LINDT & SPRÜNGLI

ANNUAL REPORT

2014

MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

LINDT & SPRÜNGLI

CREDO

We are an international group and are recognized as a leader in the market for premium quality chocolate.

We strive for excellence to maximize worldwide market opportunities. We thoroughly understand our consumers, their habits, needs, behavior and attitudes. This understanding serves as the base to create products and services of superior quality and value. We will never make concessions that compromise our quality of product, packaging and execution.

Our working environment attracts and retains the best people.

We encourage, recognize and reward individual innovation, personal initiative and leadership of people throughout the organization. Respect of personal individuality, trust and fair play characterize our working relationships. Teamwork across all disciplines, business segments and geographies is a corporate requirement to create a seamless company of people who support all others for mutual success. We will develop professionals and facilitate communication and understanding across all disciplines.

Our partnership with our consumers, customers and suppliers is mutually rewarding and prosperous.

An in-depth understanding of our consumers' needs and our customers' and suppliers' objectives and strategies enables us to build a mutually rewarding and long lasting partnership.

We want to be recognized as a company which cares for the environment and the communities we live and work in.

Environmental concerns play an ever increasing role in our decision making process. We respect and feel responsible for the needs of the communities in which we live.

The successful pursuit of our commitments guarantees our shareholders an attractive long term investment and the independence of our company.

We wish to remain in control of our destiny. Independence through superior performance will allow us to maintain this control.

INCOME STATEMENT

		2014	2013	Change in %
Sales	CHF million	3,385.4	2,882.5	17.4
EBITDA	CHF million	588.0	503.3	16.8
in % of sales	%	17.4	17.5	
EBIT	CHF million	474.3	404.1	17.4
in % of sales	%	14.0	14.0	
Net income	CHF million	342.6	303.0	13.1
in % of sales	%	10.1	10.5	
Operating cash flow	CHF million	308.2	419.1	–26.5
in % of sales	%	9.1	14.5	

BALANCE SHEET

		2014	2013	Change in %
Total assets	CHF million	5,581.5	3,880.7	43.8
Current assets	CHF million	1,822.1	1,965.7	–7.3
in % of total assets	%	32.6	50.7	
Non-current assets	CHF million	3,759.4	1,915.0	96.3
in % of total assets	%	67.4	49.3	
Non-current liabilities	CHF million	1,638.4	507.4	222.9
in % of total assets	%	29.3	13.1	
Shareholders' equity	CHF million	3,001.7	2,634.7	13.9
in % of total assets	%	53.8	67.9	
Investments in PPE/intangible assets	CHF million	234.6	191.4	22.6
in % of operating cash flow	%	76.1	45.7	

EMPLOYEES

		2014	2013	Change in %
Average number of employees		10,712	8,949	19.7
Sales per employee	TCHF	316.0	322.1	–1.9

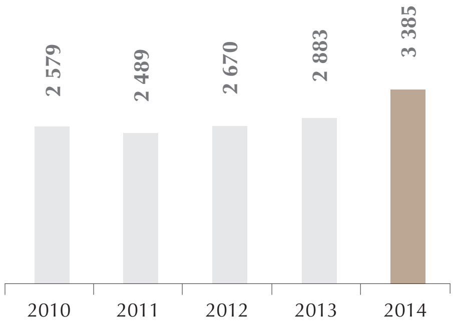
DATA PER SHARE

		2014	2013	Change in %
Non-diluted earnings per share/10 PC 1)	CHF	1,504	1,339	12.3
Operating cash flow per share/10 PC	CHF	1,330	1,833	–27.4
Dividend per share/10 PC	CHF	725 2)	650	11.5
Payout ratio	%	49.1	49.0	
Shareholders' equity per share/10 PC	CHF	12,954	11,523	12.4
Price registered share at December 31	CHF	57,160	48,100	18.8
Price participation certificate at December 31	CHF	4,932	4,021	22.7
Market capitalization at December 31	CHF million	12,495.4	10,267.6	21.7

1) Based on weighted average number of registered shares/10 participation certificates.
2) Proposal of the Board of Directors.

