, and which is listed in the Créteil Trade and Companies Register under number 712 049 618.

- Essilor International

Essilor International (formerly known as "Delamare Sovra") is the company that received the Hive Down that was completed on November 1, 2017. Essilor International is a French *société par actions simplifiée* (simplified joint stock company) whose registered office is located at 147, rue de Paris, 94220 Charenton-le-Pont, France, and which is listed in the Créteil Trade and Companies Register under number 439 769 654.

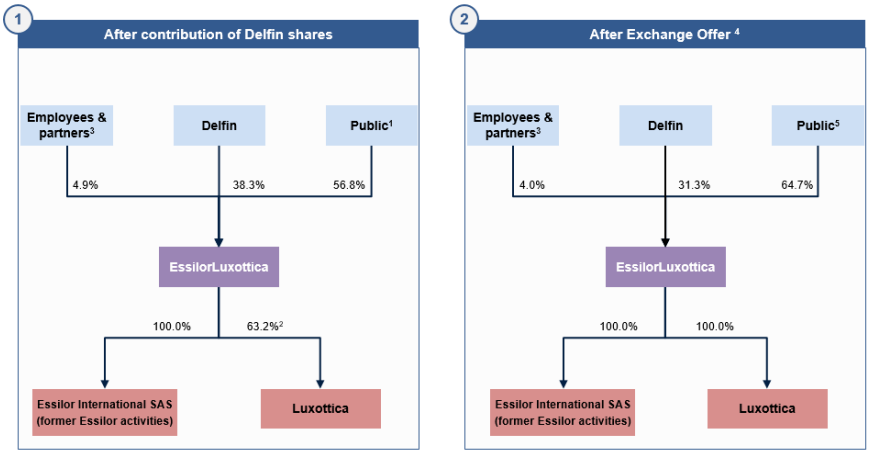
- Consolidated subsidiaires

The list of the main fully consolidated Essilor Group companies and subsidiaries is shown in Note 29 to the Essilor 2017 consolidated financial statements.

- The Management Committee

Chaired by Mr. Hubert Sagnières and led by Mr. Laurent Vacherot, its mission is to deliberate and decide on strategic direction, monitor Essilor Group's activity, promote interconnectivity between businesses, regions and functions, and ensure talent development.

Expected organizational chart after the Contribution and after the Exchange Offer:



(1) On a fully diluted basis for Essilor, that include all stock options (389,160) and rights to performance shares (5,278,715) issued by Essilor, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and including 1,336,830 treasury shares (0.4% of the share capital)

(2) On a non-diluted basis as of June 30, 2018 and excluding 6,071,922 treasury shares (1.3% of Luxottica total number of shares including treasury shares)

(3) Partner shareholders refers to the Essilor shares held by employees, senior managers and, if applicable, former employees and senior managers of companies in which Essilor held a stake that was subsequently sold in full

(4) Assuming 100% acceptance rate in the Exchange Offer, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and excluding 6,071,922 Luxottica treasury shares (1.3% of Luxottica total number of shares including treasury shares)

(5) On a fully diluted basis for Luxottica as of June 30, 2018 (excluding Luxottica performance share plans which are served, as per the terms of the plan, by treasury shares or cash) and Essilor, including 64,500 Luxottica stock options and all stock options (389,160) and rights to performance shares (5,278,715) issued by Essilor, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and including 1, 336,830 treasury shares (0.3% of capital)

B.6 **Principal Shareholders**

As of June 30, 2018 the Company's registered share capital amounts to €39,444,759.36 divided into 219,137,552 ordinary shares fully paid up and with a par value of €0.18 each.

The table below sets forth the capital ownership of Essilor as of June 30, 2018:

	Number of shares	**%**	**Voting rights**	**%**
Internal shareholding (Current, former and retired employees)				
Valoptec International FCPE	4,205,069	1.9%	8,410,138	3.6%
Essilor group five and seven year FCPE	4,439,515	2.0%	8,709,967	3.7%
Funds reserved for foreign employees	1,001,995	0.5%	1,036,998	0.4%
Pure registered shares or administered shares held by employees	7,815,964	3.6%	14,230,314	6.1%
SUBTOTAL	**17,462,543**	**8.0%**	**32,387,417**	**13.8%**
Partner shareholding[(a)] Pure registered shares or administered shares held by partners	344,240	0.2%	687,480	0.3%
SUBTOTAL	17,806,783	8.1%	33,074,897	14.1%
Treasury shares Liquidity contract	1,336,830	0.6%		
SUBTOTAL	**1,336,830**	**0.6%**		
PUBLIC	**199,997,026**	**91.3%**	**201,238,237**	**85.9%**

TOTAL	**219,140,639**	**100%**	**234,313,134**	**100%**

[(a)] Partner shareholding designates the portion of Essilor International shares held by employees, managers, and any former employees or managers of the companies in which Essilor International held an interest that was thereafter fully divested.

Expected effect of the Contribution and the Exchange Offer (assuming 100% acceptance rate, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and excluding Luxottica treasury shares) on the distribution of the Essilor's (to be renamed "EssilorLuxottica" as from the closing of the Contribution) share capital and voting rights:

The table below shows Essilor's capital structure evolution after completion of the Contribution and the Exchange Offer (assuming 100% acceptance rate, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and excluding Luxottica treasury shares) based on the companies' ownership structures as at June 30, 2018:

Capital	Before Contribution		After Contribution		After Exchange Offer	
	Number of shares	%	Number of shares	%	Number of shares	%
Employees & partners	17,806,783	7.9%	17,806,783	4.9%	17,806,783	4.0%
Delfin	35,205	0.0%	139,738,506	38.3%	139,738,506	31.3%
Free-float	199,961,821	88.9%	199,961,821	54.9%	281,278,010[1]	63.1%
Treasury shares	1,336,830	0.6%	1,336,830	0.4%	1,336,830[2]	0.3%
Total before Essilor dilution	**219,140,639**		**358,843,940**		**440,160,129**	
Impact of Essilor dilutive instruments[3]	5,667,875	2.5%	5,667,875	1.6%	5,667,875	1.3%
Total diluted number of shares	**224,808,514**	**100.0%**	**364,511,815**	**100.0%**	**445,828,004**	**100.0%**

(1) Including Luxottica dilutive instruments (64,500 stock options) as of June 30, 2018 (excluding Luxottica performance share plans which are served, as per the terms of the plan, by treasury shares or cash)

(2) Excluding 6,071,922 Luxottica treasury shares as of June 30, 2018 (1.3% of Luxottica total number of shares including treasury shares)

(3) Maximum potential impact of all Essilor dilutive instruments as of June 30, 2018 that include all stock options (389,160) and rights to performance shares (5,278,715) issued by Essilor

The table below shows Essilor's voting rights evolution after completion of the Contribution and the Exchange Offer (assuming 100% acceptance rate, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and excluding Luxottica treasury shares) based on the companies' voting rights structures as at June 30, 2018[1]:

Voting rights	Before Contribution		After Contribution		After Exchange Offer	
	Number of voting rights	%	Number of voting rights	%	Number of voting rights	%
Employees & partners	33,074,897	13.8%	17,806,783	4.9%	17,806,783	4.0%
Delfin	35,205	0.0%	139,738,506	38.5%[2]	139,738,506	31.4%[2]
Free-float	201,203,032	83.8%	199,961,821	55.1%	281,278,010[3]	63.3%
Treasury shares	-	-	-	-	-	-
Total before Essilor dilution	**234,313,134**		**357,507,110**		**438,823,299**	
Impact of Essilor dilutive instruments[4]	5,667,875	2.4%	5,667,875	1.6%	5,667,875	1.3%
Total diluted number of shares	**239,981,009**	**100.0%**	**363,174,985**	**100.0%**	**444,491,174**	**100.0%**

(1) On May 11, 2017, Essilor's special shareholders' meeting approved the resolution providing for the cancellation of double voting rights in relation to the Transaction

(2) Exercise of voting rights capped at 31% subject to a formula

(3) Including Luxottica dilutive instruments (64,500 stock options) as of June 30, 2018 (excluding Luxottica performance share plans which are served, as per the terms of the plan, by treasury shares or cash)

(4) Maximum potential impact of all Essilor dilutive instruments as of June 30, 2018 that include all stock options (389,160) and rights to performance shares (5,278,715) issued by Essilor

B.7	**Selected key historical financial information**	

2018 Half-year financial information

Financial Highlights

€ millions	June 30, 2018 *Adjusted*[6]	June 30, 2017[8] *Adjusted*[6]	Change % At constant currencies	Change % At real currencies	June 30, 2018 *Reported*
Revenue	**3,726**	**3,859**	+4.4%	-3.5%	3,726
Contribution from operations[2] *(% of revenue)*	**684** **18.4%**	**718** **18.6%**	+2.4%	-4.8%	684 18.4%
Operating profit	**630**	**667**	+1.9%	-5.5%	583
Profit attributable to equity holders	**421**	**431**	+4.8%	-2.4%	349
Earnings per share *(in €)*	**1.93**	**1.99**	+4.5%	-3.0%	1.60

(6) The income statements as of June 30, 2018 and June 30, 2017 are adjusted for expenses accounted for in the financial statements due to the proposed combination with Luxottica.
(8) The group has applied IFRS 15 related to revenue recognition since January 1st, 2018. The H1 2017 statement of income has been restated accordingly, with an impact of -€50m on revenue and of -€3m on contribution from operations[2].

(2) Revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).

First-quarter 2018 consolidated revenue*

€ millions	Q1 2018	Q1 2017	% Change (reported)	% Change (like-for-like[a])	Change in scope of consolidation	Currency effect
Lenses & Optical Instruments	**1,592**	1,688	-5.7%	+2.9%	+0.7%	-9.4%
North America	***692***	*761*	*-9.1%*	*+3.4%*	*+0.9%*	*-13.4%*
Europe	***491***	*495*	*-0.7%*	*+0.7%*	*+0.2%*	*-1.6%*
Asia/Pacific/Middle East/Africa	***297***	*306*	*-2.8%*	*+6.2%*	*+0.6%*	*-9.6%*
Latin America	***112***	*126*	*-11.3%*	*+1.2%*	*+1.9%*	*-14.4%*
Sunglasses & Readers	**190**	199	-4.9%	+6.6%	0%	-11.5%
Equipment	**43**	50	-12.4%	-3.1%	0%	-9.4%
TOTAL	**1,825**	**1,937**	**-5.8%**	**+3.2%**	**+0.6%**	**-9.6%**

** The group has applied IFRS 15 related to revenue recognition since January 1st, 2018. Q1 2017 Revenue has been restated accordingly, with a negative impact of around €25m. As is customary, quarterly figures are unaudited.*

2017 Financial information

- **2017 Consolidated income statement**

€ millions, excluding per share data	Notes	Year 2017	Year 2016
Revenue	3	7,490	7,115
Cost of sales		(3,144)	(2,934)
GROSS MARGIN		**4,346**	**4,181**
Research and development costs		(217)	(214)
Selling and distribution costs		(1,845)	(1,750)
Other operating expenses		(923)	(896)
CONTRIBUTION FROM OPERATIONS [a]		**1,361**	**1,321**
Other income from operations	5	12	18
Other expenses from operations	5	(299)	(109)
OPERATING PROFIT	**3**	**1,074**	**1,230**
Cost of gross debt		(70)	(71)
Income from cash and cash equivalents		18	17
Other financial income	6	2	
Other financial expenses	6	(14)	(12)
Share of profits of associates			1
PROFIT BEFORE TAX		**1,010**	**1,165**
Income tax expense	7	(132)	(285)
NET PROFIT		**878**	**880**
Attributable to Group equity holders		789	813
Attributable to minority interests		89	67
Net profit attributable to Group equity holders per share *(€)*		3.64	3.79
Average number of shares *(thousands)*	8	216,604	214,614
Diluted net profit attributable to Group equity holders per share *(€)*		3.57	3.71
Diluted average number of shares *(thousands)*	9	221,298	219,203

(a) The contribution from operations corresponds to revenue less the cost of sales and operating expenses (research and development costs, selling and distribution costs, and other operating expenses).

The accompanying notes are an integral part of the consolidated financial statements.

- **2017 Statement of consolidated comprehensive income**

	Year 2017			Year 2016		
€ millions	Attributable to Group equity holders	Attributable to minority interests	Total	Attributable to Group equity holders	Attributable to minority interests	Total
NET PROFIT FOR THE PERIOD (A)	**789**	**89**	**878**	**813**	**67**	**880**
Items of comprehensive income that will not be reclassified subsequently to profit or loss						
Actuarial gains and losses on pension and other post-employment benefit obligations	1		1	(31)		(31)
Tax on items that will not be reclassified subsequently	2		2	1		1
Items of comprehensive income that may be reclassified subsequently to profit or loss						
Cash flow hedges, effective portion	1		1	2		2
Hedges of net investment, effective portion						
Increase (decrease) in fair value of long-term financial investments						
Translation reserves	(760)	(29)	(789)	212	(3)	209
Tax on items that may be reclassified subsequently						
TOTAL INCOME (EXPENSES) FOR THE PERIOD RECOGNIZED DIRECTLY IN EQUITY, NET OF TAX (B)	**(756)**	**(29)**	**(785)**	**184**	**(3)**	**181**
TOTAL RECOGNIZED INCOME AND EXPENSES, NET OF TAX (A) + (B)	**33**	**60**	**93**	**997**	**64**	**1,061**

The accompanying notes are an integral part of the consolidated financial statements.

- **2017 Consolidated balance sheet**

Assets

The accompanying notes are an integral part of the consolidated financial statements.

€ millions	Notes	December 31, 2017	December 31, 2016
Goodwill	10	5,583	6,191
Other intangible assets	11	1,682	1,825
Property, plant and equipment	12	1,116	1,214
Investments in associates		20	8
Non-current financial assets	13	111	136
Deferred tax assets	7	211	187
Long-term receivables		41	37
Other non-current assets		47	56
TOTAL NON-CURRENT ASSETS		**8,811**	**9,654**
Inventories	14	1,097	1,125
Prepayments to suppliers		30	31
Short-term receivables	15	1,685	1,618
Tax receivables		74	81
Other receivables		3	25
Derivative financial instruments recognized in assets	20	29	45
Prepaid expenses		87	67
Cash and cash equivalents	16	484	517
CURRENT ASSETS		**3,489**	**3,509**
TOTAL ASSETS		**12,300**	**13,163**

The accompanying notes are an integral part of the consolidated financial statements.

Liabilities

€ millions	Notes	December 31, 2017	December 31, 2016
Share capital		39	39
Issue premiums		635	591
Consolidated reserves		5,432	4,936
Own shares		(111)	(168)
Hedging and revaluation reserves		(155)	(159)
Translation differences		(125)	636
Net profit attributable to Group equity holders		789	813
Equity attributable to parent company owners		**6,504**	**6,688**
Equity attributable to non-controlling interests		423	366
TOTAL CONSOLIDATED EQUITY		**6,927**	**7,054**
Provisions for pensions	17	337	344
Long-term borrowings	19	1,674	1,364
Deferred tax liabilities	7	257	383
Other non-current liabilities	21	153	300
NON-CURRENT LIABILITIES		**2,421**	**2,391**
Provisions	18	394	393
Short-term borrowings	19	491	1,246
Customer prepayments		44	33
Short-term payables	15	1,515	1,431
Tax payables		81	73
Other current liabilities	21	378	509
Derivative financial instruments recognized in liabilities	20	15	22
Deferred income		34	11
CURRENT LIABILITIES		**2,952**	**3,718**
TOTAL LIABILITIES		**12,300**	**13,163**

The accompanying notes are an integral part of the consolidated financial statements.

- **2017 Consolidated cash flow statement**

€ millions	Notes	2017	2016
CONSOLIDATED NET PROFIT	(a)	**878**	**880**
Adjustments to reconcile net income (loss) to funds generated from operations			
Depreciation, amortization and other non-cash items		549	360
Provision charges (reversals)		(23)	(50)
Gains and losses on asset disposals, net		(4)	(6)
Finance costs, net	(b)	49	54
Tax expenses (including deferred taxes)	(a)	132	285
Other net cash out			
Share of profits of associates, net of dividends received			(1)
Taxes paid		(234)	(264)
Interest (paid) and received, net		(56)	(56)
Change in working capital requirement		(58)	(8)
NET CASH FROM OPERATING ACTIVITIES		**1,233**	**1,194**
Purchases of property, plant and equipment and intangible assets		(308)	(294)
Acquisitions of subsidiaries, net of the cash acquired		(334)	(706)
Change in other non-financial assets		18	(43)
Proceeds from the sale of other financial assets, property, plant and equipment and intangible assets		26	21
NET CASH USED IN INVESTING ACTIVITIES		**(598)**	**(1,022)**
Capital increase	(c)	44	41
Capital reduction paid to minority shareholders	(c)	(10)	
Net sale (net buyback) of treasury shares	(c)		(31)
Dividends paid:			
◖ to Essilor shareholders	(c)	(325)	(79)
◖ to minority shareholders of the consolidated subsidiaries	(c)	(39)	(40)
Increase/(Decrease) in borrowings other than finance lease liabilities	19	(303)	(31)
Repayment of finance lease liabilities		(2)	(3)
NET CASH USED IN FINANCING ACTIVITIES		**(635)**	**(143)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			**29**
Net cash and cash equivalents at January 1		**460**	**431**
Effect of changes in exchange rates		(34)	
NET CASH AND CASH EQUIVALENTS AT PERIOD-END		**426**	**460**
Cash and cash equivalents	19	484	517
Bank credit facilities	19	(58)	(57)

(a) See income statement.
(b) Finance costs net is defined as the cost of gross debt minus the income of cash and cash equivalents.
(c) See statement of changes in equity.

The accompanying notes are an integral part of the consolidated financial statements.

