

Management Compensation

2013 Bonus

At its meeting on February 26, 2014, the Board of Directors determined the 2013 bonus to be paid to Hubert Sagnières in his capacity as Chief Executive Officer, in line with the recommendations of the Remunerations Committee.

This determination was based on the following factors:

- The target 2013 bonus, assuming that the objectives were fully met, amounted to €800,000. Depending on the extent to which the objectives were met, the actual bonus would represent between 0 and 1.5 times the target amount, i.e. between €0 and €1,200,000.
- The 2013 bonus was 80% based on financial targets and 20% on personal objectives, as follows:
 - 40% on a target for adjusted earnings per share, with a ceiling of 68% in the event the target is amply exceeded.
 - 30% on an organic growth target, with a ceiling of 51% in the event the target is amply exceeded.
 - 10% on a target for growth from bolt-on acquisitions, with no increase if it is exceeded.
 - 20% on three personal objectives related to the Company's strategy, with no increase if they are exceeded. The objectives set for 2013 concerned leading a significant acquisition aligned with the long-term strategy, implementing the new organization and preparing for the Group's future, in particular by identifying future executives.

After a review of performance in relation to all of these objectives, it was determined that Mr. Sagnières' bonus would amount to 106% of the target amount, or a total of €848,000 for the year.

Note that the fulfillment rate was 123% for the 2012 objectives and 131% for 2011.

The table below summarizes total 2013 compensation paid to Mr. Sagnières.

	Hubert Sagnières Chairman and Chief Executive Officer
Salary	€800 000
2013 bonus	€848 000

The following table shows how the 2013 bonus was calculated.

W		A		W x A	W x A x target in €
Weighting	Criteria	Performance measurement	% achievement	% weighted achievement	Achievement in €
40%	Adjusted earnings per share	0% to 170%	170%	68,0%	€544 000
30%	Organic growth	0% to 170%	30%	9,0%	€72 000
10%	Growth from bolt-on acquisitions	0% to 100%	100%	10,0%	€80 000
20%	Personal objectives	0% to 100%	95%	19,0%	€152 000
100%				106,0%	€848 000

Note that in 2013, Essilor reported:

- €2.82 in basic earnings per share (unadjusted).
- 2.1% organic growth.
- 28 acquisitions representing annual revenue of €254 million.

2014 Compensation

At its meeting on February 26, 2014, the Board of Directors decided to maintain in 2014 the same bonus structure as in 2013, in line with the recommendations of the Remunerations Committee. The 2014 bonus will therefore be based:

- 80% on financial targets
 - 40% on a target for adjusted earnings per share.
 - 30% on a combined growth target.¹
 - 10% on a target for growth from bolt-on acquisitions.
- 20% on four personal objectives related to the Company's strategy and objectives.

For each objective, the required degree of fulfillment has been demandingly, carefully and precisely set, but will not be made public for confidentiality reasons, because as a listed company and, unlike the competition, a pure player in the optics industry, Essilor believes that revealing how future performance is measured would be prejudicial to the effective execution of its strategy vis a vis its competitors.

Note that on November 25, 2013, the Board of Directors decided, in line with the recommendations of the Remunerations Committee, to maintain Mr. Sagnières' 2014 salary and target bonus at the 2013 levels (i.e. at €800,000 and €800,000 respectively). These are exactly the same amounts as in 2012 and 2013.

¹ Organic growth and growth from acquisitions completed in 2013, including Costa.



The actual 2014 bonus may vary from 0 to 1.6 times the target amount, depending on the degree to which the objectives are met. The increase in the maximum bonus, to 1.6 times the target from 1.5 times in 2012 and 2013, reflects the commitment to aligning the maximum with the median market practice. The Board based its decision on two studies conducted by an independent firm specialized in executive compensation. The first reviewed the compensation paid to the Chairmen and Chief Executive Officers or the Chairmen of the Management Boards of French manufacturers included in the CAC 40 and Next 20 stock indices, with market capitalization and/or revenue similar to Essilor International's. The second was a pan-European comparison of Chief Executive Officer compensation at 15 corporations (five French, five German and five British) similar to Essilor International in terms of their revenue, workforce, market value and extensive global footprint.

The following table summarizes total 2013 and 2014 compensation (salary, target bonus and maximum possible bonus) for Mr. Sagnières.

	2013	2014
Salary	€800,000	€800,000
Target bonus for the year	€800,000	€800,000
<i>Maximum possible bonus for the year</i>	€1,200,000	€1,280,000

About Essilor

The world's leading ophthalmic optics company, Essilor designs, manufactures and markets a wide range of lenses to improve and protect eyesight. Its corporate mission is to enable everyone around the world to access lenses that meet his or her unique vision requirements. To support this mission, the Company allocates more than €150 million to research and innovation every year, in a commitment to continuously bring new, more effective products to market. Essilor's flagship brands are Varilux[®], Crizal[®], Definity[®], Xperio[®], Optifog[™], Foster Grant[®], Bolon[®] and Costa[®]. It also develops and markets equipment, instruments and services for eyecare professionals. Essilor reported consolidated revenue of over €5 billion in 2013 and employs more than 55,000 people. It operates in some 100 countries with 28 plants, more than 450 prescription laboratories and edging facilities, as well as several research and development centers around the world.

For more information, please visit www.essilor.com.

The Essilor share trades on the NYSE Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices.

Codes and symbols: ISIN: FR0000121667; Reuters: ESSI.PA; Bloomberg: EI:FP.

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