SALES

(CHF million)

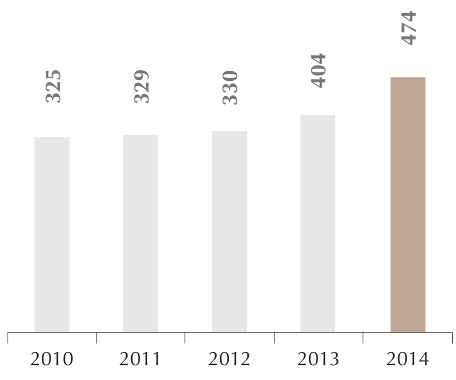


Organic growth: 7.3% 6.0% 6.8% 8.6% 9.8%*

*Excluding Russell Stover

OPERATING PROFIT (EBIT)

(CHF million)



in % of sales: 12.6% 13.2% 12.4% 14.0% 14.0%

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AN EVENTFUL YEAR

CHAIRMAN'S REPORT

DEAR SHAREHOLDERS

It gives me great pleasure to look back with you at a highly successful and eventful financial year. A year which not only saw further good results, but also set exceptionally important milestones in Lindt & Sprüngli's history.

The salient event, which will permanently underlay our future corporate success, was by far the takeover of the traditional American chocolate manufacturer Russell Stover announced in mid-July 2014, the largest strategic acquisition in the company's history. With this ground-breaking transaction we have consolidated our no. 3 position in the US chocolate market and attain the uncontested leader position in the local premium segment. At the same time we become one of the most important partners for the retail trade and strengthen our influence in the market. This constitutes a solid basis for further profitable growth in the world's biggest chocolate market.

Geographical expansion was further advanced with the incorporation of our own subsidiary in Brazil, that entered into a joint venture with the CRM Group, the Brazilian market leader for premium chocolate, in which Lindt & Sprüngli holds a 51 % majority interest. Our commitment to Brazil shows that we are banking for the long term in the world's fifth-largest chocolate market without, however, losing sight of other emerging countries with above-average dynamism.

"We look back to an exceptionally eventful year that not only saw good results but has also set some important milestones in Lindt & Sprüngli's history."

The last financial year not only saw the expansion of our global presence but also events with a great public impact. Examples include the inauguration of the "Swiss Chocolate Adventure" multi-media chocolate experience world at the Swiss Museum of Transport and the "Swiss Chocolate Heaven" on the Jungfraujoch; these are discussed in more detail later in this annual report. The LINDT boutiques at these two exclusive locations not only generate substantial sales volumes but are also leading ambassadors for our premium brand values. With this kind of unique major events, which generated extensive national and international media response, we get through to an exceptionally broad audience and permanently strengthen familiarity with the LINDT brand.

The eventful year was overshadowed by the tragic events of December 15 in Sydney which left behind a feeling of bewildered consternation and deep sorrow. Our thoughts go out to the victims and their families and we will never forget the two people, including one of our own employees, who lost their lives. In such difficult times we must stand together to defend the values of freedom, peace and tolerance.

In many countries, cyclical growth forecasts had to be scaled back somewhat in the second half of the year. This was reflected in turn in further weakening of the currencies concerned. The situation was quite different in the USA where solid economic growth gave some support to the US dollar, especially towards the end of the year. Overall, however, the continuing strength of our national currency had an adverse impact on Group sales expressed in Swiss franc terms. The past financial year saw many tense geopolitical crises and other challenges. This had an impact on raw material costs such as cocoa prices which hit record highs and caused Lindt & Sprüngli, in common with other companies, to make limited price adjustments on selected products. Other important raw materials, including hazelnuts and almonds, were also affected by partially massive price rises.

Despite this difficult environment our growth was once again faster than that of the ovreall chocolate markets. We were able to further extend our leadership in the premium chocolate segment in all key markets and to gain new market shares. Including the proportionate (September to December 2014) sales of Russell Stover, the Group's growth in Swiss franc terms reached 17.4 %, resulting in CHF 3.385 billion. This is partly attributable to the strong leadership enjoyed by the newly acquired company in the seasonal business which peaks with the traditional festivities: Valentine's Day and Mothers' Day, Easter, and Christmas. Equally satisfactory were Group sales without the acquisition of Russell Stover, with a total of CHF 3.133 billion and an organic growth in local currencies of + 9.8 %. This clearly exceeded our long-term strategic growth target of 6–8 %.