B.8	**Selected key pro forma financial information**	**Combined Company** **UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **At December 31, 2017**

(in Euro millions)	Essilor historical	Luxottica historical	Unaudited Pro Forma Adjustments: Reclassifications	Business combination	Other adjustments	Unaudited Combined Company pro forma
	Note 1	**Note 1**	**Note 2**	**Note 3**	**Note 4**	
Cash and cash equivalents	484	1 159	-	-	-	1 643
Accounts receivable	1 685	944	(232)	-	(72) (a)	2 324
Inventories	1 097	832	-	120 (a)	-	2 049
Other current assets	223	233	232	-	-	688
Total current assets	**3 489**	**3 167**	**-**	**120**	**(72)**	**6 704**
Property, plant and equipment	1 116	1 809	-	-	-	2 925
Goodwill	5 583	3 622	-	13 715 (b)	-	22 921
Intangible assets	1 682	1 225	-	7 978 (a)	-	10 885
Other non current assets	430	219	-	-	(4) (b)	645
Total non-current assets	**8 811**	**6 875**	**-**	**21 693**	**(4)**	**37 376**
TOTAL ASSETS	**12 300**	**10 043**	**-**	**21 813**	**(76)**	**44 080**
Short-term debt	491	228	-	-	-	719
Other current liabilities	2 461	1 863	-	-	(23) (c)	4 301
Total current liabilities	**2 952**	**2 091**	**-**	**-**	**(23)**	**5 020**
Long-term debt	1 674	1 671	-	-	-	3 345
Other non current liabilities	747	474	-	1 827 (c)	-	3 049
Total non-current liabilities	**2 421**	**2 146**	**-**	**1 827**	**-**	**6 394**
Group stockholders' equity	6 504	5 801	-	19 986 (d)	(53) (d)	32 238
Non-controlling interests	423	5	-	-	(0)	428
Total stockholders' equity	**6 927**	**5 807**	**-**	**19 986**	**(53)**	**32 666**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**12 300**	**10 043**	**-**	**21 813**	**(76)**	**44 080**

Information must be read with accompanying notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

Combined Company

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2017

(in Euro millions)	Essilor historical	Luxottica historical	Unaudited Pro Forma Adjustments: Reclassifications	Business combination	Other adjustments	Unaudited Combined Group pro forma
	Note 5	**Note 5**	**Note 6**	**Note 7**	**Note 8**	
Net sales	7 490	9 157	-	-	(397) (a)	16 251
Cost of sales	(3 144)	(3 282)	110	(120) (a)	384 (a)	(6 052)
Gross profit	**4 346**	**5 875**	**110**	**(120)**	**(13)**	**10 199**
Total operating expenses	(3 272)	(4 575)	(110)	(586) (b)	(38) (b)	(8 580)
Income from operations	**1 074**	**1 301**	**-**	**(706)**	**(50)**	**1 618**
Total Other income/(expense)	(64)	(44)	-	-	(1) (c)	(109)
Income before provision for income taxes	**1 010**	**1 256**	**-**	**(706)**	**(51)**	**1 509**
Provision for income taxes	(132)	(216)	-	75 (c)	11 (d)	(261)
Net Income	**878**	**1 040**	**-**	**(631)**	**(40)**	**1 248**

Information must be read with accompanying notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

B.9	**Profit forecasts or estimates**	The Company published its latest objectives in the context of its first-half 2018 results report on July 26, 2018. As of the date of the Prospectus, no restructuring plan has been decided upon. No major change in the type of businesses conducted by Essilor and Luxottica is anticipated.
B.10	**Qualifications in the audit reports on the historical financial**	Not applicable.

	information	
B.11	**Net working capital**	Essilor certifies that, in its opinion, Essilor Group's net working capital is sufficient to meet Essilor Group's present requirements over a period of 12 months from the date of the Prospectus and that, taking into account the completion of the Contribution and the Exchange Offer, the working capital available to EssilorLuxottica is sufficient to meet its present requirements over a period of 12 months from the date of the Prospectus.

Section C – Shares		
C.1	**Type, class and identification number of the New Shares to be offered or admitted to listing**	Admission to listing and trading on the regulated market of Euronext in Paris ("**Euronext Paris**") (compartment A) will be sought for 139,703,301 new ordinary shares of the Company as consideration for the Luxottica shares contributed by Delfin to Essilor (the "**New Shares Issued as Consideration for the Contribution**"). Offer and admission to listing and trading on Euronext Paris (compartment A) will be sought for up to 81,316,189 new ordinary shares of the Company as consideration for up to 176,276,154 Luxottica shares (including 42,000 new shares of Luxottica to be issued in the event of timely exercise of all of the 42,000 outstanding Luxottica stock options) tendered into the mandatory public exchange offer, subject to Italian law, to be initiated by Essilor (to be renamed "EssilorLuxottica" as from the closing of the Contribution) for all shares of Luxottica Group S.p.A., together with a concurrent private placement in the United States of America addressed to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), in transactions exempt from the registration requirements of the Securities Act (such shares collectively, the "**New Shares Issued as Consideration for the Exchange Offer**", together with the New Shares Issued as Consideration for the Contribution, the "**New Shares**"). All New Shares will be ordinary shares of the same category and same nominal value (€0.18). They will be listed under the same trading line as the existing shares. They shall carry entitlement to dividend rights, namely, (i) for the New Shares Issued as Consideration for the Contribution, the right to receive, as of their issue date, all distributions paid by the Company as of such date; and (ii) for the New Shares Issued as Consideration for the Exchange Offer, the right to receive, as of their issue date, all distributions paid by the Company as from the Closing Date of the Contribution. ISIN code: FR0000121667 Ticker Symbol: EI (and, as from the Closing Date of the Contribution, EL) Compartment: Compartment A ICB Classification: 4000, HealthCare / 4500, Health Care / 4530, Health Care Equipment & Services / 4537, Medical Supplies LEI Code: 549300M3VH1A3ER1TB49
C.2	**Currency**	Euros.
C.3	**Number of shares issued and par value**	As of June 30, 2018, the Company's registered share capital amounts to €39,444,759.36 divided into 219,137,552 ordinary shares fully paid up and with a par value of €0.18 each. In connection with the closing of the Contribution, 139,703,301 New Shares

		will be issued with a par value of €0.18. In connection with the Exchange Offer, a maximum of 81,316,189 New Shares will be issued with a par value of €0.18.
C.4	**Description of the rights attached to the New Shares**	In accordance with current provisions of French law and of the Company's modified by-laws, as adopted by the Company's combined general shareholders' meeting held on May 11, 2017 and effective as from the Closing Date of the Contribution (the "**By-laws**"), the main rights attached to the New Shares are as follows: • dividend rights and right to participate in the Company's profits; • voting rights, it being specified that the By-laws, by express derogation to Article L. 225-123 paragraph 3 of the French Commercial Code, will not allow for double voting rights; • preferential subscription rights for securities of the same class; • rights to a share of any liquidation surplus; • 31% voting cap subject to the formula contained in the By-laws. **Form:** - With respect to the New Shares Issued as Consideration for the Contribution, Delfin will exchange its Luxottica shares, in their current dematerialized form pursuant to Italian law, against delivery of such New Shares, for which Delfin will ask for registration in administered registered form (*forme nominative administrée*) within five (5) trading days as from the Closing Date of the Contribution. - With respect to the New Shares Issued as Consideration for the Exchange Offer, at the holder's option, they may either be in registered form or bearer form. **Effective date and admission to trading:** New Shares shall carry entitlement to dividend rights, namely, (i) for the New Shares Issued as Consideration for the Contribution, the right to receive, as of their issue date, all distributions paid by the Company as of such date; and (ii) for the New Shares Issued as Consideration for the Exchange Offer, the right to receive, as of their issue date, all distributions paid by the Company as from the Closing Date of the Contribution. New Shares Issued as Consideration for the Contribution are scheduled to be admitted to trading on Euronext Paris as of the day following the Closing Date of the Contribution that is expected to take place on October 1, 2018. New Shares Issued as Consideration for the Exchange Offer will be admitted to trading on Euronext Paris on the settlement date of the Exchange Offer. According to an indicative timetable, the settlement date of the Exchange Offer is expected to occur around December 4, 2018 (unless the Exchange Offer period is extended).
C.5	**Restrictions on the free**	No provision of the By-laws restricts the transferability of the shares comprising the Company's share capital.

	transferability of the New Shares	Pursuant to the terms of the combination agreement entered into between Essilor and Delfin on January 15, 2017 (as subsequently amended, supplemented and/or implemented, including through an implementation letter dated May 25, 2018, effective as from the Closing Date of the Contribution, detailing certain aspects of the implementation of such agreement, the "**Combination Agreement**"), Delfin agreed not to file a tender offer for shares of EssilorLuxottica for a period of ten (10) years as from the execution date of the Combination Agreement, provided that no third party (acting alone or in concert) comes to hold, directly or indirectly, more than twenty percent (20%) of the share capital or voting rights of EssilorLuxottica or announces its intention to file a tender offer for all of the shares of EssilorLuxottica (standstill undertaking).
C.6	**Admission**	The New Shares shall be subject to an application for admission to trading on Euronext Paris (Compartment A), under the same trading line as the existing shares of the Company (ISIN code FR0000121667). Luxottica's shareholders who will tender their shares in the Exchange Offer will be able to trade their New Shares on Euronext Paris following the settlement of the Exchange Offer and the listing of the New Shares.
C.7	**Dividend Policy**	Prior to the completion of the Contribution, Essilor's shareholders' meeting, held on April 24, 2018, voted to set the dividend in respect of the 2017 financial year at €1.53 per share. Going forward and subject to the completion of the Contribution, the dividend policy will be decided by EssilorLuxottica's Board of Directors taking into account EssilorLuxottica's earnings, cash flow generation and financing needs. It is expected that it will be for the Board of Directors of EssilorLuxottica to set out the dividend policy of the combined entity consistently with its financial prospects and business strategies, it being understood that the common view of the parties to the Combination Agreement is that, unless decided otherwise by the Board of Directors of EssilorLuxottica in accordance with the above, dividends shall not be in excess of 50% of the combined entity's consolidated net income adjusted by the relevant purchase price allocation (PPA) items and, if any, other items to be decided by the Board of Directors of EssilorLuxottica.

Section D – Risks		
D.1	**Key risks related to the Company and its industry**	The key risks related to the Company and its industry are as follows: *Operational risks* – If Essilor Group fails to sufficiently innovate in products, developments in vision correction therapies and changing customer needs, this could lead to reduced demand for its products; – If Essilor Group does not correctly anticipate changes in fashion and retail product trends, its sales of certain products and profitability could be affected; – Essilor Group research and development efforts may fail to lead to successful new products or technologies; – If Essilor Group is not successful in completing and integrating acquisitions to expand or complement its business, this could weight down on its future profitability and growth; – Essilor Group may have limited control over activities, results and financial situation of joint ventures in which it is not in a position of control and of companies in which it is the minority shareholder; – If Essilor Group fails to maintain its relationships with eye care professionals, including ophthalmologists, optometrists, opticians, prescription laboratories and integrated optical chains, customers may not buy its products and its sales and profitability may decline; – Interruptions in the supply of raw materials or the loss of any of Essilor Group critical suppliers could disrupt our manufacturing processes or lead to increased costs; – Disruptions in Essilor Group complex logistics chain could cause our business, results and financial position to suffer; – Market changes in the optical industry may adversely affect Essilor Group sales and profitability; – Changes in health care reimbursement policies may adversely affect demand for Essilor Group products; – Economic downturns in the markets may adversely affect demand for Essilor Group products; – The global nature of Essilor Group operations exposes it to a range of risks; – Any material failure, inadequacy, interruption, security failure or breach of Essilor Group information technology systems may result in remediation costs, reduced sales due to an inability to properly process information and increased costs of operating its business; *Market risks* – Liquidity risk; – Currency risk; – Interest rate risk;

		– Counterparty risk; – Risk attached to shares and other financial instruments; *Legal risks* – If Essilor Group is unable to protect its proprietary rights, its sales might suffer, and it may incur significant additional costs to assert such rights; – Changes to laws or regulations could have a material adverse effect on Essilor Group business; – Essilor Group businesses are subject to various competition laws and regulations, any violation of which could lead to serious harm for Essilor Group and have adverse effects on its businesses and earnings; – Essilor Group business is subject to various environmental and health and safety laws and regulations, which may increase compliance costs or subject us to costly liabilities; – Material claims and litigation, proceedings, arbitration; *Insurance risk* <u>The key risks related to the Transaction are as follows</u>: – Equity risk – following the completion of the Contribution and the Exchange Offer, Delfin will hold approximately between 31% and 38% of EssilorLuxottica's share capital (based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and depending on the acceptance rate of the Exchange Offer and on a fully diluted basis) with voting rights capped at 31% (subject to a formula contained in the by-laws of EssilorLuxottica), this holding could allow it to exercise a significant influence on the decisions submitted to the vote of the shareholders' meeting of the Company; – The issuance of new shares, including in connection with the Contribution and the Exchange Offer, will dilute the holdings of existing shareholders; – Integration of the Essilor Group and Luxottica Group activities could fail and thereby disrupt operations or incur costs; – The Combination may not lead to the achievement of some or all of the synergies expected in the medium term; – The uncertainty associated with the proposed Transaction could have a negative impact on relationships of the companies with their strategic partners, suppliers, customers and employees; – The group resulting from the Combination may not be able to retain key executives and staff or put in place the proposed governance structure; – Certain Essilor Group financial and commercial agreements contain change of control clauses that could be invoked by the co-contracting parties; – Essilor did not have the opportunity to conduct a thorough due diligence and liabilities unknown to Luxottica could have a negative impact on its business and operating results;

		– The results of the Exchange Offer are uncertain and the company resulting from the Combination may have to commit significant sums in order to acquire all the Luxottica shares; – The structure of the Essilor Group and the Luxottica Group will be affected by the Combination, which will entail certain tax risks and may have adverse tax consequences; – Failure to complete the Combination as a result of termination of the Combination Agreement could have an adverse effect on Essilor's share price and on its operations and financial results; – The price of Essilor's (and, following the contemplated Contribution, EssilorLuxottica's) shares is subject to volatility; – The value of Luxottica's and Essilor's shares to be exchanged in the Contribution and the Exchange Offer may fluctuate, so the market value of the consideration to be exchanged may vary; – The credit rating of Essilor, which will be renamed EssilorLuxottica as from the Closing Date of the Contribution, may be revised in the future. Currently, Essilor has "A2" positive outlook long term rating attributed by Moody's and Luxottica "A-" positive outlook by Standard & Poor's; – Luxembourg laws relating to creditors' rights may delay the completion of the Contribution and the Combination; – In connection with the Transaction, a number of changes to the voting rights of Essilor's shares were adopted: in particular, as from the Closing Date of the Contribution, the existing double voting rights will be canceled and voting rights will be capped at 31% (subject to a formula provided in EssilorLuxottica's by-laws); – The results of operations and financial position of EssilorLuxottica may be materially different than those presented or implied by the unaudited pro forma financial information; – The accounting treatment of the Combination may adversely affect the future reported results of operations of EssilorLuxottica; – The anticipated goodwill related to the Combination is subject to impairment: estimated preliminary goodwill of €19 billion has been recognized in the preparation of the unaudited pro forma financial information as of and for the year ended December 31, 2017.
D.3	**Key Risks related to the New Shares**	<u>The main risk factors related to the New Shares are as follows</u>: – Dilution of the existing shareholders of the Company as a consequence of the issue of the New Shares; – The volatility and liquidity of the Company's shares may fluctuate significantly; – The securities that may be exchanged during the Exchange Offer or after its closing may have a negative impact on the stock price of the Company's shares; – Material risk relating to the Exchange Offer; – Differences between French corporate law and Italian corporate law and changes to the voting rights of EssilorLuxottica shares adopted in connection with the Transaction; – Transactions in the Company's shares other than the subscription

		for New Shares are subject to the French tax on financial transactions subject to certain exceptions; and – Transactions in the Company's shares may in the future become subject to the European tax on financial transactions, if it is enacted, excluding primary market transactions.

Section E – Offer		
E.1	**Total net proceeds of the issue and estimated expenses of the issue**	Total net proceeds: Not applicable. The advisors related expenses for the Transaction that will be incurred by Essilor (to be renamed "EssilorLuxottica" as from the Closing Date of the Contribution) have been estimated to approximately €150 million.
E.2a	**Reasons for the offer and use of proceeds**	On January 15, 2017, Essilor and Delfin entered into the Combination Agreement, which sets forth the terms of the Transaction. Delfin is the Luxembourg based holding company of the Del Vecchio family. Delfin was incorporated in Luxembourg in 2006, as a result of the transfer of the corporate seat of the previous Italy based holding Delfin S.r.l.. Delfin main investments are in Luxottica, Foncière des Régions S.A., Assicurazioni Generali S.p.A. and Unicredit S.p.A.. On March 22, 2017, following completion of the information-consultation process of (i) Essilor's Works Council (*comité central d'entreprise*) and European Works Council (*comité d'entreprise européen*); and (ii) BB GR's Works Council[1], Essilor sent to Delfin an acceptance notice stating its consent to pursue the Transaction contemplated by the Combination Agreement. The contribution agreement setting forth the terms and conditions of the Contribution (the "**Contribution Agreement**") was entered into between Delfin and Essilor on the same date. On April 7, 2017, Essilor registered with the AMF the French version of the document E under number E. 17-014 (the "**Document E**"). The Document E was published, distributed and made available to the public one month prior to Essilor's combined general shareholders' meeting called to approved the Transaction. In particular, it was published on Essilor's website[2]. On May 11, 2017, Essilor's combined general shareholders' meeting approved the Transaction, including (i) the approval of the Contribution (subject to the *apport-scission regime*) by Delfin to Essilor and of the delegation of powers conferred to the Company's Board of Directors for the implementation of the Contribution; and (ii) the delegation of authority conferred to the Board of Directors to decide the capital increase of Essilor (to be renamed "EssilorLuxottica" as from the Closing Date of the Contribution) through the issuance of shares without preferential subscription rights, as consideration for the shares tendered to the Exchange Offer initiated by EssilorLuxottica. On November 1, 2017, Closing Date of the Hive-Down, the contribution of the activities and equity holdings of Essilor to its wholly-owned subsidiary, Essilor International, approved by Essilor shareholders at the combined general shareholders' meeting of May 11, 2017 closed. As from such date, Essilor International carries on the operational activities that were previously performed by Essilor. The Hive-Down was a condition precedent to the Contribution.

[1] BB GR is a wholly-owned French subsidiary of Essilor specialised in the manufacturing and distribution of ophthalmic lenses

[2] https://www.essilor.com/en/investors/annual-shareholders-meeting/combined-general-shareholders-meeting-may-11-2017/

		Between November 2017 and July 2018, the Transaction has been cleared in five jurisdictions (Canada, the United States of America, Brazil, Europe and China) where antitrust approvals were a condition precedent to the closing of the Transaction. On October 1, 2018, the Contribution is expected to close and Delfin will contribute to Essilor 302,846,957 ordinary shares of Luxottica with a par value of €0.06 each, representing 62.42% of Luxottica's share capital on the Closing Date of the Contribution in exchange for 139,703,301 New Shares Issued as Consideration for the Contribution with a par value of €0.18 each, corresponding to an exchange ratio of 0.4613 Essilor share for 1 Luxottica share. It is specified that the Exchange Ratio, initially set at 0.4610, will be adjusted from 0.4610 to 0.4613 based on Essilor dividend pay-out ratio of 42% and Luxottica pay-out of 50% for financial year 2017, in accordance with the Exchange Ratio adjustment formula provided for in the Combination Agreement and the Contribution Agreement. On the Closing Date of the Contribution, Essilor (to be renamed "EssilorLuxottica" on such date) will become the holding company of Luxottica and Essilor International, holding 100% of Essilor International's share capital and 62.42 % of Luxottica's share capital. Since as a result of its acquisition of 302,846,957 ordinary shares of Luxottica on the Closing Date of the Contribution the Company will come to own more than 25% of Luxottica's share capital, pursuant to article 106, paragraph 1-*bis*, of Italian Legislative Decree no. 58 of February 24, 1998, as amended (the "**Italian Consolidated Financial Act**"), the Company will be obliged to subsequently launch a mandatory tender offer on all outstanding shares of Luxottica that it will not own. As allowed by the provisions of art. 106, paragraphs 2 and 2-*bis*, of the Italian Consolidated Financial Act, such mandatory tender offer to be initiated by the Company will take the form of an exchange offer, in which the Company will offer to the remaining Luxottica shareholders the same kind and amount of consideration per Luxottica share that will be attributed to Delfin in the Contribution, that is a number of newly-issued of Essilor shares calculated according to the same Exchange Ratio (0.4613 Essilor share for 1 Luxottica share). The Exchange Offer will include a private placement that Essilor intends to concurrently carry out in the United States addressed to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), in transactions exempt from the registration requirements of the Securities Act.
E.3	**Terms and Conditions of the New Shares**	*Terms and Conditions of the New Shares Issued as Consideration for the Contribution* In consideration for the Contribution, Essilor will issue 139,703,301 new ordinary shares to Delfin, each with a par value of €0.18, corresponding to the Exchange Ratio (0.4613 new ordinary share of Essilor for 1 ordinary share of Luxottica contributed). It is specified that the Exchange Ratio, initially set at 0.4610, will be adjusted from 0.4610 to 0.4613 based on Essilor dividend pay-out ratio of 42% and Luxottica pay-out of 50% for financial year 2017, in accordance with the Exchange Ratio adjustment formula provided for in the Combination Agreement and the Contribution Agreement.

		As a result of the Contribution, the total par value of Essilor's share capital increase will be €25,146,594.18. Essilor's registered share capital will therefore be increased from €39,444,759.36 to €64,591,353.54, divided into 358,840,853 ordinary shares, each with a par value of €0.18. The difference between the value of the Contribution (i.e., €13,173,842,629.50) and the par value of the capital increase (i.e., €25,146,594.18) will represent a contribution premium of €13,148,696,035.32 based on a value per Luxottica share of €43.5 (subject to possible adjustment). This premium will be credited to additional paid-in capital in Essilor's (and, following the contemplated Contribution, EssilorLuxottica's) statement of financial position (*compte "prime d'apport"*), to which all new and existing shareholders of Essilor (and, following the contemplated Contribution, EssilorLuxottica) will have rights. For the purpose of registering the Luxottica shares in the statutory accounts of Essilor, in line with a conservative approach and taking into account the fact that the Contribution will be effective only upon the Closing Date of the Contribution, it is reminded that the Contribution Agreement provides that the Luxottica share value will be equal to the lower of (i) the value contractually agreed between the parties equal to €43.5 and (ii) the volume-weighted average closing prices of Luxottica shares over the 3-month period prior to the Closing Date of the Contribution. The contribution premium of the share capital increase of Essilor will be adjusted accordingly. *Terms and Conditions of the offer of New Shares Issued as Consideration for the Exchange Offer* In the context of the Exchange Offer, Essilor will offer to the shareholders of Luxottica, as consideration for the contribution of up to 176,276,154 ordinary shares of Luxottica (including 42,000 new shares of Luxottica to be issued in the event of timely exercise of all of the 42,000 outstanding Luxottica stock options), up to 81,316,189 new shares of the Company, each with a par value of €0.18, corresponding to the Exchange Ratio (0.4613 new ordinary share of Essilor for 1 ordinary share of Luxottica contributed). It is specified that the Exchange Ratio, initially set at 0.4610, will be adjusted from 0.4610 to 0.4613 based on Essilor dividend pay-out ratio of 42% and Luxottica pay-out of 50% for financial year 2017, in accordance with the Exchange Ratio adjustment formula provided for in the Combination Agreement and the Contribution Agreement. The maximum number of New Shares Issued as Consideration for the Exchange Offer takes into account the number of existing shares of Luxottica as of the date of this Securities Note (*i.e.*, 485,153,033 shares), plus 42,000 new shares of Luxottica to be issued in the event of timely exercise of all of the 42,000 outstanding Luxottica stock options, minus the 302,846,957 shares of Luxottica that will be acquired by the Company through the Contribution, minus the 6,071,922 treasury shares of Luxottica, which will not be subject to the Exchange Offer. The terms of the Italian Exchange Offer to be initiated by Essilor after, and subject to, the completion of the Contribution will be set forth in an

Italian exchange offer document to be approved by CONSOB and then published and made available to the public on Essilor's (to be renamed "EssilorLuxottica" as from the closing of the Contribution) website (www.essilor.com) and on Luxottica's website (www.luxottica.com/it) (the "**Italian Exchange Offer Document**"). Since it will be a mandatory tender offer pursuant to article 106 of the Italian Consolidated Financial Act, the Italian Exchange Offer launched by the Company will not be subject to any condition.

Indicative timetable of the Transaction

July 23, 2018.....	Publication of Luxottica's 2018 half year results
July 26, 2018.....	Publication of Essilor's 2018 half year results
September 28, 2018.....	*Visa* of the AMF on the Prospectus
September 28, 2018.....	Press release announcing the procedure by which the Prospectus has been made available to the public
October 1, 2018.....	Passporting of the Prospectus to Italy
October 1, 2018.....	Closing of the Contribution
October 1, 2018.....	Publication of a press release announcing the Closing of the Contribution Change of corporate name from "Essilor International (Compagnie Générale d'Optique)" to "EssilorLuxottica" Publication of a press release announcing the subsequent launch of the Italian Exchange Offer and its main terms Subsequent upwards threshold crossing notification by Delfin and, as the case may be, downwards threshold crossing notification by EssilorLuxottica shareholders
October 2, 2018.....	Listing and trading of the New Shares Issued as Consideration for the Contribution on Euronext Paris
October 11, 2018	Filing of the Italian Exchange Offer Document with CONSOB
October 22, 2018	Publication by each of Essilor and Luxottica of their standalone Q3 2018 sales
October 23, 2018.....	*Visa* of the AMF on the supplement to the Prospectus
October 24, 2018.....	Press release announcing the procedure by which the supplement to the Prospectus has been made available to the public
October 24, 2018.....	Passporting of the supplement to the Prospectus to Italy
By October 26, 2018....	Approval of Italian Exchange Offer Document by CONSOB

October 29, 2018.....	Opening of the Exchange Offer period
November 20, 2018.....	Deadline by which EssilorLuxottica, if it has already reached a stake of more than two third of Luxottica's share capital during the Exchange Offer period, may elect to disclose it to the market to avoid the re-opening of the Exchange Offer period, as provided for by article 40-*bis* of CONSOB Regulation n. 11971 of May 14, 1999 (as amended)
November 27, 2018.....	Closing of the Exchange Offer period
November 29, 2018.....	EssilorLuxottica general shareholders' meeting contemplated to be convened by the first Board of Directors of EssilorLuxottica scheduled to take place on the Closing Date of the Contribution
December 4, 2018	Settlement date of the Exchange Offer and, as the case may be, subsequent threshold crossing notifications by EssilorLuxottica shareholders
December 4, 2018	Listing and trading of the New Shares Issued as Consideration for the Exchange Offer on Euronext Paris
December 5, 2018	Beginning of the re-opening of the Exchange Offer period, if applicable
December 11, 2018	End of the re-opening of the Exchange Offer period, if applicable
December 18, 2018	Settlement date of the re-opening of the Exchange Offer period, if applicable
December 19, 2018	Start of the sell-out procedure, if any
January 24, 2019	Closing of the sell-out procedure, if any, including settlement and, as the case may be, subsequent threshold crossing notifications by EssilorLuxottica shareholders
January 28, 2019 - March 4, 2019	Squeeze-out, if any, including settlement

E.4	**Interests that could materially influence the offer of New Shares**	Not applicable.
E.5	**Persons or entities offering to sell the New Shares/ Lock-up agreements**	Pursuant to the terms of the Combination Agreement entered into between Essilor and Delfin on January 15, 2017, Delfin agreed not to file a tender offer for shares of EssilorLuxottica for a period of ten (10) years as from the execution date of the Combination Agreement, provided that no third party (acting alone or in concert) comes to hold, directly or indirectly, more than twenty percent (20%) of the share capital or voting rights of EssilorLuxottica or announces its intention to file a tender offer for all of the shares of EssilorLuxottica (standstill undertaking).

E.6	**Amount and percentage of dilution resulting from the offer of New Shares**	

Impact of the Contribution and the Exchange Offer on the share of consolidated equity, group share, for the holder of one Essilor share prior to the Contribution and the Exchange Offer

The table below shows the impact of the Contribution and Exchange Offer (assuming 100% acceptance rate, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and excluding Luxottica treasury shares) on the share of consolidated equity, group share based on the number of shares and equity (group share) as at June 30, 2018:

In €m	Before Contribution	After Contribution	After Exchange Offer[1]
Equity (group share) (€m)	6,586	19,760	27,428
Number of shares[2]	217,803,809	357,507,110	438,823,299
Equity (group share) per share (€)	30.2	55.3	62.5

(1) Assuming 100% acceptance rate and excluding 6,071,922 Luxottica treasury shares (1.3% of Luxottica total number of shares including treasury shares)

(2) On a non-diluted basis for Essilor excluding treasury shares as of June 30, 2018

Impact of the Contribution and the Exchange Offer (assuming 100% acceptance rate, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and excluding treasury shares) on the interest of a shareholder holding 1% of Essilor's share capital prior to the Contribution and the Exchange Offer:

The table below shows the impact of the Contribution and the Exchange Offer on the ownership based on the number of shares as at June 30, 2018:

	Ownership percentage	
	On a non-diluted basis	On a diluted basis[1]
Before Contribution	1.00%	0.97%
After Contribution	0.61%	0.60%
After Exchange Offer[2]	0.50%	0.49%

(1) Maximum potential impact of all Essilor dilutive instruments as of June

		30, 2018 that include all stock options (389,160) and rights to performance shares (5,278,715) issued by Essilor (2) Assuming 100% acceptance rate and excluding 6,071,922 Luxottica treasury shares
E.7	**Estimated expenses charged to the investors by the Company**	Not applicable.

1 PERSONS RESPONSIBLE FOR THE PROSPECTUS

1.1 ON BEHALF OF ESSILOR

1.1.1 Name and Position of the Persons Responsible for the Prospectus

Mr. Hubert Sagnières

Chairman and Chief Executive Officer of Essilor (expected to be appointed Executive Vice-Chairman of the Board of Directors of EssilorLuxottica).

1.1.2 Certification of the person responsible for the Prospectus

"*I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus, save for the one that relates to Luxottica and Luxottica Group, is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.*

*I obtained a completion letter (*lettre de fin de travaux*) from Essilor's statutory auditors affirming that they have verified the information about Essilor and Essilor Group's financial position and financial statements provided in the Prospectus, and have read all of the information relating to Essilor and Essilor Group contained in the Prospectus. This letter does not include any observations.*"

September 28, 2018,

Mr. Hubert Sagnières, Chairman and Chief Executive Officer of Essilor (expected to be appointed Executive Vice-Chairman of the Board of Directors of EssilorLuxottica)

1.1.3 Person responsible for the financial information

Mrs. Hilary Halper, Chief Financial Officer of Essilor

1.1.4 Persons responsible for the audit of the financial statements

1.1.4.1 Principal statutory auditors

PRICEWATERHOUSECOOPERS AUDIT
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
Represented by Mr. Olivier Lotz and Mr. Cédric le Gal

MAZARS
Exaltis, 61, rue Henri Regnault, 92075 Paris La Défense Cedex, France
Represented by Mr. Daniel Escudeiro Mr. Jean-Luc Barlet

1.1.4.2 Substitute statutory auditors

Mr. Etienne BORIS
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France

Mr. Jean-Louis SIMON
Exaltis, 61, rue Henri Regnault, 92075 Paris La Défense Cedex, France

1.2 ON BEHALF OF LUXOTTICA

1.2.1 Name and Position of the Persons Responsible for the Prospectus

Mr. Leonardo Del Vecchio

Executive Chairman of Luxottica (expected to be appointed Executive Chairman of the Board of Directors of EssilorLuxottica).

1.2.2 Certification of the person responsible for the Prospectus

"*I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus save for the one that relates to Essilor and Essilor Group,is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.*

I obtained a completion letter from Luxottica's independent auditors affirming that they have verified the information about Luxottica and Luxottica Group's financial position and financial statements provided in the Prospectus, and have read all of the information relating to Luxottica and Luxottica Group contained in the Prospectus. This letter does not include any observations."

September 28, 2018,

Mr. Leonardo Del Vecchio, Executive Chairman of Luxottica (expected to be appointed Executive Chairman of the Board of Directors of EssilorLuxottica)

1.2.3 Person responsible for the financial information

Mr. Stefano Grassi, Chief Financial Officer of Luxottica

1.2.4 Persons responsible for the audit of the financial statements

PRICEWATERHOUSECOOPERS S.P.A.
via Monte Rosa 91,
Milan 20149, Italy

2 RISK FACTORS

Investors should carefully review all of the information contained in the Prospectus, including the material risk factors that pertain to the Company, its industry, its shares and the Transaction that are described in this Section 2 of the Securities Note as well as in Chapter 1.7 "Risk Factors" of the 2017 Registration Document, Section 2.2 "Risk factors relating to the Transaction" of the Update to the 2017 Registration Document and Section 3.3.5.2 "Specific risk factors related to the business of the Luxottica Group" of the Update to the 2017 Registration Document.

If one of these risks were to occur it could have a material adverse effect on EssilorLuxottica Group, Essilor Group and/or Luxottica Group's business, results of operations, financial condition and prospects. In this case, the market price of the Company and/or Luxottica's shares may decrease and the investors may lose all or part of their investment. Investors should note that the list of risks appearing on the Prospectus is not exhaustive and that there may be other risks that have not yet been identified by the Company and/or Luxottica as of the date of the Prospectus, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect on the Company and/or Luxottica's business, results of operations, financial condition and prospects or on the price of the shares of the Company and/or Luxottica.

Dilution of the existing shareholders of the Company as a consequence of the issue of the New Shares

The issue of the New Shares implies the issue of up to 221,019,490 shares, which represent up to 49.6% of the share capital and 49.6% of the theoretical voting rights (including treasury shares) of the Company following completion of the contemplated Transaction, on the basis of the registered share capital and the voting rights on June 30, 2018 and on a fully diluted basis. Shareholders will experience dilution of their ownership of the share capital and voting rights of the Company as specified in Section 9.1 of this Securities Note.

The volatility and liquidity of the Company's shares may fluctuate significantly

In recent years, stock markets have experienced significant fluctuations, often bearing no relation to the results of the companies whose shares were traded. Market fluctuations and general economic conditions may increase the volatility of the Company's shares. The market price of the Company's share may fluctuate significantly in response to various factors and events, including the risk factors described in the 2017 Registration Document and the Update to the 2017 Registration Document forming part of the Prospectus, as well as the liquidity of the market for the Company's shares.

The securities that may be exchanged during the Exchange Offer or after its closing may have a negative impact on the stock price of the Company's shares

The sale of a number of the Company's securities on the market, or the impression that such sales may occur, notably from new shareholders that would come to hold a significant number of shares in the context of the Exchange Offer, may have a negative impact on the stock price of the Company's shares. The Company cannot predict the potential impact of sales from those shareholders on the stock price of its shares.

Material risk relating to the Exchange Offer

The results of the Exchange Offer are uncertain and the Company may be required to expend significant amounts of cash to acquire all Luxottica shares.

The decision by shareholders whether to tender their shares in the Exchange Offer is based on a number of different factors, and the Company cannot predict the acceptance rate for the Exchange Offer. Luxottica shareholders may choose not to participate in the Exchange Offer for a variety of

reasons, including because the relative market values of Essilor and Luxottica shares have changed such that the Exchange Ratio is not economically attractive (see Section 2.2 "Risk factors relating to the Transaction" paragraph (a) "The value of Luxottica's and Essilor's shares to be exchanged in the Contribution and the Exchange Offer may fluctuate, so the market value of the consideration to be exchanged may vary" of the Update to the 2017 Registration Document). Under Italian law, if Essilor owns more than 90% (or such higher threshold as may be set by CONSOB) of Luxottica's share capital following the Exchange Offer, a "sell-out" procedure would need to be launched (unless Essilor subsequently restores a sufficient free float). Under such "sell-out" procedure, any remaining outstanding Luxottica shareholders would have the right to sell their shares to Essilor in exchange for Essilor shares at the same Exchange Ratio as the Exchange Offer or, if they so elect, for an equivalent cash consideration (the maximum cash consideration could amount to c. €2.5 billion[3] under the assumptions in the footnote below). If Essilor owns 95% or more of Luxottica's share capital following the Exchange Offer (or, if applicable, the subsequent "sell-out" procedure), (i) as agreed under the Combination Agreement, a "squeeze-out" procedure would be implemented, pursuant to which Essilor could and, in fact, would acquire from all remaining Luxottica shareholders, and (ii) in turn, all remaining Luxottica shareholders would have the right to sell to Essilor, all of their Luxottica shares, in both cases in exchange for the same consideration as the Exchange Offer or, if the shareholders so elect, an equivalent cash consideration instead of the Essilor shares. If the Exchange Offer achieves a sufficient acceptance rate to trigger a "sell-out" and / or "squeeze-out" procedure, the Company may be required to expend significant cash if shareholders elect to take the alternative cash consideration, which could adversely affect its liquidity and financial position. If the Exchange Offer does not achieve a sufficient acceptance rate to reach the thresholds for the "sell-out" and / or "squeeze-out" procedures, the existence of minority Luxottica shareholders could complicate the operations and integration of the Company and may make it more difficult to achieve the objectives of the Combination.