The positive development was supported by all our subsidiary companies and by the expansion of traditional product lines, as well as by our fast pace of innovation. Organic sales growth in Europe (+ 6.5 %) and North America (+ 14.3 %) were above market average. In all other geographical regions, especially as far as exports from Switzerland are concerned, and in the Duty-Free business, excellent organic growth of 13.9 % was achieved. Our "Global Retail Division" with its various store concepts (LINDT Chocolate Cafés, Boutiques, Outlets) continues to enjoy highly dynamic development and is making a substantial contribution to Group success, not only on our core markets but also in the development of new growth markets.

"Thanks to our exclusive positioning in the premium segment as well as a steady flow of innovations, Lindt & Sprüngli is perfectly lined up for the future."

Together with the proportionate (September to December 2014) contribution of Russell Stover, the consolidated EBIT reached CHF 474.3 million (+ 17.4 % against previous year). The return on sales is 10.1 % and the operating cash flow stays at CHF 308.2 million (previous year: CHF 419.1 million). This reduction is due to the increase of the net working capital. Excluding the takeover of Russell Stover the Group reported an operating profit of CHF 444.3 million with an EBIT margin of 14.2 % (previous year: 14.0 %), thus meeting our strategic target of a 20 to 40 basis points annual increase in our operating profit margin. In October 2014 a bond of CHF 1 billion has been issued with very advantageous terms in order to fund the acquisition of Russell Stover. The bond consists of three tranches with maturities of three, six, and ten years. Despite the bond issuance our balance sheet remains very robust.

Constantly rising demand over a period of many years for our products in Europe and North America and the geographical expansion of our presence in the rising emerging countries, which is being further accelerated by the strong development of our own "Global Retail" business, require continuous adjustment of our manufacturing capacities. For that purpose, our Group is investing heavily every year in the expansion and optimization of manufacturing performance. In the year under review projects fit for the future were launched in all our production facilities with an investment volume of CHF 234.6 million. In this way, Lindt & Sprüngli leads the field in the chocolate industry in respect of the latest technologies and manufacturing processes.

The good results, our successful business model, strong earnings and the Group's forward-looking growth strategy were acknowledged by the stock market in the year under review. The prices of Lindt & Sprüngli registered shares and participation certificates clearly outperformed once again the SMI growth rate (+ 9.5 %) and recorded an annual plus of 18.8 % and 22.7 % respectively, confirming the investors' confidence in our business.

The share buyback program launched at the end of October 2013 for 5 % of the registered share and participation certificate capital ended on December 12, 2014, after its specified term had expired. The total buyback volume reached CHF 54.6 million.

It is a well-known fact that the company has always attached great importance to an appropriate profit share for its shareholders and participation certificate owners. They have been able to benefit from the success of their company through higher dividend payments year on year, and will certainly be pleased once again by a further increase of 11.5 %. The Board of Directors will be proposing to the General Meeting scheduled for April 23, 2015, a higher dividend of CHF 725.– per registered share (CHF 325.– from the approved capital contribution reserve (agio) and CHF 400.– from available retained earnings) and CHF 72.50 per participation certificate (CHF 32.50 from the approved capital contribution reserve (agio) and CHF 40.– from available retained earnings).

On behalf of the Group Management and the Board of Directors, I personally wish to take this opportunity to thank all our dedicated and motivated employees who have contributed to this good annual result in every country and at every level of the organization. I would like to thank also our business partners and suppliers and last but not least our shareholders who give us their loyalty and trust year after year.

OUTLOOK

With the acquisition of Russell Stover in the USA, Lindt & Sprüngli has become one of the top three chocolate manufacturers in the worldwide biggest chocolate market and the absolute leader for premium and seasonal products. Taken all together, the North-American business contributed around 37 % to total Group sales in 2014 with its brands LINDT in the US and Canada, as well as GHIRARDELLI and the brand portfolio of Russell Stover. The integration of Russell Stover into the group of companies will take the utmost priority in 2015.

Exchange rate volatility and high commodity prices will continue to present great challenges. In view of the trend to high quality chocolates as well as a filled pipeline of innovative products, we remain optimistic in the short and longterm for the Lindt & Sprüngli Group as a whole.