Differences between French corporate law and Italian corporate law and changes to the voting rights of EssilorLuxottica shares adopted in connection with the Transaction

Luxottica shareholders will receive New Shares and will become EssilorLuxottica shareholders. Their rights as shareholders will be governed by provisions of French corporate law applicable to the Company and by the By-laws of the Company. As a result, and as described in Section 4.5 of this Securities Note and in Section 2.4.1.3 of the Update to the 2017 Registration Document, there will be a certain number of differences between the current rights of Luxottica shareholders and the rights they can expect to have as EssilorLuxottica shareholders.

Transactions in the Company's shares other than the subscription for New Shares are subject to the French tax on financial transactions subject to certain exceptions

Company's shares are subject to the French tax on financial transactions ("**French FTT**") provided in Article 235-*ter* ZD of the FTC, which applies, subject to certain conditions and exceptions, to acquisitions for consideration of equity securities or similar securities if such securities are listed on a regulated market and issued by a French company whose registered office is in France and whose market capitalization exceeds €1 billion as of December 1 of the year preceding the taxation year (which was the case for the Company as of December 1, 2017). The French FTT is payable in an amount equal to 0.3% of the consideration paid for the acquisition on the secondary market of Company's securities (subject to certain exceptions). The French FTT will not be applicable to the

[3] Based on the following assumptions: (i) Essilor holds just over 90% of Luxottica's share capital at the start of the "sell-out" procedure, (ii) all remaining outstanding Luxottica shareholders (other than Luxottica itself with respect to the Luxottica treasury shares, which will not be tendered) tender their shares and elect to receive the equivalent cash consideration and (iii) the price of EssilorLuxottica shares to be used for purposes of calculating the equivalent cash consideration under Italian law is €113.08, which would be equal to Essilor's volume-weighted average price between January 16, 2017 (announcement of the transaction) and September 26, 2018.

issuance of New Shares, it being also noted that the shares of Luxottica do not fall within the scope of the French FTT.

The French FTT may increase the transactional costs related to purchases and sales of the Company's shares and may reduce their liquidity on the market. Shareholders should consult their tax advisor as needed to assist them in understanding the potential consequences of the application of the French FTT.

Transactions in the Company's shares may in the future become subject to the European tax on financial transactions, if it is enacted, excluding primary market transactions

Shareholders should also be aware of the fact that on February 14, 2013, the European Commission published its proposal for a Council Directive to implement a joint tax on financial transactions (the "**EU FTT**") to be implemented under an enhanced cooperation procedure between, initially, 11 Member States (Austria, Belgium, Spain, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia and Slovakia) (the "**Participating Member States**"), and which, if enacted and implemented by France, could replace the French FTT. Estonia has officially announced its withdrawal from the negotiations on the EU FTT.

The Commission's proposal has very broad scope and the EU FTT could, if introduced in its current draft form, apply, under certain circumstances, to transactions (including secondary market transactions) involving the Company's shares. It would call for the Participating Member States to impose a tax of generally at least 0.1% on all such transactions, generally determined by reference to the amount of consideration paid. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 should be exempt.

Under the Commission's proposal, the EU FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Company's shares where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The EU FTT proposal is still under discussion and may be subject to modifications before any implementation, the timing of which remains unclear. Other Member States of the European Union may decide to join and/or certain of the Participating Members States (in addition to Estonia which already withdrew) may decide to withdraw.

The mechanism by which the EU FTT would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, these taxes may increase the transactional costs related to purchases and sales of the Company's shares and may reduce their liquidity on the market. Shareholders should consult their tax advisor as needed to better assist them in understanding the potential consequences of the application of the EU FTT.

3 KEY INFORMATION

3.1 WORKING CAPITAL STATEMENT

Essilor certifies that, in its opinion, Essilor Group's net working capital is sufficient to meet Essilor Group's present requirements over a period of 12 months from the date of the Prospectus and that, taking into account the completion of the Contribution and the Exchange Offer, the working capital available to EssilorLuxottica is sufficient to meet its present requirements over a period of 12 months from the date of the Prospectus.

3.2 CAPITALIZATION AND INDEBTEDNESS

In accordance with the recommendations of ESMA (European Securities and Markets Authority) (ESMA/2013/319/paragraph 127), the following table shows the unaudited consolidated indebtedness and equity of Essilor Group as of June 30, 2018, excluding the consolidated net profit and total income / expenses recognized directly in equity for the months of January to June 2018.

In millions of euros (unless otherwise stated)	**As of June 30, 2018** ***(unaudited)***
1. SHAREHOLDER'S EQUITY AND INDEBTEDNESS	
Total current debt	**917**
Guaranteed / Secured	35
Guaranteed	-
Secured	-
Unguaranteed / Unsecured	882
Total non-current debt (excluding current portion of long-term debt)	**1,600**
Guaranteed	-
Secured	-
Unguaranteed / Unsecured	1,600
Total equity	**6,198**
Share capital	39
Treasury shares	-111
Statutory reserves and issuance premium	640
Other reserves	5,630

2. NET FINANCIAL DEBT	
A – Cash	531
B – Cash equivalents	11
C – Marketable securities	-
D – Liquidities (A+B+C)	**542**
E – Current financial receivable	**14**
F – Current portion of bank debt	107
G – Current portion of other non-current debt	193
H – Other current financial debt	617
I – Current financial debt (F+G+H)	**917**
J – Net current financial indebtedness (I-E-D)	**361**
K – Non-current bank loans	1
L – Bonds issued	1,070
M – Other non-current loans	529
N – Non current financial indebtedness (K+L+M)	**1,600**
O – Net financial debt (J+N)	**1,961**

3.3 INTERESTS OF NATURAL AND LEGAL PERSONS PARTICIPATING IN THE OFFER

Not applicable.

3.4 REASONS FOR THE OFFER AND USE OF PROCEEDS

On January 15, 2017, Essilor and Delfin entered into a combination agreement (as subsequently amended, supplemented and/or implemented, including through an implementation letter dated May 25, 2018, effective as from the Closing Date of the Contribution, detailing certain aspects of the implementation of such agreement, the "**Combination Agreement**") setting forth the terms of the Transaction. Delfin is the Luxembourg based holding company of the Del Vecchio family. Delfin was incorporated in Luxembourg in 2006, as a result of the transfer of the corporate seat of the previous Italy based holding Delfin S.r.l.. Delfin main investments are in Luxottica, Foncière des Régions S.A., Assicurazioni Generali S.p.A. and Unicredit S.p.A..

On March 22, 2017, following completion of the information-consultation process of (i) Essilor's Works Council (*comité central d'entreprise*) and European Works Council (*comité d'entreprise*

européen); and (ii) BB GR's Works Council[4], Essilor sent to Delfin an acceptance notice stating its consent to pursue the Transaction contemplated by the Combination Agreement. The contribution agreement setting forth the terms and conditions of the Contribution was entered into between Delfin and Essilor on the same date.

On April 7, 2017, Essilor registered with the AMF the French version of the document E under number E. 17-014 (the "**Document E**"). The Document E was published, distributed and made available to the public one month prior to Essilor's combined general shareholders' meeting called to approved the Transaction. In particular, it was published on Essilor's website[5].

On May 11, 2017, Essilor's combined general shareholders' meeting approved the Transaction, including (i) the approval of the Contribution (subject to the *apport-scission regime*) by Delfin to Essilor and of the delegation of powers conferred to the Company's Board of Directors for the implementation of the Contribution; and (ii) the delegation of authority conferred to the Board of Directors to decide the capital increase of Essilor (to be renamed "EssilorLuxottica" as from the Closing Date of the Contribution) through the issuance of shares without preferential subscription rights, as consideration for the shares tendered to the Exchange Offer initiated by EssilorLuxottica.

On November 1, 2017, Closing Date of the Hive-Down, the contribution of the activities and equity holdings of Essilor to its wholly-owned subsidiary, Essilor International, approved by Essilor shareholders at the combined general shareholders' meeting of May 11, 2017 closed. As from such date, Essilor International carries on the operational activities that were previously performed by Essilor. The Hive-Down was a condition precedent to the Contribution.

Between November 2017 and July 2018, the Transaction has been cleared in five jurisdictions (Canada, the United States of America, Brazil, Europe and China) where antitrust approvals were a condition precedent to the closing of the Transaction.

On October 1, 2018, the Contribution is expected to close and Delfin will contribute to Essilor 302,846,957 ordinary shares of Luxottica with a par value of €0.06 each, representing 62.42% of Luxottica's share capital on the Closing Date of the Contribution in exchange for 139,703,301 New Shares Issued as Consideration for the Contribution with a par value of €0.18 each, corresponding to an exchange ratio of 0.4613 Essilor share for 1 Luxottica share. It is specified that the exchange ratio, initially set at 0.4610, will be adjusted from 0.4610 to 0.4613 (the "**Exchange Ratio**") based on Essilor dividend pay-out ratio of 42% and Luxottica pay-out of 50% for financial year 2017, in accordance with the Exchange Ratio adjustment formula described in Section 5.1.1 "Conditions of the Offer", paragraph "Adjustment mechanism" of this Securities Note.

On the Closing Date of the Contribution, Essilor (to be renamed "EssilorLuxottica" on such date) will become the holding company of Luxottica and Essilor International, holding 100% of Essilor International's share capital and 62.42% of Luxottica's share capital.

Since as a result of its acquisition of 302,846,957 ordinary shares of Luxottica on the Closing Date of the Contribution the Company will come to own more than 25% of Luxottica's share capital, pursuant to article 106, paragraph 1-*bis*, of Italian Legislative Decree no. 58 of February 24, 1998, as amended (the "**Italian Consolidated Financial Act**"), the Company will be obliged to subsequently launch a mandatory tender offer on all outstanding shares of Luxottica that it will not own. As allowed by the provisions of art. 106, paragraphs 2 and 2-*bis*, of the Italian Consolidated Financial Act, such mandatory tender offer to be initiated by the Company will take the form of an exchange offer, in which the Company will offer to the remaining Luxottica shareholders the same kind and amount of consideration per Luxottica share that will be attributed to Delfin in the Contribution, that is a number of newly-issued of Essilor shares calculated according to the same Exchange Ratio (0.4613 Essilor share for 1 Luxottica share). The Exchange Offer will include a private placement that Essilor intends to concurrently carry out in the United States addressed to "qualified institutional buyers", as defined

[4] BB GR is a wholly-owned French subsidiary of Essilor specialised in the manufacturing and distribution of ophthalmic lenses

[5] https://www.essilor.com/en/investors/annual-shareholders-meeting/combined-general-shareholders-meeting-may-11-2017/

in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), in transactions exempt from the registration requirements of the Securities Act.

The share capital increase without preferential subscription rights through the issuance of 139,703,301 New Shares Issued as Consideration for the Contribution aims to remunerate the Luxottica shares contributed by Delfin to Essilor.

The share capital increase without preferential subscription rights through the issuance of up to 81,316,189 New Shares Issued as Consideration for the Exchange Offer aims to remunerate the Luxottica shares tendered to the Italian Exchange Offer, subject to Italian law, together with the concurrent private placement in the United States, to be initiated by Essilor (to be renamed "EssilorLuxottica" as from the closing of the Contribution) for all outstanding shares of Luxottica.

This maximum number of shares for both capital increase without preferential subscription rights is determined using the Exchange Ratio.

The terms and conditions of the offer are specified in Section 5 of this Securities Note.

4 INFORMATION ON THE NEW SHARES

4.1 TYPE, CLASS AND DIVIDEND RIGHTS OF THE NEW SHARES

Admission to listing and trading on Euronext Paris (compartment A) will be sought for 139,703,301 New Shares Issued as Consideration for the Contribution.

Offer, admission to listing and trading on Euronext Paris (compartment A) will be sought for up to 81,316,189 New Shares Issued as Consideration for the Exchange Offer. They will be listed under the same trading line as the existing shares.

All New Shares will be ordinary shares of the same category and same nominal value (€0.18). They shall carry entitlement to dividend rights, namely, (i) for the New Shares Issued as Consideration for the Contribution, the right to receive, as of their issue date, all distributions paid by the Company as of such date; and (ii) for the New Shares Issued as Consideration for the Exchange Offer, the right to receive, as of their issue date, all distributions paid by the Company as from the Closing Date of the Contribution.

The New Shares shall be subject to an application for admission to trading on Euronext Paris (Compartment A - ISIN code FR0000121667 - Ticker Symbol: EI (and, as from the Closing Date of the Contribution, EL) - ICB Classification: 4000, HealthCare / 4500, Health Care / 4530, Health Care Equipment & Services / 4537, Medical Supplies - LEI Code: 549300M3VH1A3ER1TB49).

The New Shares Issued as Consideration for the Contribution are scheduled to be admitted to trading on Euronext Paris as of the day following the Closing Date of the Contribution, that is expected to take place on October 1, 2018.

The New Shares Issued as Consideration for the Exchange Offer will be admitted to trading on Euronext Paris on the settlement date of the Exchange Offer. According to the indicative timetable presented in Section 5.1.3 of this Securities Note, the settlement date of the Exchange Offer is expected to occur around December 4, 2018 (unless the Exchange Offer period is extended).

Luxottica's shareholders who will tender their shares in the Exchange Offer will be able to trade their New Shares on Euronext Paris following the settlement of the Exchange Offer and the listing of the New Shares.

4.2 APPLICABLE LAW AND JURISDICTION

The New Shares shall be governed by French law.

The competent courts, in the event of disputes, will be those where the Company's registered office is located whenever the Company is the defendant. Such courts will be designated according to the nature of the litigation, unless the French Code of Civil Procedure (*Code de Procédure Civile*) provides otherwise.

4.3 FORM AND REGISTRATION OF THE NEW SHARES

With respect to the New Shares Issued as Consideration for the Contribution, Delfin will exchange its Luxottica shares, in their current dematerialized form pursuant to Italian law, against delivery of such New Shares, for which Delfin will ask for registration in administered registered form (*forme nominative administrée*) within five (5) trading days as from the Closing Date of the Contribution.

The New Shares Issued as Consideration for the Exchange Offer will be in registered form or bearer form, at the holders' discretion, unless agreed otherwise with the Company.

In compliance with Article L. 211-3 of the French Monetary and Financial Code (*Code Monétaire et Financier*), they will necessarily be registered in a securities account held, as the case may be, by the Company or an authorised intermediary.

As a result, the rights of holders will be evidenced by a book entry in securities accounts opened in their name on the books of:

- Société Générale Securities Services (32, rue du Champ de Tir, CS 30812, 44308 Nantes CEDEX) appointed by the Company, for shares held in fully registered form administered by the Company (*titres au nominatif pur*);
- an authorised intermediary of their choice and of Société Générale Securities Services (32, rue du Champ de Tir, CS 30812, 44308 Nantes CEDEX) appointed by the Company, for shares held in registered form administered by a financial intermediary (*titres inscrits au nominatif administré*); or
- an authorised intermediary of their choice for shares held in bearer form (*titres au porteur*).

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, shares may be transferred from one account to another, and transfer of ownership of the New Shares will occur upon their registration in the securities account of the purchaser.

Application will be made for the New Shares to be admitted to Euroclear France, which will ensure the clearing of the shares between account holders-custodians.

4.4 CURRENCY OF THE NEW SHARES

The New Shares shall be issued in Euros.

4.5 RIGHTS ATTACHED TO THE NEW SHARES

As from their issuance, the New Shares will be subject to all the provisions of the Company's modified by-laws, as adopted by the Company's combined general shareholders' meeting on May 11, 2017 and effective as from the Closing Date of the Contribution (the "**By-laws**").

Based on applicable French laws and on the provisions of the Company's By-laws, the main rights attached to the New Shares are as follows:

Dividend rights – Right to participate in the Company's profits

The Company's shareholders will be entitled to share in the Company's profits under the conditions set out in Articles L. 232-10 *et seq.* of the French Commercial Code (*Code de commerce*).

The shareholders' general meeting approving the financial statements for the preceding fiscal year may decide to pay a dividend to all shareholders (Article L. 232-12 of the French Commercial Code).

In addition, interim dividends may be paid prior to the approval of the financial statements for the relevant fiscal year (Article L. 232-12 of the French Commercial Code).

The shareholders' general meeting may grant shareholders the option of receiving all or part of their dividends or interim dividends either in cash or in shares issued by the Company (Articles L. 232-18 *et seq.* of the French Commercial Code).

The payment of dividends must take place within nine months of the end of the relevant fiscal year. This deadline may be extended by a court order (Article L. 232-13 of the French Commercial Code).

Any action brought against the Company for the payment of dividends owed with respect to the shares will become time-barred upon the expiry of a period of five years from their due date. Furthermore, dividends will also be forfeited to the benefit of the French State upon the expiry of a period of five years from their due date.

Dividends paid to non-residents are generally subject to withholding taxes in France (see Section 4.11 below).

The Company's dividend policy is described in detail in Section 2.3 of the Update to the 2017 Registration Document.

Voting rights

The voting rights attached to shares are proportional to the percentage of capital that the shares represent. For the same par value, each share gives right to one vote. It being specified that the By-laws of the Company, by express derogation to Article L. 225-123 paragraph 3 of the French Commercial Code, will not allow for double voting rights.

Threshold Crossings

Without prejudice to the duties to notify the Company and the AMF in the event that the ownership thresholds set out by law and the AMF's General Regulation are crossed, any shareholder, whether an individual or a corporate entity, acting alone or in concert, that directly or indirectly acquires 1% of the voting rights (calculated in accordance with by-laws L. 233-7 and L. 233-9 of the French Commercial Code and the AMF's General Regulation) is required to inform the Company within five calendar days by registered letter with acknowledgment of receipt sent to its registered office.

The crossing of any additional threshold of 2% must be brought to the attention of the Company under the same conditions.

This information must also be provided to the Company under the same conditions when the percentage of voting rights held falls below the thresholds mentioned above.

If notifications are not made in accordance with the above conditions, shares exceeding the percentage that should have been notified will be deprived of voting rights under the conditions set forth by law, provided that one or more shareholders holding at least 5% of the share capital request it during a general shareholders' meeting. This request will be recorded in the minutes of the general shareholders' meeting.

Preferential subscription rights attached to shares of the same class

The shares carry a preferential subscription right in case of a capital increase. Shareholders will have, pro rata to their existing interest in the Company's share capital, a preferential right to subscribe in cash for shares issued as part of an immediate or future increase in share capital. During the subscription period, preferential subscription rights may be traded when detached from the underlying shares, which themselves are also tradable. Preferential subscription rights may be transferred on the same basis as the shares themselves. The shareholders may individually waive their preferential subscription rights (Articles L. 225-132 and L. 228-91 to L. 228-93 of the French Commercial Code).

Please refer to Chapter 2, Section 2.2.4 of the 2017 Registration Document for more details on the delegations and authorizations granted by the shareholders' meeting to the Company's Board of Directors with respect to the issuance of new Company's shares.

Right to the surplus in the event of liquidation

Any shareholders' equity remaining after repayment of the nominal value of the shares will be shared between shareholders in the same proportion as their ownership interest in the Company's authorized share capital (Article L. 237-29 of the French Commercial Code).

Buyback and conversion clauses

The Company's By-laws do not provide for any share buyback or conversion clause in respect of ordinary shares.

Identification of the shareholders

In accordance with Article 9 of the Company's By-laws, the Company may, at any time, in accordance with the legislative and regulatory provisions in force, request the organization responsible for the clearing of securities information on the quantity of securities held and the legal name, year of birth or year of incorporation of the holder of securities granting voting rights at the Company's shareholders' meetings, immediately or in the future.

31% voting cap subject to the formula contained in the By-laws and reproduced below

"Subject to the provisions hereinafter, each member of the shareholder meeting has as many votes as he possesses and represents, both personally and as a proxy holder.

However, no shareholder may express, whether personally or through an agent, with respect to the voting rights attached to the shares he directly and indirectly holds, more than 31% of the total number of voting rights of the Company, calculated as indicated above.

When no more than one natural person or corporate entity, acting alone or in concert with several other natural persons or corporate entities, directly or indirectly holds more than ten percent (10%) of the capital or voting rights of the Company on the shareholder record date for the general shareholders' meeting in question or exercises more than ten percent (10%) of the voting rights of the Company for itself or as an agent, the number of voting rights that any shareholder may express, personally or through an agent, with respect to the voting rights attached to the shares or to the divisions of share ownership (for the rights he is authorized to exercise depending on the case) that he holds, directly and indirectly, alone or in concert, cannot exceed the number resulting from the formula below:

$$31^* (N-P-D) / 100$$

where

(N) the total number of voting rights of the Company existing on the shareholder record date for the general shareholders' meeting in question and reported to the shareholders on the date of the general shareholders' meeting,

(P) the total number of voting rights attached to the treasury shares within the limits of a maximum amount of treasury shares corresponding to 1% of the Company's share capital,

(D) the total number of voting rights of the concerned shareholder neutralized by this statutory clause limiting voting rights for the fraction of voting rights attached to the shares that he holds and exceeding 34% of the Company's share capital.

When at least two natural persons or corporate entities, each acting alone or in concert with one or more natural persons or corporate entities, each hold more than ten percent (10%) of the share capital or voting rights of the Company on the shareholder record date for the general shareholders' meeting in question or each exercise more than ten percent (10%) of the voting rights of the Company for themselves or as agents on the shareholder record date for the general shareholders' meeting in question, the above voting right limitation will apply with the exception of elements (P) and (D), which will not be deducted.

For the purposes of this statutory clause limiting voting rights, it is specified that all current or former employees of the Company or of its subsidiaries or interests and/or the assigns of these persons and/or the asset management companies whose entire capital is exclusively held by the latter (the "**Employees and Employee Entities**"), acting alone or in concert with other Employees and Employee Entities or with an entity (including any mutual funds) the entire capital or units of which are held by Employees and Employee Entities (an "**Authorized Entity**") will not be taken into account for the calculation of the number of natural persons or corporate entities holding more than 10% of the capital or voting rights of the Company provided that (i) these Employees and Employee Entities and/or Authorized Entities do not act in concert with any third party other than the Employees and Employee Entities and/or Authorized Entities, (ii) the Employees and Employee Entities and/or Authorized Entities are not represented by a third party not appointed from among the Employees and Employee Entities; it being however specified that this exclusion will only apply insofar as the Employees and Employee Entities and/or any Authorized Entity hold less than 15% of the share capital or voting rights of the Company.

The limitation provided for in the above paragraphs has no effect on the calculation of the total number of voting rights attached to the Company's shares and which must be taken into account for the application of the legal, regulatory or statutory provisions providing for particular obligations by reference to the number of voting rights existing in the Company or the number of shares bearing voting rights.

The limitation provided for in the above paragraphs automatically lapses, without the necessity for a new decision of the extraordinary general shareholders' meeting, whenever a natural person or corporate entity, acting alone or in concert with one or more natural persons or corporate entities, holds at least two thirds of the total number of shares and voting rights of the Company following a takeover bid procedure targeting all the shares of the Company. The Board of Directors notes that the lapse has occurred and carries out the corresponding statutory amendment formalities."

4.6 AUTHORIZATIONS

4.6.1 Extraordinary General Shareholders' Meeting of May 11, 2017

4.6.1.1 New Shares Issued as Consideration for the Contribution

The issuance of New Shares Issued as Consideration for the Contribution was authorized by the 22nd resolution of the extraordinary general shareholder's meeting of the Company of May 11, 2017, as follows[6]:

"***Approval of the contribution (subject to the apport-scission regime) by Delfin to Essilor International (hereinafter the "Company") and of the delegation of powers conferred to the Company's Board of Directors for the implementation of the said contribution***

The General Meeting, having fulfilled the required conditions for quorum and majority requirements for Extraordinary General Meetings in accordance with in particular the provisions of Articles L. 236-1 to L. 236-6 and L. 236-16 to L. 236-21 of the French Commercial Code, applicable by reference of Articles L. 236-6-1 and L. 236-22, and in particular of Articles L. 236-2 and 236-9 (applicable by reference of Article L. 236-16) of the French Commercial Code,

- *subject to the condition precedent of the approval by this General Meeting of Resolutions 20, 21, 23, 24 and 26 to 39, and approval by the Special Meeting of shareholders with double voting rights of the resolution related to the cancellation of double voting rights provided for in Article 24 of the Company's by-laws (in their version prior to the amendments proposed by Resolution 21 to this General Meeting);*
- *After having reviewed:*
  - *the contribution agreement (including its appendices, the "**Contribution Agreement**") prepared by private deed dated March 22, 2017, between the Company and Delfin, pursuant to which it is agreed, subject to the satisfaction or waiver of the conditions precedent specified in Article 9 of the Contribution Agreement, that Delfin shall contribute to the Company, pursuant to the terms and conditions of the said Contribution Agreement, all ordinary shares issued by Luxottica Group S.p.A., an Italian società per azioni (joint stock company) with a share capital of €29,056,414.98 (as of February 28, 2017), whose registered office is located at Piazzale Cadorna 3, 20123, Milan, Italy, registered with the Companies Registry of Milan under no. 00891030272 (hereinafter "**Luxottica**") that it holds, as part of a contribution (subject to the apport-scission regime) pursuant to the provisions of Articles L. 236-6-1 and L. 236-22 of the French Commercial Code and the provisions of Luxembourg law (the "**Contribution**"), and specifically, pursuant to Articles 6 and 7 of the Contribution Agreement, subject to adjustments related to the value of the Contribution and the exchange ratio, referred to in Article 6.3 and 7.3 of the said agreement, that:*
    - *the exchange ratio, for which the calculation conditions are set forth in Appendix 7 of the Contribution Agreement, would be of 0.461 new Essilor share for 1 Luxottica share contributed;*
    - *the number of Company ordinary shares to be issued as consideration for the Contribution would amount to 139,612,447 shares, corresponding to a capital increase of a total par value of €25,130,240.46; and*
    - *the contribution premium, equal to the difference between the value of the Contribution (i.e., €13,173,842,629.5) and the par value of the Company's capital increase (i.e. €25,130,240.46), would amount to €13,148,712,389.04;*

[6] Free translation from French to English for information purposes only.

- *the Board of Directors' report prepared in accordance with the provisions of Articles L. 236-9, paragraph 4, and R. 236-5 of the French Commercial Code, containing as an appendix the document prepared pursuant to Articles L. 412-1 of the French Monetary and Financial Code (Code Monétaire et Financier) and 211-1 and seq. of the AMF General Regulation with a view to the listing on Euronext Paris of the Company's shares to be issued as consideration for the Contribution, registered with the AMF in accordance with Article 212-34 of the AMF general regulation (the "**Board of Directors' Report**");*
- *the reports described in Articles L. 236-10 and L. 225-147 (applicable by reference) of the French Commercial Code, prepared by Mr. Jean-Charles de Lasteyrie (Ricol Lasteyrie Corporate Finance) as independent expert appointed by the President of the Commercial Court of Créteil on February 1, 2017;*
- *favorable opinions from the Company's Central Works Council and European Works Council (Comité Européen de Dialogue et d'Information d'Essilor) dated March 6, 2017 and favorable opinion of the Central Works Council of its subsidiary BB GR dated February 23, 2017;*
- *the Company and Delfin's annual financial statements for the fiscal year ended December 31, 2016, prepared and certified by their respective statutory auditors;*
- *the annual financial statements of the companies as well as their management reports in accordance with the applicable regulation;*

1. *approves the Board of Directors' Report and the Contribution Agreement in all its terms and conditions, and the Contribution agreed upon therein, and specifically:*
    - *the contributed shares shall be valued at their fair value pursuant to the provisions of Regulation No. 2014-03 of June 5, 2014, concerning the accounting standards of the French Accounting Standards Authority (Autorité des Normes Comptables) (as amended by Regulation No. 2016-07 of November 4, 2016 of the French Accounting Standards Authority);*
    - *the fair value of the assets contributed by Delfin to the Company amounts to €13,173,842,629.5, on the basis of a fair value of €43.5 per Luxottica share, this fair value being set contractually by the parties to the contribution on the basis of a multi-criteria method described in Appendix 6 of the Contribution Agreement, and shall be subject to an adjustment if the volume-weighted average closing prices of Luxottica shares within three (3) months preceding the completion date of the Contribution is lower than €43.5 in accordance with Article 6.3 of the Contribution Agreement;*
    - *the absence of joint and several liability between Delfin and the Company pursuant to Article L. 236-21 of the French Commercial Code;*
    - *the fact that the completion of the Contribution shall occur on the date of the last General Meeting mentioned in Article 9.1 of the Contribution Agreement, subject to the satisfaction of all other conditions precedent provided for in Article 9 of the Contribution Agreement (the "**Completion Date**");*
    - *the fact that the effective date of the Contribution from an accounting and tax perspective shall correspond to the Completion Date, in accordance with Article L. 236-4 of the French Commercial Code;*
    - *the conditions of the consideration for the Contribution through the Company's issuance through a capital increase (the "**Capital Increase**") of 139,612,447 new ordinary shares with a par value of €0.18 each (i.e., a total par value of €25,130,240.46), corresponding to an exchange ratio of 0.461 new Essilor share for 1 Luxottica share contributed, for which the calculation conditions are set forth in Appendix 7 of the Contribution Agreement (subject to adjustment of the exchange ratio as described in Article 7.3 of the Contribution Agreement);*

- *the fact that the Company will make no payment for any fractions of shares, as Delfin has indicated that it waives its rights to fractions of shares, nor for any outstanding cash adjustment; and*
- *the fact that, as of the Completion Date, the new shares issued by the Company will be fully paid up and fully fungible with the existing ordinary shares. They will enjoy the same rights and be subject to all of the Company's statutory provisions. The newly issued shares will carry current dividend rights and will entitle the holders to any payment distribution as of their issuance date;*
- *the modifications made to the Company's existing performance shares and stock options plans to reflect the Contribution's impact, referred to in the Board of Directors' Report; and*
- *the fact that, in accordance with Article 7.3 of the Contribution Agreement, the exchange ratio shall be subject to an adjustment in case the Company and/or Luxottica allocate any kind of distribution to their respective shareholders, before the completion date of the contribution, that would exceeds the limits set by Article 7.3 of the Contribution Agreement;*

2. *decide, upon the satisfaction or waiver of the other conditions precedent set forth in Article 9 of the Contribution Agreement and completion of the Contribution as confirmed by Delfin's shareholders' meeting and, as necessary, delegate to the Board of Directors, with the ability to sub-delegate, full powers to implement these decisions:*
   - *to issue for the benefit of Delfin 139,612,447 new shares as consideration for the Contribution, with par value of €0.18, fully paid up and fungible with the existing ordinary shares, entitling their holders to any payment distribution as of their issuance date and subject to all the Company's statutory provisions (on the basis of an exchange ratio of 0.461 new Essilor share for 1 Luxottica share contributed, subject to the adjustment described in Article 7.3 of the Contribution Agreement);*
   - *that the difference between the Contribution value (i.e., €13,173,842,629.5, on the basis of a fair value of €43.5 per Luxottica share, subject to the adjustment described in Article 7.3 of the Contribution Agreement) and the par value of the Company's Capital Increase (i.e., €25,130,240.46, on the basis of an exchange ratio of 0.461 new Essilor share for 1 Luxottica share contributed, subject to the adjustment described in Article 7.3 of the Contribution Agreement), i.e., €13,148,712,389.04, represents the value of the contribution premium to which the rights of former and new shareholders will apply and shall be credited to a "contribution premium" account in the Company's balance sheet;*
   - *to withdraw from the contribution premium amounts to provide the legal reserve with the necessary amounts;*
   - *to allocate to the contribution premium account all expenses and charges of any kind whatsoever, resulting from the completion of the Contribution, it being specified that the balance of the contribution premium may be allocated, in compliance with applicable rules, by a decision of the General Meeting;*
3. *acknowledges, as a consequence of the above and subject to the satisfaction or waiver of the other conditions precedent set forth in Article 9 of the Contribution Agreement and completion of the Contribution as confirmed by the Delfin Shareholders' Meeting, that the completion of the Contribution and the Company's corresponding capital increase of a par value of €25,130,240.46 (on the basis of an exchange ratio of 0.461 new Essilor share for 1 Luxottica share contributed, subject to the adjustment described in Article 7.3 of the Contribution Agreement), and resolves as a consequence to modify Article 6 related to the share capital of the Company's by-laws (in their version derived from the proposed amendment of Resolution 21 of this Meeting). For information purpose, on the basis of the*

share capital as of the date of the Contribution Agreement and on the basis of an exchange ratio of 0.461 Essilor share for 1 Luxottica share contributed (subject to adjustment of the exchange ratio as described in Article 7.3 of the Contribution Agreement), the capital increase shall have the effect of increasing the Company's share capital from 39,331,386.18 euros to 64,461,626.64 euros.

4. *gives full powers to the Company's Board of Directors, with the ability to sub-delegate to implement this resolution, and in particular to:*
   - *acknowledge the satisfaction and/or waiver of the conditions precedent and, as a result, acknowledge the completion of the Contribution;*
   - *acknowledge the final amount of the value of the Contribution and the final exchange ratio having regards to the potential adjustments of the Contribution value and of the exchange ratio in accordance with the provisions of the Contribution Agreement;*
   - *acknowledge the final amount of the capital increase and the contribution premium;*
   - *acknowledge the completion of the capital increase and acknowledge the amendments to the by-laws resulting from the completion of the Contribution;*
   - *execute the statement of legality and compliance provided for by Article L. 236-6 of the French Commercial Code;*
   - *undertake all required formalities with a view to listing the Company's shares on the Euronext Paris market;*
   - *and, more generally, to undertake all confirmations, statements or communications, prepare any reiterative, confirmative, corrective or supplementary instruments, and take any measure, sign any document, instrument or agreement and perform any formality or process useful or necessary for the completion of the Contribution.*"

4.6.1.2 New Shares Issued as Consideration for the Exchange Offer

The issuance of New Shares Issued as Consideration for the Exchange Offer was authorized by the 23rd resolution of the extraordinary general shareholder's meeting of the Company of May 11, 2017, as follows[7]:

"***Delegation of authority to be conferred to the Board of Directors to decide the capital increase of Essilor International through the issuance of shares without preferential subscription rights, as consideration for the shares tendered into the mandatory exchange offer initiated by Essilor International***

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, in accordance with, in particular, the provisions of Articles L. 225-129 and seq. of the French Commercial Code, in particular Articles L. 225-129, L. 225-129-2, L. 225-135 and L. 225-148 of the French Commercial Code as well as the provisions of Article L. 228-92 of the French Commercial Code;

- *subject to the condition precedent of the approval by this General Meeting of Resolutions 20, 21, 22, 24 and 26 to 39, and approval by the Special Meeting of shareholders with double voting rights of the resolution related to the cancellation of double voting rights provided for in Article 24 of the Company's by-laws (in their version prior to the amendments proposed by Resolution 21 to this meeting);*
- *subject to the condition precedent of the final completion of the contribution (subject to the apport-scission regime) of all Luxottica shares held by Delfin to the Company, pursuant to the*

[7] Free translation from French to English for information purposes only.

terms and conditions of the contribution agreement dated March 22, 2017, referred to in Resolution 22 of this General Meeting;

- *after having reviewed the Board of Directors' Report and the special report of the statutory auditors:*

1. *delegates to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law and in particular Article L. 225-129-4 of the French Commercial Code, the authority to decide to increase the share capital through the issuance of ordinary shares in the Company, in the proportions and at the times it deems appropriate, on one or several occasions, in France and/or abroad, without preferential subscription rights, as consideration for the shares compliant with the conditions set by Article L. 225-148 of the French Commercial Code, tendered into the exchange offer to be initiated pursuant to Italian law and, if applicable, to US law, by the Company to acquire Luxottica Group S.p.A., an Italian società per azioni (joint stock company) with a share capital of €29,056,414.98 (as of February 28, 2017), whose registered office is located at Piazzale Cadorna 3, 20123, Milan, Italy, registered with the Companies Registry of Milan under no. 00891030272 (hereinafter "**Luxottica**"), a company listed on the Borsa Italiana and the New York Stock Exchange, with the Company reserving the right, if the conditions required by Italian law are satisfied, to initiate a sell-out procedure for the shares issued by Luxottica followed by a delisting and/or, if the conditions required by Italian law are satisfied, to implement a squeeze-out procedure (together, the "**Public Offer**") following completion of the Contribution, pursuant to the terms and conditions of the Contribution Agreement dated March 22, 2017, as provided for in Resolution 22 of this General Meeting ;*

2. *resolves to set the caps on the total capital increase authorized, in the event that the Board of Directors uses this delegation of authority, as follows:*
   - *the total maximum par value of the capital increases that can be executed under this delegation of authority is set at 20 million euros, it being specified that this amount is not applicable to any other global cap related to capital increases, given that this resolution is of a specific nature;*
   - *to this cap shall be added, if applicable, the par value of shares to be issued in order to preserve the rights of holders of securities giving access to the share capital or other equity rights giving access to the share capital of the Company, pursuant to the applicable legal and regulatory provisions and, as applicable, the contractual terms and conditions providing for other cases of adjustment;*

3. *resolves to cancel the preferential subscription rights of shareholders for the shares covered by this resolution;*

4. *notes and decides, as necessary, that this delegation includes, for the benefit of the holders of issued shares, that the shareholders waive their preferential subscription rights for the shares for which the issued shares will give right;*

5. *resolves that the Board of Directors shall have all powers, with the ability to sub-delegate, under the conditions set forth by law and in particular Article L. 225-129-4 of the French Commercial Code, to implement this delegation of authority and specifically to:*
   - *set the exchange ratio, as well as the amount of the cash balance to be paid, if applicable;*
   - *set the dates and conditions for the issuance, nature, dividend-bearing date and other features of the new shares to be created;*
   - *set the conditions of issuance, subscription and paying-up;*
   - *set the amounts to be issued within the limit set here-above;*
   - *acknowledge the number of shares contributed;*

- *provide for the ability to potentially suspend exercise of the rights attached to the shares issued in accordance with the legal and regulatory provisions;*
- *identify and undertake any adjustments intended to reflect the impact of the exchange offer on the company's share capital or equity, and to set any other conditions to ensure the preservation of the rights of holders of instruments giving access to the share capital or other rights giving access to the share capital (including by means of cash adjustments), in accordance with the applicable legal and regulatory provisions and, as applicable, the contractual terms and conditions providing for other cases of adjustment;*
- *at its sole initiative, impute the expenses of the capital increases to their corresponding premiums and withdraw from this amount the sums needed to fund the legal reserves;*
- *acknowledge the completion of each capital increase and the corresponding amendments of the by-laws;*
- *in general, enter into any useful arrangement or agreement to successfully complete the planned issuance, request any authorizations, take any measures and fulfill any legal requirements useful for the issuance of shares, the listing of shares for trading on Euronext Paris and/or other regulated markets on which the shares might be listed, and for the financial service in charge of the securities issued under this delegation, as well as the exercise of the rights corresponding thereto.*

6. *sets the duration of the validity of the delegation of authority that is the subject of this resolution at twenty-six (26) months, as of the date of this General Meeting, in accordance with Articles L. 225-129 and L. 225-129-2 of the French Commercial Code.*"

4.6.2 Board of Directors Meetings

4.6.2.1 New Shares Issued as Consideration for the Contribution

The Board of Directors of the Company scheduled to take place on or prior to the Closing Date of the Contribution is expected to use the delegation of authority mentioned in Section 4.6.1.1 of this Securities Note to proceed with a share capital increase without preferential subscription rights of a par value amount of €25,146,594.18 as consideration for the 302,846,957 Luxottica shares contributed by Delfin to Essilor.