Ernst Tanner
Chairman and Chief Executive Officer

1. RUSSELL STOVER, Kansas City, MO

3. GHIRARDELLI, San Leandro, CA

2014

AN EVENTFUL YEAR

United States of America

Lindt & Sprüngli is no. 3 chocolate manufacturer in the USA with the brands LINDT, GHIRARDELLI and RUSSELL STOVER

2. LINDT, Stratham, NH

USA

Biggest chocolate market of the world

POPULATION
316 million

VALUE TOTAL CHOCOLATE MARKET
approx. USD 20 billion

PER-CAPITA-CHOCOLATE CONSUMPTION
approx. 5.2 kg

HUGE POTENTIAL
Annual growth 3% since 2009

Three subsidiaries

Together, these three nationally distributing subsidiaries generate the biggest sales contribution of the Group.

EAST COAST
Lindt & Sprüngli USA

WEST COAST
Ghirardelli

MID WEST
NEW **Russell Stover**

01 Further consolidating leadership of US premium sector.

In July 2014, Lindt & Sprüngli took over Russell Stover in the most important strategic acquisition in the company's history, which significantly enhanced what was already a leading market position in the world's largest overall chocolate market, the USA. With its LINDT, GHIRARDELLI, RUSSELL STOVER and WHITMAN'S brands, Lindt & Sprüngli thus now covers the entire country, not only dominating the premium chocolate sector by a clear margin but also becoming the third-largest chocolate manufacturer in North America. Moreover, Lindt & Sprüngli is now one of the most important partners of the local trade.

02 Well-known and well-loved brand portfolio: Russell Stover, Whitman's and Pangburn's.

The brands of Russell Stover have been firm fixtures on the market for many years and are widely known. The "Millionaires" product, for example, celebrated its centenary in 2014. Russell Stover is the market leader in assorted pralinés, Valentine's hearts and sugar-free chocolate. With this acquisition, Lindt & Sprüngli, with its LINDT, GHIRARDELLI, RUSSELL STOVER and WHITMAN'S brands, now enhances its leading position in the premium sector in the region.

03 Two names that made history: Clara and Russell Stover from Kansas.

In 1923, Clara and Russell Stover began producing "Mrs. Stover's Bungalow Candies" in the basement of their bungalow in Denver. Just a few months later, they opened their first proper store, earning USD 90 on their first day from selling around 120 pounds of chocolate. The business continued to grow and they soon focused their efforts on producing high-quality boxed pralinés, a market segment that is firmly anchored in US chocolate tradition. In 1960, the company was taken over by the Ward family, who further expanded its national coverage. Whitman's, a brand founded in 1842 and one of America's oldest chocolate brands, was added to the company's portfolio in 1993. In the last 100 years or so, Russell Stover has successfully grown from a small home-run business into the top pralinés brand in America.

04 Russell Stover around 100 years later.

The acquisition of Russell Stover is the perfect strategic fit for the Lindt & Sprüngli Group. Just like LINDT and Ghirardelli, Russell Stover also focuses on manufacturing premium-quality chocolate products. Above all, Lindt & Sprüngli stands to benefit from the strong position enjoyed by Russell Stover in the seasonal business. The company has been headquartered in Kansas City, Missouri for over 80 years.

Its four production facilities are spread over four states and are equipped with the latest technology, providing maximum flexibility for the broad product range and additional production capacity for LINDT and Ghirardelli. With more than 2,800 employees, the Russell Stover Group generates annual sales of around USD 500 million.

05 Handcrafted products and a love of detail in everything it does.

In addition to its classic product range, Russell Stover also sells handcrafted delicacies in its own stores. As well as homemade candies, these include fresh fruit such as apples or strawberries coated in the finest chocolate. They are made from only the best-quality ingredients and crafted with the greatest of care. With their premium-quality elegant packaging, the popular specialties are the ideal treat for yourself as well as being the perfect gift for any occasion.

06 Even Hollywood opts for Russell Stover in the blockbuster “Forrest Gump”.

The Hollywood movie “Forrest Gump,” which tells the powerful story, full of surprising twists of fate, of a rather unusual character, was released in 1994. Tom Hanks won the Oscar for Best Actor in his role as Forrest Gump, while the movie claimed a total of six Oscars and three Golden Globes. It also included a supporting role played by a Russell Stover box of pralinés and the immortal line “Life is like a box of chocolates. You never know what you’re gonna get.”

07 National presence and its own chain of stores.

Products are distributed nationwide, both via large retail channels and through its own network of 35 stores, which are located primarily in central USA and thus provide the perfect complement to LINDT on the east coast and GHIRARDELLI on the west. The Russell Stover stores are also located close to sizable residential areas with good local transport links.