4.6.2.2 New Shares Issued as Consideration for the Exchange Offer

The Board of Directors of the Company scheduled to take place on the Closing Date of the Contribution is expected to use the delegation of authority mentioned in Section 4.6.1.2 of this Securities Note to proceed with a share capital increase without preferential subscription rights of an aggregate maximum amount of €20 million as consideration for the Luxottica shares tendered into the Exchange Offer.

4.7 EXPECTED ISSUE DATE AND LISTING DATE

4.7.1 New Shares Issued as Consideration for the Contribution

In accordance with Article L. 228-10 of the French Commercial Code, the New Shares Issued as Consideration for the Contribution will be admitted for trading as of the day following the Closing Date of the Contribution, that is expected to take place on October 1, 2018, according to the indicative timetable presented in Section 5.1.3 of this Securities Notes.

Accordingly, before the Completion Date, the New Shares Issued as Consideration for the Contribution shall be subject to an application for admission to trading on Euronext Paris (Compartment A), under the same trading line as the existing shares of the Company (ISIN code FR0000121667).

4.7.2 New Shares Issued as Consideration for the Exchange Offer

In accordance with Article L. 228-10 of the French Commercial Code, the New Shares Issued as Consideration for the Exchange Offer will be admitted for trading on the settlement date of the Exchange Offer. According to the indicative timetable presented in Section 5.1.3 of this Securities Note, the settlement date of the Exchange Offer is expected to occur around December 4, 2018 (unless the Exchange Offer period is extended).

Accordingly, prior to the settlement date of the Exchange Offer, the New Shares Issued as Consideration for the Exchange Offer shall be subject to an application for admission to trading on Euronext Paris (Compartment A), under the same trading line as the existing shares of the Company (ISIN code FR0000121667).

4.8 RESTRICTIONS ON THE FREE TRANSFERABILITY OF THE NEW SHARES

No provision of the By-laws restricts the transferability of the New Shares.

Pursuant to the terms of the Combination Agreement entered into between Essilor and Delfin on January 15, 2017, Delfin agreed not to file a tender offer for shares of EssilorLuxottica for a period of ten (10) years as from the execution date of the Combination Agreement, provided that no third party (acting alone or in concert) comes to hold, directly or indirectly, more than twenty percent (20%) of the share capital or voting rights of EssilorLuxottica or announces its intention to file a tender offer for all of the shares of EssilorLuxottica (standstill undertaking).

4.9 FRENCH REGULATIONS RELATING TO PUBLIC OFFER

The Company is subject to the legislative and regulatory provisions in force in France with regard to mandatory takeover bids, buy-out offers and squeeze-outs.

4.9.1 Mandatory public offer (*offre publique obligatoire*)

Article L. 433-3 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 234-1 *et seq.* of the AMF's General Regulation set forth the conditions applicable to a mandatory public tender offer which must be made, on terms such that it can be approved by the AMF, for all the equity securities and securities conferring access to share capital or voting rights of a company whose shares are admitted to trading on a regulated market.

4.9.2 Buy-out offers and squeeze-outs (*offre publique de retrait et retrait obligatoire*)

Article L. 433-4 of the French Monetary and Financial Code and Articles 236-1 *et seq.* (buyout offers), 237-1 *et seq.* (squeeze-outs) and 237-14 *et seq.* (squeeze-out following any public tender offer) of the AMF's General Regulation set forth the conditions under which a buyout offer and a squeeze-out of minority shareholders must be implemented in relation to a company whose shares are listed for trading on a regulated market.

4.10 TAKEOVER BID FOR THE COMPANY INITIATED BY THIRD PARTIES DURING THE PRIOR OR CURRENT FINANCIAL YEAR

As of the date of the Prospectus, no public takeover bid was initiated by any third party in respect of the Company's share capital during the current or previous fiscal year.

4.11 WITHHOLDING TAXES APPLICABLE TO THE NEW SHARES

The statements relating to French tax laws set forth below, based on the tax laws and regulations of France as currently in force as of the date hereof, generally summarizes certain French levy and

withholding tax consequences for shareholders with respect to dividends distributions paid with respect to the New Shares.

The attention of the shareholders is drawn to the fact that the statements below are merely a summary, given as general information, of the levy and withholding tax consequences that may apply with respect to dividends distributions paid with respect to the New Shares under the laws and regulations currently in force. The rules described below may be affected by any legislative and regulatory changes which may have retroactive effect or may apply to the current fiscal year.

The following general summary does not purport to be a comprehensive description of all the tax considerations that may be relevant for Delfin who contributes its Luxottica shares through the Contribution or for shareholders participating in the Exchange Offer. In particular, this summary does not aim at describing the tax consequences for Luxottica shareholders related to the exchange of their Luxottica's shares in consideration of Company's shares through the Contribution or the Exchange Offer, nor the tax consequences that may result from the ownership or the disposal of the New Shares. Such shareholders should consult their own tax advisors in determining the tax consequences of contributing their Luxottica shares through the Contribution or participating in the Exchange Offer, as well as of the tax consequences that may result from the ownership or the disposal of the New Shares. Shareholders participating in the Exchange Offer are also invited to refer to the tax consequences of the Exchange Offer (as described in the relevant Section of the Italian Exchange Offer Document).

In addition, non-residents of France for tax purposes will have to comply with applicable tax laws of their state of residence and, as the case may be, the applicable tax treaty entered into between France and such state.

It is specified that in no circumstances will the deductions or withholding taxes described in the below developments be borne by the Company.

4.11.1 French tax residents shareholders

4.11.1.1 Individual shareholders acting within the framework of the management of their personal assets (x) other than shareholders holding their shares through a share savings plan (PEA), (y) who do not own the shares as business assets and (z) who do not conduct stock market transactions under conditions similar to those which define an activity carried out by a person conducting such operations on a professional basis.

(i) 12.8% non-discharging levy

Under Article 117 *quater* of the French Tax Code (*Code général des impôts* or the "**FTC**"), subject to certain exceptions mentioned below, dividends paid to individuals who are French tax residents are subject to a 12.8% non-discharging levy on the gross amount of the dividends received by the taxpayer. This 12.8% non-discharging levy is paid by withholding at source by the paying agent where the paying agent is established in France. In the case where the paying agent is established outside France, the dividends are reported and the levy is paid within the first fifteen days of the month following the payment of the dividends, either by the taxpayer himself or by withholding at source by the paying agent where the paying agent is established in an EU Member State or in another member state of the European Economic Area that has signed a tax agreement with France that contains an administrative assistance clause with a view to combating tax fraud or tax evasion and provided that the taxpayer instructs the paying agent in this respect.

However, in situations where the paying agent is established in France, individuals belonging to a tax household whose taxable income for the year before last, as defined in 1° of IV of Article 1417 of the FTC, is less than €50,000 for taxpayers who are single, divorced or widowed, or €75,000 for couples filing jointly, may request an exemption from this non-discharging levy under the terms and conditions of Article 242 *quater* of the FTC, i.e. by providing to the paying agent, no later than November 30 of the year preceding the year of the payment of the dividends, a sworn statement that

the reference fiscal income shown on the taxation notice (*avis d'imposition*) issued in respect of the second year preceding the year of payment was below the above-mentioned taxable income thresholds. Taxpayers who acquire shares after the deadline for providing the aforementioned exemption request can provide such exemption request to the paying agent upon acquisition of such shares pursuant to and in accordance with paragraph no 320 of the administrative guidelines BOI-RPPM-RCM-30-20-10-20160711.

When the paying agent is established outside France, only individuals belonging to a tax household whose taxable income of the year before last, as defined in 1° of IV of Article 1417 of the FTC, is equal or superior to the amounts mentioned in the previous paragraph are subject to this 12.8% non-discharging levy.

This 12.8% non-discharging levy does not discharge the taxpayer from the payment of personal income tax on such amounts nor from the payment of the exceptional contribution on high income earners, where applicable. It however constitutes an advance payment on account of the taxpayer's final income tax and is creditable against the final personal income tax due by the taxpayer with respect to the year during which it is withheld, the surplus, if any, being refunded to the taxpayer. However, unless the taxpayer opts out from the 12.8% flat personal income taxation applicable to investment income (*revenus de capitaux mobiliers*) other than certain exempt income and capital gains to be subject to personal income tax based on progressive rate, the rate of the 12.8% non-discharging levy will correspond to the rate of the flat personal income taxation. The election for the progressive income tax rate scale applies on a yearly basis to all their investment income (*revenus de capitaux mobiliers*) and capital gains which fall in the scope of the flat personal income taxation and earned during the given year.

Furthermore regardless of the residence or the status of the beneficiary, dividends paid outside of France in a "non-cooperative State or territory" (*Etat ou territoire non-coopératif*) ("**NCSTs**") as defined in Article 238-0 A of the FTC are subject to a French withholding tax at a rate of 75%, except if the Company proves that such dividend distributions have neither as their object nor as their effect to allow, with a tax fraud purpose, their location in such State or territory. The list of the NCSTs is published by ministerial decree and may be updated at any time and at least once a year. A draft law was published by the French government on March 28, 2018. In its current form as adopted on September 26th, 2018 by the National Assembly in the framework of its first reading review, such draft law would (i) remove the specific exclusion of the European Member States, (ii) expand such list to the states and jurisdictions included on the blacklist published by the Council of the European Union and (iii) therefore expand the scope of the provisions of the FTC referring to Article 238-0 A of the FTC as amended.

(ii) Social levies

Whether or not the 12.8% non-discharging levy described above is applicable and whether or not the, the taxpayer opts out from the 12.8% flat personal income taxation, the gross amount of the dividends paid by the Company is also subject to social levies at an overall rate of 17.2%, which is made up of:

- the *contribution sociale généralisée* (the "**CSG**") at a rate of 9.9%;
- the *contribution pour le remboursement de la dette sociale* (the "**CRDS**") at a rate of 0.5%;
- the *prélèvement social* at a rate of 4.5%;
- the *contribution additionnelle au prélèvement social* at a rate of 0.3%; and
- the *prélèvement de solidarité*, at a rate of 2%.

Where dividends are subject to the 12.8% flat personal income taxation, none of the abovementioned social levies are deductible from the taxable income. In the case where the taxpayer files an election for the taxation based on the progressive income tax rate scale, apart from the CSG, which would be deductible to the extent of 6.8% from the taxable income of the year during which it is paid, such social levies would not be deductible from the taxable income.

Social levies are levied in the same manner as the 12.8% non-discharging levy described above where such 12.8% non-discharging levy is applicable. Shareholders should consult their own tax adviser on the way the 17.2% social levies are collected in the case the 12.8% non-discharging levy is not applicable.

(iii) General provisions

Relevant shareholders are advised to consult their usual tax advisor to determine the appropriate methods of reporting the dividends and paying the 12.8% non-discharging levy and the applicable social levies, as well as, more generally, the tax regime that will apply to their own situation (including the personal income tax consequences of receiving dividends, whether or not to opt out from the 12.8% flat personal income taxation and the applicable tax regime in the event where the taxpayer would decide to opt out).

4.11.1.2 Legal entities subject to corporate income tax under (standard conditions)

Dividends paid with respect to the New Shares to shareholders which are legal entities subject to corporate income tax in France are, in principle, not subject to withholding taxes in France.

However, dividends paid outside of France in a NCST as defined above are subject to a French withholding tax at a rate of 75%, except if the Company proves that such dividends distributions have neither as their object nor as their effect to allow, for tax fraud purpose, their location in such State or territory. The list of the NCSTs is published by ministerial decree and may be updated at any time and at least once a year. A draft law was published by the French government on March 28, 2018. In its current form as adopted on September 26th, 2018 by the National Assembly in the framework of its first reading review, such draft law would (i) remove the specific exclusion of the European Member States, (ii) expand such list to the states and jurisdictions included on the blacklist published by the Council of the European Union and (iii) therefore expand the scope of the provisions of the FTC referring to Article 238-0 A of the FTC as amended.

Shareholders which are legal entities should consult their own tax advisors to determine the tax treatment applicable to their own situation.

4.11.1.3 Shareholders subject to a different tax regime

Shareholders subject to a tax regime other than those mentioned above and who participate in the Exchange Offer, in particular, taxpayers holding their securities through a share savings plan (*plan d'épargne en actions – PEA)* or entering into securities transactions beyond simple portfolio management and who have booked their shares as assets on their commercial balance sheet are urged to consult with their usual tax advisor about the specific tax regime applicable to their situation.

4.11.2 Non-French tax residents shareholders

Pursuant to the tax laws and regulations of France currently in force as of the date hereof and subject to provisions of any applicable tax treaties, the following generally summarizes certain French withholding tax consequences with respect to dividends distributions paid with respect to the New Shares that may apply to shareholders (i) who are not domiciled in France within the meaning of Article 4 B of the FTC or whose registered seat is located outside France and (iii) who do not hold their New Shares through a permanent establishment or a fixed base situated therein and subject to taxation in France.

The dividends distributed by the Company are in principle subject to a withholding tax, withheld by the paying agent of those dividends, where the tax residence or registered seat of the effective beneficiary is located outside France.

Subject to what is stated below and more favorable provisions of international tax treaties, the withholding tax rate is set at a rate of (i) 12.8% if the beneficiary is an individual; (ii) 15% if the beneficiary is a non-profit organization having its registered office in a European Union Member State

or in another Member State of the European Economic Area having entered with France into a tax treaty providing for administrative assistance against tax fraud and evasion, to the extent that such organization would be taxed according to the special treatment referred to in paragraph 5 of Article 206 of the FTC if it had its registered office in France and as construed by the *Bulletin officiel des finances publiques-impôts*, BOI-IS-CHAMP-10-50-10-40-20130325, n° 580 *et seq*., and relevant case law; and (iii) 30% in all other cases, to be reduced and aligned on the standard corporate income tax rate set forth in the second paragraph of Article 219-I of the FTC which is set at a rate of (x) 28% for fiscal years opened on or after January 1st, 2020, (y) 26,5% for fiscal years opened on or after January 1st, 2021 and (z) 25% for fiscal years opened on or after January 1st, 2022.

Furthermore, subject to the provisions of international tax treaties, regardless of the place of residence, the registered office, or the status of the beneficiary, dividends paid outside of France in a NCST as defined above are subject to French withholding tax at a rate of 75%, except if the Company proves that such dividends distributions have neither as their object nor as their effect to allow, with a tax fraud purpose, their location in such State or territory. The list of the NCSTs is published by ministerial decree and may be updated at any time and at least once a year. A draft law was published by the French government on March 28, 2018. In its current form as adopted on September 26th, 2018 by the National Assembly in the framework of its first reading review, such draft law would (i) remove the specific exclusion of the European Member States, (ii) expand such list to the states and jurisdictions included on the blacklist published by the Council of the European Union and (iii) therefore expand the scope of the provisions of the FTC referring to Article 238-0 A of the FTC as amended.

Shareholders that are legal persons may benefit from a reduction or an exemption of withholding tax (i) under Article 119 *ter* of the FTC which applies under certain conditions to persons having their effective place of management in a Member State of the European Union or in another Member State of the European Economic Area Agreement that has concluded with France a tax treaty providing for administrative assistance against tax fraud and evasion, if they hold at least 10% of the company distributing the dividends during two years and otherwise meet all the conditions of such Article as construed by the guidelines issued by the French tax authorities (BOI-RPPM-RCM-30-30-20-10-20160607), it being however specified that (x) the ownership threshold is reduced to 5% of the capital of the French distributing company where the legal person being the beneficial owner of the dividends meets the conditions to benefit from the French participation exemption regime set forth in Article 145 of the FTC and has no possibility to offset the French withholding tax in its State of residence, and (y) the ownership thresholds are assessed taking into account shares held both in full or bare ownership, or (ii) under Article 119 *quinquies* of the FTC which applies to legal entities having their effective place of management in a Member State of the European Union or in another State or territory that has concluded with France a tax treaty providing for administrative assistance against tax fraud and evasion, provided that they are subject to a judicial liquidation procedure that is comparable to that mentioned in Article L. 640-1 of the French Commercial Code, (or where there is no such procedure available, in a situation of cessation of payments with recovery being manifestly impossible) and otherwise meet all the conditions of Article 119 *quinquies* of the FTC as construed by the guidelines issued by the French tax authorities (BOI-RPPM-RCM-30-30-20-80-20160406) or (iii) pursuant to the provisions of the applicable tax treaties.

The shareholders concerned should consult their tax advisors to determine whether and under which conditions they may qualify for one of these exemptions.

Moreover, dividend income distributed to collective investment undertakings incorporated under foreign law which (i) are located in a Member State of the European Union or in another State that has concluded with France a tax treaty providing for administrative assistance against tax fraud and evasion which meets the conditions specified in Article 119-*bis* 2 of the FTC, (ii) raise capital from a certain number of investors with the purpose of investing it in a fiduciary capacity on behalf of such investors, pursuant to a defined investment policy and (iii) have characteristics similar to those required of collective undertakings fulfilling the conditions set forth in Article 119 *bis* 2, 2 of the FTC and the guidelines issued by the French tax authorities (BOI-RPPM-RCM-30-30-20-70-20170607), also benefit from a withholding tax exemption.

Shareholders are urged to consult their usual tax advisors to determine whether they are likely to fall within the scope of the legislation relating to NCSTs, or to qualify for a reduction to or exemption from the withholding tax by virtue of the provisions of international tax treaties, and to determine the practical formalities to be complied with to benefit from these conventions, including those provided for by BOI-INT-DG-20-20-20-20-20120912 relating to the so-called “standard” or “simplified” procedure for the reduction of or exemption from the withholding tax.

In addition, non-residents of France for tax purposes will have to comply with applicable tax laws of their state of residence and, as the case may be, the applicable tax treaty entered into between France and such state.

5 TERMS AND CONDITIONS OF THE OFFER

5.1 CONDITIONS, OFFER STATISTICS, INDICATIVE TIMETABLE AND APPLICATION PROCEDURE FOR THE OFFER

5.1.1 Conditions of the Offer

Terms and conditions of the New Shares Issued as Consideration for the Contribution

In consideration for the Contribution, Essilor will issue 139,703,301 new ordinary shares to Delfin, each with a par value of €0.18, corresponding to the Exchange Ratio (0.4613 new ordinary share of Essilor for 1 ordinary share of Luxottica contributed). It is specified that the Exchange Ratio, initially set at 0.4610, will be adjusted from 0.4610 to 0.4613 based on Essilor dividend pay-out ratio of 42% and Luxottica pay-out of 50% for financial year 2017, in accordance with the Exchange Ratio adjustment formula described in this Section 5.1.1 "Conditions of the Offer", paragraph "Adjustment mechanism" of this Securities Note.

As a result of the Contribution, the total par value of Essilor's share capital increase will be €25,146,594.18. Essilor's registered share capital will therefore be increased from €39,444,759.36 to €64,591,353.54, divided into 358,840,853 ordinary shares, each with a par value of €0.18.

The difference between the value of the Contribution (i.e., €13,173,842,629.50) and the par value of the capital increase (i.e., €25,146,594.18) will represent a contribution premium of €13,148,696,035.32 based on a value per Luxottica share of €43.5 (subject to the possible adjustment described in this Section "Adjustment mechanism"). This premium will be credited to additional paid-in capital in Essilor's (and, following the contemplated Contribution, EssilorLuxottica's) statement of financial position (*compte "prime d'apport"*), to which all new and existing shareholders of Essilor (and, following the contemplated Contribution, EssilorLuxottica) will have rights.

For the purpose of registering the Luxottica shares in the statutory accounts of Essilor, in line with a conservative approach and taking into account the fact that the Contribution will be effective only upon the Closing Date of the Contribution, it is reminded that the Contribution Agreement provides that the Luxottica share value will be equal to the lower of (i) the value contractually agreed between the parties equal to €43.5 and (ii) the volume-weighted average closing prices of Luxottica shares over the 3-month period prior to the Closing Date of the Contribution. The contribution premium of the share capital increase of Essilor will be adjusted accordingly.

Terms and conditions of the offer of New Shares Issued as Consideration for the Exchange Offer

In the context of the Exchange Offer, the Company will offer to the shareholders of Luxottica, as consideration for the contribution of up to 176,276,154 ordinary shares of Luxottica (including 42,000 new shares of Luxottica to be issued in the event of timely exercise of all of the 42,000 outstanding Luxottica stock options), up to 81,316,189 new shares of the Company, each with a par value of €0.18, corresponding to the Exchange Ratio (0.4613 new ordinary share of the Company for 1 ordinary share of Luxottica contributed). It is specified that the Exchange Ratio, initially set at 0.4610, will be adjusted from 0.4610 to 0.4613 based on Essilor dividend pay-out ratio of 42% and Luxottica pay-out of 50% for financial year 2017, in accordance with the Exchange Ratio adjustment formula described in this Section 5.1.1 "Conditions of the Offer", paragraph "Adjustment mechanism" of this Securities Note.

The maximum number of New Shares Issued as Consideration for the Exchange Offer takes into account the number of existing shares of Luxottica as of the date of this Securities Note (*i.e.*, 485,153,033 shares), plus 42,000 new shares of Luxottica to be issued in the event of timely exercise of all of the 42,000 outstanding Luxottica stock options, minus the 302,846,957 shares of Luxottica

that will be acquired by the Company through the Contribution, minus the 6,071,922 treasury shares of Luxottica, which will not be subject to the Exchange Offer.

The terms of the Italian Exchange Offer to be initiated by the Company after, and subject to, the completion of the Contribution will be set forth in an Italian exchange offer document to be approved by CONSOB and then published and made available to the public on Essilor's (to be renamed "EssilorLuxottica" as from the closing of the Contribution) website (www.essilor.com) and on Luxottica's website (www.luxottica.com/it) (the "**Italian Exchange Offer Document**"). Since it will be a mandatory tender offer pursuant to article 106 of the Italian Consolidated Financial Act, the Italian Exchange Offer launched by the Company will not be subject to any condition.

Adjustment mechanism

Pursuant to the Combination Agreement and the Contribution Agreement, if the shareholders or the Board of Directors of either Luxottica or Essilor decide to pay any dividend, interim dividend or other kind of distribution to Luxottica or Essilor shareholders, as applicable, before the Closing Date of the Contribution or before the settlement of the Exchange Offer, in any form, except for annual dividends paid in cash (i) for Essilor, in an amount up to 40% of Essilor's reported net income for the relevant fiscal year (to which the applicable French distribution tax shall be added) and (ii) for Luxottica, in an amount up to 50% of Luxottica's adjusted net income as per its annual report for the relevant fiscal year, the Exchange Ratio shall be adjusted to provide the holders of Luxottica or Essilor shares, as applicable, with the same economic effect as contemplated by the Combination Agreement prior to such event, by amending the Exchange Ratio (*ER*) as follows:

ERn = [(ERn-1 x SPEssilor) – (DivLuxottica+TaxDivLuxottica)] / (SPEssilor – (DivEssilor+TaxDivEssilor))

Where:

i. "ERn-1" shall be (a) the Exchange Ratio, when applying the formula to the first dividend payment, and (b) the ERn resulting from the application of the formula to the previous dividend payment, when applying the formula to further dividend payments;

ii. "SPEssilor" shall be the market price of an Essilor share (in €), which is equal to the volume weighted average share price over a three-trading-day period before the day immediately preceding the day on which the first Luxottica or Essilor dividend is announced;

iii. "DivLuxottica" shall mean the actual per share amount (in €) of the distribution announced by Luxottica (exceeding, solely in the case of the annual dividend, 50% pay-out calculated on the adjusted net income as per Luxottica's annual report for the relevant financial year);

iv. "TaxDivLuxottica" shall mean the amount of taxes to be incurred by Luxottica in connection with the distribution divided by the total number of Luxottica shares outstanding as at the date of such distribution;

v. "DivEssilor" shall mean the actual per share amount (in €) of the distribution announced by Essilor (exceeding, solely in the case of the annual dividend, 40% pay-out calculated on the reported net income as per Essilor's annual report for the relevant financial year); and

vi. "TaxDivEssilor" shall mean the amount of taxes to be incurred by Essilor in connection with the distribution divided by the total number of Essilor shares outstanding as at the date of such distribution.

Notwithstanding the foregoing, if, between the date of the Combination Agreement and the date on which any Luxottica share is exchanged for Essilor shares pursuant to the Contribution or the Exchange Offer, the number or class of outstanding Luxottica or Essilor shares have been changed into a different number of shares or a different class by reason of any stock dividend, subdivision, reclassification, split, reverse split, combination or exchange of shares, then the consideration for the Contribution and/or the Exchange Offer and/or the Exchange Ratio shall be appropriately adjusted to provide the holder of such Luxottica share with the same economic effect as contemplated by the Combination Agreement prior to such event.

It is specified that the Exchange Ratio, initially set at 0.4610, will be adjusted from 0.4610 to 0.4613 based on Essilor dividend pay-out ratio of 42% and Luxottica pay-out of 50% for financial year 2017, in accordance with the Exchange Ratio adjustment formula described above.

Possible subsequent "sell-out" and/or "squeeze-out" procedures

Pursuant to article 108, paragraph 2, of the Italian Consolidated Financial Act, if, as a result of the Exchange Offer (or otherwise), the Company comes to hold more than 90% (or such higher threshold as may be set by CONSOB pursuant to article 112 of the Italian Consolidated Financial Act), but less than 95%, of Luxottica's share capital, a "sell-out" procedure would need to be launched, unless Essilor subsequently restores a sufficient free float. As agreed under the Combination Agreement, Essilor does not intend to restore a sufficient free float. Under such "sell-out" procedure, any remaining outstanding Luxottica shareholders would have the right to sell their shares to EssilorLuxottica in exchange for EssilorLuxottica shares at the same Exchange Ratio as the Exchange Offer or, if they so elect, for an equivalent cash consideration calculated according to the provisions of CONSOB Regulation n. 11971 of May 14, 1999 (as amended).

Pursuant to article 108, paragraph 1, of the Italian Consolidated Financial Act, if EssilorLuxottica comes to hold 95% or more of Luxottica's share capital following the Exchange Offer (or, if applicable, the subsequent "sell-out" procedure), (i) as agreed under the Combination Agreement, a "squeeze-out" procedure would be implemented, pursuant to which EssilorLuxottica could and, in fact, would acquire from all remaining Luxottica shareholders, and (ii) in turn, all remaining Luxottica shareholders would have the right to sell to EssilorLuxottica, all of their Luxottica shares, in both cases in exchange for the same consideration as the Exchange Offer or, if the shareholders so elect, an equivalent cash consideration (calculated in accordance with the provisions of CONSOB Regulation n. 11971 of May 14, 1999 (as amended)) instead of the EssilorLuxottica shares.

Following the conclusion of the above-mentioned sell-out and/or squeeze-out procedure, if any, the Luxottica shares would be delisted from the MTA (*Mercato Telematico Azionario*) managed by Borsa Italiana S.p.A..

5.1.2 Amount of the Offer

As of June 30, 2018, the Company's registered share capital amounts to €39,444,759.36 divided into 219,137,552 ordinary shares fully paid up and with a par value of €0.18 each.

In connection with the closing of the Contribution, taking into account the Exchange Ratio, 139,703,301 New Shares will be issued with a par value of €0.18.

In connection with the Exchange Offer, taking into account the Exchange Ratio, a maximum of 81,316,189 New Shares will be issued with a par value of €0.18.

5.1.3 Indicative timetable of the Transaction

July 23, 2018	Publication of Luxottica's 2018 half year results
July 26, 2018	Publication of Essilor's 2018 half year results
September 28, 2018.....	*Visa* of the AMF on the Prospectus
September 28, 2018.....	Press release announcing the procedure by which the Prospectus has been made available to the public
October 1, 2018.....	Passporting of the Prospectus to Italy
October 1, 2018.....	Closing of the Contribution
October 1, 2018.....	Publication of a press release announcing the Closing of the Contribution Change of corporate name from "Essilor International (Compagnie Générale d'Optique)" to "EssilorLuxottica" Publication of a press release announcing the subsequent launch of the Italian Exchange Offer and its main terms Subsequent upwards threshold crossing notification by Delfin and, as the case may be, downwards threshold crossing notification by EssilorLuxottica shareholders
October 2, 2018.....	Listing and trading of the New Shares Issued as Consideration for the Contribution on Euronext Paris
October 11, 2018	Filing of the Italian Exchange Offer Document with CONSOB
October 22, 2018	Publication by each of Essilor and Luxottica of their standalone Q3 2018 sales
October 23, 2018.....	*Visa* of the AMF on the supplement to the Prospectus
October 24, 2018.....	Press release announcing the procedure by which the supplement to the Prospectus has been made available to the public
October 24, 2018.....	Passporting of the supplement to the Prospectus to Italy
By October 26, 2018	Approval of Italian Exchange Offer Document by CONSOB
October 29, 2018.....	Opening of the Exchange Offer period
November 20, 2018.....	Deadline by which EssilorLuxottica, if it has already reached a stake of more than two third of Luxottica's share capital during the Exchange Offer period, may elect to disclose it to the market to avoid the re-opening of the Exchange Offer period, as provided for by article 40-*bis* of CONSOB Regulation n. 11971 of May 14, 1999 (as amended)
November 27, 2018.....	Closing of the Exchange Offer period
November 29, 2018.....	EssilorLuxottica general shareholders' meeting contemplated to be convened by the first Board of Directors of EssilorLuxottica scheduled to take place on the Closing Date of the Contribution
December 4, 2018	Settlement date of the Exchange Offer and, as the case may be, subsequent threshold crossing notifications by EssilorLuxottica shareholders
December 4, 2018	Listing and trading of the New Shares Issued as Consideration for the Exchange Offer on Euronext Paris
December 5, 2018	Beginning of the re-opening of the Exchange Offer period, if

	applicable
December 11, 2018.....	End of the re-opening of the Exchange Offer period, if applicable
December 18, 2018	Settlement date of the re-opening of the Exchange Offer period, if applicable
December 19, 2018	Start of the sell-out procedure, if any
January 24, 2019	Closing of the sell-out procedure, if any, including settlement and, as the case may be, subsequent threshold crossing notifications by EssilorLuxottica shareholders
January 28, 2019 - March 4, 2019.....	Squeeze-out, if any, including settlement

5.1.4 Withdrawal or suspension of the Offer

Not applicable.

5.1.5 Reduction of orders

Not applicable.

5.1.6 Minimum or maximum number of shares covered by an order

Not applicable.

5.1.7 Withdrawal of orders

In accordance with article 16 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (as amended by Directive 2010/71/EU of the European Parliament and of the Council of November 24, 2010), every significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the securities and which arises or is noted between the time when the Prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, whichever occurs later, will be mentioned in a supplement to the Prospectus (the "**Supplement**").

The Prospectus is published in connection with (i) the admission to listing and trading on Euronext Paris of the New Shares Issued as Consideration for the Contribution and (ii) the public offering and the admission to listing and trading on Euronext Paris of the New Shares Issued as Consideration for the Exchange Offer.

With respect to the New Shares Issued as Consideration for the Exchange Offer, Luxottica shareholders who have already agreed to purchase or subscribe for New Shares Issued as Consideration for the Exchange Offer before the Supplement is published will have the right, exercisable within two working days after the publication of the Supplement, to withdraw their acceptances, provided that the new factor, mistake or inaccuracy referred to in the above paragraph arose before the final closing of the relevant period of the Italian Exchange Offer and the delivery of the New Shares Issued as Consideration for the relevant period of the Exchange Offer. The withdrawal right period may be extended by the Company. The final date of the right of withdrawal will be stated in the Supplement.

5.1.8 Payment of funds and procedures for settlement of offered shares

5.1.8.1 New Shares Issued as Consideration for the Contribution

The delivery to Delfin of the New Shares Issued as Consideration for the Contribution will take place as from the Closing Date of the Contribution that is expected to take place on October 1, 2018.

Since the New Shares Issued as Consideration for the Contribution are issued to Delfin as consideration for the Luxottica shares contributed to Essilor, there shall be no payment of funds.

5.1.8.2 New Shares Issued as Consideration for the Exchange Offer

(a) Delivery of the New Shares Issued as Consideration for the Exchange Offer

The delivery of the New Shares Issued as Consideration for the Exchange Offer to the Luxottica shareholders having tendered their Luxottica shares into the Exchange Offer will take place on the settlement date of the Exchange Offer. According to the indicative timetable presented in Section 5.1.3 of this Securities Note, the settlement date of the Exchange Offer is expected to occur around December 4, 2018 (unless the Exchange Offer period is extended).

Since the New Shares Issued as Consideration for the Exchange Offer are issued for the Luxottica shareholders having tendered their Luxottica shares into the Exchange Offer, there shall be no payment of funds.

(b) Treatment of fractional shares

No fractional share can be issued by the Company. Consequently, the Company will not give fractional shares as consideration to Luxottica shareholders tendering their shares into the Italian Exchange Offer. The Luxottica shareholders tendering into the Italian Exchange Offer a number of Luxottica shares that does not give them the right to a whole number of New Shares Issued as Consideration for the Exchange Offer shall be deemed to have expressly and irrevocably agreed to participate in the selling mechanism described below for selling the fractional components (the "**Fractional Components**") of such non-whole numbers of New Shares Issued as Consideration for the Exchange Offer to which they are entitled (the "**Selling Mechanism**").

After the expiration of the Exchange Offer period, an authorized intermediary chosen by the Company will implement the Selling Mechanism by, on behalf of the Luxottica shareholders who have tendered their Luxottica shares into the Exchange Offer and would be entitled to receive any Fractional Components, (i) aggregating all of such Fractional Components and (ii) selling on Euronext Paris, on dates yet to be determined, the whole number of New Shares Issued as Consideration for the Exchange Offer resulting from such aggregation.

The total proceeds of the sales of the whole New Shares Issued as Consideration for the Exchange Offer resulting from the aggregation will be distributed *pro rata* to Luxottica shareholders participating in the Selling Mechanism, as settlement for the Fractional Components they were otherwise entitled to receive in the Exchange Offer, according to the procedures and within the timeframes that will be described in the Italian Exchange Offer Document.

In performing the above mentioned sales, the retained authorized intermediary will be acting at the risk of the Luxottica shareholders participating in the Selling Mechanism.

The Luxottica shareholders participating in the Selling Mechanism will not bear any cost or fee in relation to the above sales and the receipt of the related proceeds in the context of the Selling Mechanism. No interest will be paid on the cash amount to be received by a Luxottica shareholder in consideration for a fractional New Shares Issued as Consideration for the Exchange Offer, even in the event of late payment of this amount.

5.1.9 Publication of the results of the offer of New Shares

5.1.9.1 New Shares Issued as Consideration for the Contribution

On the Closing Date of the Contribution (or as soon as possible thereafter), a press release issued by the Company announcing the closing of the Contribution will be published and will be made available on the Company's website.