The extensive range includes a wide variety of specialty chocolates, ice cream, gift ideas, and a selection of meticulously handcrafted fresh products.

MARKETS

Lindt & Sprüngli is a global leader in premium chocolate and prides itself on a tradition dating back for 170 years which began in Zurich in 1845. Today, quality chocolate is made by Lindt & Sprüngli at its twelve production sites in Europe (main brands: LINDT, CAFFAREL, HOFBAUER) and the USA (main brands: LINDT, GHIRARDELLI, RUSSELL STOVER) and sold all over the world by many subsidiary companies and branch offices as well as a comprehensive network of independent distributors. With the pro rata contribution of Russell Stover, the Lindt & Sprüngli Group reported sales worth CHF 3.39 billion in the year under review 2014.

SWITZERLAND

In a challenging environment, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG reported good sales growth of 6.8 % to CHF 334.4 million (previous year: CHF 313.0 million).

In the year under review, the economic environment proved satisfactory, despite the continuing strength of the Swiss franc. This resulted in slight growth of the chocolate market. Driven by expanding discount chains, prices remained under pressure. In this challenging environment, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG ended the year with good sales growth of 6.8 % against the previous year. Once again, it managed to invigorate the market with innovative product launches. With additions to the tablet segment such as GAMME BLEU "Gaufrettes," LES GRANDES "Toffee Noisettes," and the reintroduction of the LINDT Surfin tablet from 1879, these new products achieved an excellent position on the market. In the pralinés segment, the latest relaunch of the "Connaisseurs" range revitalized the market. Introduced in the previous year, the HELLO line has become firmly established and is being regularly extended to include new summer and Christmas offers. Further highlights of the seasonal business were a new record of six million GOLD BUNNIES sold at Easter, as well as the TEDDY with the new "Heartfelt Moments promotion" in Swiss cities where a nationwide response was achieved in cooperation with several media partners. Growth of our own retail business made further progress with the opening of two new shops at highly frequented tourist attractions, the Swiss Museum of Transport and the Jungfraujoch, which were accompanied by spectacular events and extensive national and international media coverage. A major new LINDOR facility was implemented in mid-2014, confirming the active leadership role of the Swiss subsidiary company within the Group; it is now admirably placed to meet growing demand for premium chocolate in coming years.

GERMANY

With sales worth EUR 428.1 million (previous year EUR 407.3 million), Chocoladefabriken Lindt & Sprüngli GmbH once again reported above-average growth of 5.1 % and further increased its market share.

The economic environment was quite favorable at the start of the year before cooling noticeably in the second half because of the weak growth dynamic in the Eurozone and the accompanying uncertainty felt by market participants. The reduction of the chocolate market volume was compensated by price increases which brought slight growth. Another feature of the chocolate market was the growing importance of private labels and hard discounters. In this challenging environment Chocoladefabriken Lindt & Sprüngli GmbH managed to increase its sales by 5.1 %, thereby gaining further market shares. This above-average result is attributable to the focus on successful classics such as LINDOR, EXCELLENCE and the GOLD BUNNY and also to product innovations. Following the successful launch of the HELLO and DIVA collections in previous years, further HELLO Christmas products and a new product line called ROCK CHIC in a modern rock style were added this year. In the Christmas segment, the new "Sweet Christmas Helpers" theme world contributed further growth. Finally, double-digit sales growth of the own retail business was achieved by maintaining the loyalty of existing customers and winning many new ones. The outcomes of a branch survey with regard to brand loyalty in which LINDT topped the rankings brought welcome confirmation of our marketing activities. The strategic expansion of the facilities at the Aachen production site was successfully completed in the year under review, creating capacity for further growth.

FRANCE

Lindt & Sprüngli SAS increased its sales by 6.4 % to EUR 314.0 million (previous year: EUR 295.0 million). This good result confirms the company's leading position as the growth driver on the French chocolate market.