In addition, a notice published by Euronext Paris relating to the admission of the New Shares Issued as Consideration for the Contribution will indicate the number of New Shares Issued as Consideration for the Contribution.

5.1.9.2 New Shares Issued as Consideration for the Exchange Offer

At the close of the Exchange Offer period referred to in Section 5.1.3 of this Securities Notes above, a press release by the Company announcing the provisional results of the Exchange Offer will be published and will be made available on the Company's and Luxottica's websites. A subsequent press release by the Company announcing the definitive results of the Exchange Offer will be published ahead of the settlement date of the Exchange Offer and will be made available on the Company's and Luxottica's websites.

In addition, a notice published by Euronext Paris relating to the admission of the New Shares Issued as Consideration for the Exchange Offer will indicate the definitive number of New Shares Issued as Consideration for the Exchange Offer.

In case of a re-opening of the Italian Exchange Offer period for an additional period of five trading days after the settlement in accordance with article 40-*bis* of CONSOB Regulation n. 11971 of May 14, 1999 (as amended), the public shall be informed of the provisional and then definitive results of the re-opening period by means of press releases published by the Company on its website and on Luxottica's website on the last day of the re-opening period and before the subsequent settlement date, respectively. The indicative timetable presented in Section 5.1.3 of this Securities Note will need to be modified accordingly.

5.1.10 Exercise of pre-emption rights, negotiability of subscription rights and treatment of subscription rights not exercised

Not applicable.

5.2 PLAN OF DISTRIBUTION AND ALLOTMENT

5.2.1 Categories of Potential Investors – Jurisdictions of the offer – Restrictions Applicable to the offer

Category of potential investors

Since the issue of New Shares Issued as Consideration for the Contribution is being completed in connection with the Contribution, subscription for the New Shares Issued as Consideration for the Contribution will be reserved for Delfin.

Since the issue of New Shares Issued as Consideration for the Exchange Offer is being completed in connection with the Exchange Offer, subscription for the New Shares Issued as Consideration for the Exchange Offer will be reserved for the Luxottica shareholders tendering their Luxottica shares in the Exchange Offer.

Restrictions applicable to the public offering of New Shares

The distribution of the Prospectus and/or the making of the public offering of New Shares in jurisdictions other than France and Italy may be restricted and/or prohibited by law. The public offering of New Shares is not being made in any jurisdiction in which the making of the public

offering of New Shares or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of the Prospectus. Persons obtaining the Prospectus are required to take due note and observe all such restrictions and obtain any necessary authorizations, approvals or consents (to the extent applicable). Outside of France and Italy, no actions have been taken (or will be taken) to make the public offering of New Shares possible in any jurisdiction where such actions would be required. In addition, the Prospectus has not been filed with or recognized by the authorities of any jurisdiction other than France and Italy. Neither the Company, Luxottica nor any of its advisors accept any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward the Prospectus or any related document to any jurisdiction outside France and Italy should carefully read this Section 5.2 before taking any action.

The release, publication or distribution of the Prospectus and any documentation regarding the public offering of New Shares or the making of the public offering of New Shares in jurisdictions other than France and Italy may be restricted by law and therefore persons into whose possession the Prospectus comes should inform themselves about and observe such restrictions. Any failure to comply with any such restriction may constitute a violation of the law of any such jurisdiction.

The Company may not accept, directly or indirectly, any tenders to the Italian Exchange Offer made in or from any of the countries where such restrictions apply, and any such tenders will be deemed null and void. Authorized intermediaries may not accept any order for the exchange of Luxottica shares with New Shares in the context of the Italian Exchange Offer from clients with an address in a country where such restrictions apply, and such orders will be deemed null and void.

Restrictions relating to the United States of America

The New Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged, delivered or otherwise transferred in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The New Shares Issued as Consideration for the Exchange Offer are being offered (a) in the United States by the Company only to certain "qualified institutional buyers", or "QIBs", as defined in Rule 144A under the Securities Act, in reliance on the exemption from registration provided for private placements by Section 4(a)(2) under the Securities Act and (b) outside the United States only in reliance on Regulation S in "offshore transactions" as defined in, and in accordance with, Regulation S.

Accordingly, except for offers of New Shares Issued as Consideration for the Exchange Offer to QIBs by the Company, as set forth in the preceding sentence:

- Luxottica shareholders in the United States may not tender securities of Luxottica into the Exchange Offer.
- No communication relating to the Exchange Offer or invitation to participate in the Exchange Offer may be addressed to the United States or directed to persons who reside or are present in the United States.
- Neither this Securities Note nor any other document relating to the Exchange Offer may be distributed or disseminated by an intermediary or any other person into the United States.
- Envelopes containing orders to tender should not be postmarked in the United States or otherwise dispatched from the United States, and all persons exchanging Luxottica securities for New Shares Issued as Consideration for the Exchange Offer and wishing to hold such New Shares Issued as Consideration for the Exchange Offer in registered form must provide an address for registration of the New Shares Issued as Consideration for the Exchange Offer that is outside the United States.

- At the time of a person's decision to tender Luxottica securities into the Exchange Offer, a person receiving this Securities Note will be deemed to represent that (i) he or she did not receive in the United States of America a copy of this Securities Note, any other offer document or document relating to the Exchange Offer nor any exercise form or information, (ii) at the time of tender, he or she is located outside the United States and is not acting on behalf of a person located in the United States and (iii) he or she is acquiring the New Shares Issued as Consideration for the Exchange Offer outside the United States in an "offshore transaction" as this term is defined in Regulation S under the Securities Act.

Authorized financial intermediaries may not accept tenders of Luxottica securities if they reasonably believe that they do not conform to the provisions mentioned above, and in particular may not accept tenders of Luxottica securities made by clients who are present in the United States or have an address in the United States, subject to certain exceptions described in a U.S. private placement memorandum for QIBs. Any incomplete instruction or instruction that does not meet these requirements shall be null and void.

In addition, until the expiration of 40 days as the distribution of New Shares Issued as Consideration for the Exchange Offer in exchange for existing Luxottica securities, an offer to sell or a sale of New Shares Issued as Consideration for the Exchange Offer within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the Securities Act.

Restrictions relating to Canada

The New Shares have not been nor will they be qualified for sale to the public under applicable Canadian securities laws and may not be offered, sold, pledged, delivered or otherwise transferred in Canada. Accordingly:

- Luxottica shareholders in the Canada may not tender securities of Luxottica into the Exchange Offer.

- No communication relating to the Exchange Offer or invitation to participate in the Exchange Offer may be addressed to Canada or directed to persons who reside or are present in Canada.

- Neither this Securities Note nor any other document relating to the Exchange Offer may be distributed or disseminated by an intermediary or any other person into Canada.

- Envelopes containing orders to tender should not be postmarked in Canada or otherwise dispatched from Canada, and all persons exchanging Luxottica securities for New Shares Issued as Consideration for the Exchange Offer and wishing to hold such New Shares Issued as Consideration for the Exchange Offer in registered form must provide an address for registration of the New Shares Issued as Consideration for the Exchange Offer that is outside Canada.

- At the time of a person's decision to tender Luxottica securities into the Exchange Offer, a person receiving this Securities Note will be deemed to represent that (i) he or she did not receive in the Canada a copy of this Securities Note, any other offer document or document relating to the Exchange Offer nor any exercise form or information, (ii) at the time of tender, he or she is located outside Canada and is not acting on behalf of a person located in Canada and (iii) he or she is acquiring the New Shares Issued as Consideration for the Exchange Offer outside Canada.

Authorized financial intermediaries may not accept tenders of Luxottica securities if they reasonably believe that they do not conform to the provisions mentioned above, and in particular may not accept tenders of Luxottica securities made by clients who are present in Canada or have an address in Canada. Any incomplete instruction or instruction that does not meet these requirements shall be null and void.

The restrictions relating to Canada set out above do not apply to a person outside Canada who acts on behalf of a fully managed account of a client in Canada and is authorized to so act under the legislation of a non-Canadian jurisdiction.

Restrictions relating to Japan

The New Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended). The New Shares may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan. Accordingly:

- Luxottica shareholders in Japan may not tender securities of Luxottica into the Exchange Offer.

- No communication relating to the Exchange Offer or invitation to participate in the Exchange Offer may be addressed to Japan or directed to persons who reside or are present in Japan.

- Neither this Securities Note nor any other document relating to the Exchange Offer may be distributed or disseminated by an intermediary or any other person into Japan.

- Envelopes containing orders to tender should not be postmarked in Japan or otherwise dispatched from Japan, and all persons exchanging Luxottica securities for New Shares Issued as Consideration for the Exchange Offer and wishing to hold such New Shares Issued as Consideration for the Exchange Offer in registered form must provide an address for registration of the New Shares Issued as Consideration for the Exchange Offer that is outside Japan.

At the time of a person's decision to tender Luxottica securities into the Exchange Offer, a person receiving this Securities Note will be deemed to represent that (i) he or she did not receive in Japan a copy of this Securities Note, any other offer document or document relating to the Exchange Offer nor any exercise form or information, (ii) at the time of tender, he or she is located outside Japan and is not acting on behalf of a person located in Japan and (iii) he or she is acquiring the New Shares Issued as Consideration for the Exchange Offer outside Japan.

Restrictions relating to Australia

The New Shares have not been nor will they be qualified for sale in Australia and may not be offered, sold, pledged, delivered or otherwise transferred in Australia. Accordingly:

- Luxottica shareholders in Australia may not tender securities of Luxottica into the Exchange Offer;

- no communication relating to the Exchange Offer or invitation to participate in the Exchange Offer may be directed, sent or addressed to persons who reside or are present in Australia;

- neither this Securities Note nor any other document relating to the Exchange Offer may be distributed or disseminated by an intermediary or any other person into Australia;

- all persons exchanging Luxottica securities for New Shares Issued as Consideration for the Exchange Offer and wishing to hold such New Shares Issued as Consideration for the Exchange Offer in registered form must provide an address for registration of the New Shares Issued as Consideration for the Exchange Offer that is outside Australia; and

- at the time of a person's decision to tender Luxottica securities into the Exchange Offer, a person receiving this Securities Note will be deemed to represent that (i) he or she did not receive in Australia a copy of this Securities Note, any other offer document or document

relating to the Exchange Offer nor any exercise form or information, (ii) at the time of tender, he or she is located outside Australia and is not acting on behalf of a person located in Australia and (iii) he or she is acquiring the New Shares Issued as Consideration for the Exchange Offer outside Australia.

Authorized financial intermediaries may not accept tenders of Luxottica securities if they reasonably believe that they do not conform to the provisions mentioned above, and in particular may not accept tenders of Luxottica securities made by clients who are present in Australia or have an address in Australia. Any incomplete instruction or instruction that does not meet these requirements shall be null and void.

5.2.2 Intentions to Subscribe by the Company's Principal Shareholders, Members of its Principal Administrative, Executive and Supervisory Bodies or Anyone Intending to Subscribe for more than 5 per cent. of the offer

The Company is not aware of any intentions to subscribe by its principal shareholders, members of its Board, executive corporate officers or anyone intending to subscribe for more than 5 per cent. of the offer.

5.2.3 Pre-Allotment Information

Not applicable.

5.2.4 Notification to Investors

Not applicable.

5.2.5 Over-Allotment Option

Not applicable.

5.3 PRICING

Not applicable.

5.4 PLACEMENT AND UNDERWRITING

5.4.1 Details of the Joint Global Coordinators and Joint Bookrunners

Not applicable.

5.4.2 Securities Services and Depositary

Administration and paying agent services in respect of the New Shares will be provided by Société Générale Securities Services.

5.4.3 Underwriting

Not applicable.

6 ADMISSION TO TRADING AND DEALING ARRANGEMENTS

6.1 ADMISSION TO TRADING

The conditions under which the New Shares are to be traded will be set forth in a Euronext notice to be published no later than the first day of trading of the New Shares.

Admission to listing and trading on Euronext Paris (compartment A) will be sought for:

- 139,703,301 New Shares Issued as Consideration for the Contribution; and
- up to 81,316,189 New Shares Issued as Consideration for the Exchange Offer.

All New Shares will be ordinary shares of the same category and same nominal value (€0.18). They will be listed under the same trading line as the existing shares.

They shall carry entitlement to dividend rights, namely, (i) for the New Shares Issued as Consideration for the Contribution, the right to receive, as of their issue date, all distributions paid by the Company as of such date; and (ii) for the New Shares Issued as Consideration for the Exchange Offer, the right to receive, as of their issue date, all distributions paid by the Company as from the Closing Date of the Contribution.

The New Shares shall be subject to an application for admission to trading on Euronext Paris (Compartment A - ISIN code FR0000121667 - Ticker Symbol: EI (and, as from the Closing Date of the Contribution, EL) - LEI Code: 549300M3VH1A3ER1TB49).

The New Shares Issued as Consideration for the Contribution are scheduled to be admitted to trading on Euronext Paris as of the day following the Closing Date of the Contribution that is expected to take place on October 1, 2018.

The New Shares Issued as Consideration for the Exchange Offer will be admitted to trading on Euronext Paris on the settlement date of the Exchange Offer. According to the indicative timetable presented in Section 5.1.3 of this Securities Note, the settlement date of the Exchange Offer is expected to occur around December 4, 2018 (unless the Exchange Offer period is extended).

Luxottica's shareholders who will tender their shares in the Exchange Offer will be able to trade their New Shares on Euronext Paris following the settlement of the Exchange Offer and the listing of the New Shares.

6.2 OTHER STOCK EXCHANGES

Not applicable.

6.3 SIMULTANEOUS OFFERS OF THE COMPANY'S SHARES

No other offer or private placement of the Company's shares is envisaged to occur simultaneously with the Italian Exchange Offer and the private placement in the United States mentioned in Section 3.4., save for an offer to subscribe to existing shares of the Company reserved to employees of foreign subsidiaries of the Essilor Group (the "**Boost 2018 Offer**") that has been decided by the Board of Directors of the Company on July 25, 2018. The contemplated subscription period of the Boost 2018 Offer would be open from November 2, 2018 to November 26, 2018 (included). More information on the Boost 2018 Offer, when available, will be published on the website of Essilor: www.essilor.com.

6.4 LIQUIDITY AGREEMENT

The Combination Agreement provides for a liquidity mechanism to be put in place by the Company for the benefit of holders of Luxottica's stock options or performance share units if, on or prior to the

closing of the Exchange Offer, their Luxottica's stock options cannot be exercised or their Luxottica's performance share units have not vested.

As of the date of the Prospectus, since (i) the existing Luxottica's stock options may be exercised prior to the end of the Exchange Offer, so that the resulting new Luxottica shares may be tendered into the Exchange Offer, and (ii) no performance share units are outstanding and all performance shares have already been assigned and may be tendered into the Exchange Offer, no liquidity agreement is expected to be entered into.

6.5 STABILIZATION

Not applicable.

7 SELLING SHAREHOLDERS

7.1 IDENTIFICATION OF SELLING SHAREHOLDERS

Not applicable.

7.2 NUMBER AND CLASS OF SECURITIES SOLD

Not applicable.

7.3 LOCK-UP AGREEMENTS

Pursuant to the terms of the Combination Agreement entered into between Essilor and Delfin on January 15, 2017, Delfin agreed not to file a tender offer for shares of EssilorLuxottica for a period of ten (10) years as from the execution date of the Combination Agreement, provided that no third party (acting alone or in concert) comes to hold, directly or indirectly, more than twenty percent (20%) of the share capital or voting rights of EssilorLuxottica or announces its intention to file a tender offer for all of the shares of EssilorLuxottica.

8 EXPENSES RELATED TO THE OFFER

The advisors related expenses for the Transaction that will be incurred by Essilor (to be renamed "EssilorLuxottica" as from the Closing Date of the Contribution) have been estimated to approximately €150 million.

9 DILUTION

9.1 IMPACT OF THE OFFER ON THE SHAREHOLDER'S EQUITY

For information on the expected impact of the Transaction on the shareholder's equity, please refer to Section 2.4.3 "Dilution" of the Update to the 2017 Registration Document.

9.2 EFFECT ON THE SHAREHOLDING OF THE COMPANY

As of June 30, 2018, the Company's registered share capital amounts to €39,444,759.36 divided into 219,137,552 ordinary shares fully paid up and with a par value of €0.18 each.

For information on the expected effect of the Contribution and of the Exchange Offer (assuming 100% acceptance rate) on the distribution of the Essilor's (to be renamed "EssilorLuxottica" as from the closing of the Contribution) share capital and voting rights, please refer to Section 2.4.2 "Consequences of the Transaction on the share capital" of the Update to the 2017 Registration Document.

The table below shows Essilor's voting rights evolution after the Contribution and the Exchange Offer (assuming 100% acceptance rate, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and excluding Luxottica treasury shares) based on the companies' voting rights structures as at June 30, 2018[1]:

Voting rights	Before Contribution		After Contribution		After Exchange Offer	
	Number of voting rights	%	Number of voting rights	%	Number of voting rights	%
Employees & partners	33,074,897	13.8%	17,806,783	4.9%	17,806,783	4.0%
Delfin	35,205	0.0%	139,738,506	38.5%[2]	139,738,506	31.4%[2]
Free-float	201,203,032	83.8%	199,961,821	55.1%	281,278,010[3]	63.3%
Treasury shares	-	-	-	-	-	-
Total before Essilor dilution	234,313,134		357,507,110		438,823,299	
Impact of Essilor dilutive instruments[4]	5,667,875	2.4%	5,667,875	1.6%	5,667,875	1.3%
Total diluted number of shares	239,981,009	100.0%	363,174,985	100.0%	444,491,174	100.0%

(1) On May 11, 2017, Essilor's special shareholders' meeting approved the resolution providing for the cancellation of double voting rights in relation to the Transaction

(2) Exercise of voting rights capped at 31% subject to a formula

(3) Including Luxottica dilutive instruments (64,500 stock options) as of June 30, 2018 (excluding Luxottica performance share plans which are served, as per the terms of the plan, by treasury shares or cash)

(4) Maximum potential impact of all Essilor dilutive instruments as of June 30, 2018 that include all stock options (389,160) and rights to performance shares (5,278,715) issued by Essilor

10 ADDITIONAL INFORMATION

10.1 ADVISERS WITH AN INTEREST IN THE OFFER

Not applicable.

10.2 OTHER INFORMATION VERIFIED BY THE STATUTORY AUDITORS

Not applicable.

10.3 EXPERT'S REPORT

Not applicable.

10.4 INFORMATION SOURCED FROM THIRD PARTIES

Not applicable.