Because of the tense economic and political situation in France, consumer sentiment remained flat at a weak level. The retail scene, on which price competition was as tough as ever, saw the formation of new alliances and is now heavily concentrated with just four key players who occupy a similar market position. Against this difficult background, the French subsidiary company, which ranks among the fastes growing consumer goods businesses in the country, reported sales 6.4% higher at EUR 314.0 million, against previous year, once again growing faster than the chocolate market as a whole. LINDT accounted for some two-thirds of overall market growth in the tablet segment, winning record market shares and further strengthening its no. 1 position as the leading tablet brand. This trend was led by the key products EXCELLENCE and CREATION. Once again LINDT proved its ability to win further consumer loyalty with successful new concepts. For example, the CREATION "Citron Frappé" was awarded the title of "Best Innovation of the Year" by a leading trade partner. LINDT's market share in the important French seasonal business also rose. At Easter LINDT successfully established its ranking as the second most important player on the market and won new followers at Christmas with PLAISIRS D'ENFANCE, a new creation by the LINDT Master Chocolatiers. The first edition of the LINDT customer magazine "LINDT Passion Chocolat" was also launched and distributed to more than two million households. The extension of the Oloron-Sainte-Marie production site was completed and a new manufacturing line was commissioned. This now enables growing demand in France and on the export markets to be met more efficiently.

ITALY

Lindt & Sprüngli SpA and Caffarel SpA achieved a consolidated result of EUR 216.1 million (+3.1 %) in a very challenging economic environment.

The Italian economy lost ground once again, lapsing into an even deeper stagnation. Although consumer sentiment stabilized slightly, the overall chocolate market declined, and the commercial environment remained tense. Manufacturers were obliged to leave their prices mostly unchanged, as a result of which branded products are being offered in the retail trade at near deflationary prices. Thanks to the focus on key brands, convincing innovations, a strong presence during the main festive seasons and improved visibility at the point of sale, LINDT nevertheless achieved further growth and gained market shares in every segment. Product distribution was extended and good progress achieved, especially in the modern retail segment. Good sales figures were reported in particular for EXCELLENCE and LINDOR, with the "Milk," "60 % Cocoa" and "Champagne" variants as well as "Petits Cœurs" on Valentine's Day. The national launch of HELLO in autumn, boosted by a stronger presence at the point of sale, also proved successful. Moreover, LINDT is particularly well placed with 44 own retail outlets to which two new units were added in the year under review. At the now traditional and universally known "Eurochocolate" festival in Perugia, which attracts more than one million visitors every year, LINDT remains one of the key partners. In the year under review a strong focus was placed here on HELLO in order to support the national launch. LINDT even won the "Eurochocolate Award" of the year for the most impressive and innovating presence of the HELLO range.

In the year under review, **Caffarel SpA** organized a big marketing package to celebrate the 150 th anniversary of its best-known line GIANDUIOTTI, which features the unique and incomparable gianduia filling of cocoa and hazelnuts. CAFFAREL products are distributed exclusively in the traditional trade reporting a weak development. On the other hand, export business to around 50 countries proved impressive.

NORTH AMERICA

Lindt & Sprüngli (USA) Inc., Lindt & Sprüngli (Canada) Inc. and the Ghirardelli Chocolate Company achieved cumulative sales of USD 1.06 billion (previous year: USD 943.2 million), representing organic growth of 14.3 %. Additionally, North American business was strengthened by the acquisition of Russell Stover.

Last year the economic situation in North America picked up strongly, accompanied by a greatly improved unemployment rate and a robustly higher gross domestic product. The good developments in the chocolate market are being driven by the over-proportional growth of the premium segment. As has been the case for many years now, LINDT and GHIRARDELLI are the fastest-growing chocolate brands in this segment. In addition, the LINDT and GHIRARDELLI product assortment will be supplemented in future by the brand portfolio of Russell Stover.

With substantial sales growth of 17.6 % **Lindt & Sprüngli (USA) Inc.** further strengthened its leadership in the premium segment in terms of market share and made an important contribution to its swift development. Sales were driven by successful market launches such as the HELLO line which appeals to an all-new target group with its trendy design and sophisticated recipes. The LINDT assortment was further extended to include a range of innovative taste variations which were successfully placed on the market under the LINDOR and EXCELLENCE label. In the important Easter business, another LINDT GOLD BUNNY "Celebrity Auction" was held for a good cause, further strengthening the GOLD BUNNY's position on the market as an Easter icon. The presence of the LINDT Master Chocolatier's float at the traditional Macy's Thanksgiving Day Parade in New York was a highlight of the year once again. This unique event marks the official start of the Christmas business in the USA and is watched by some 3.5 million spectators along the route and more than 50 million people at home on TV. Special mention must be made of the 25th anniversary of Lindt & Sprüngli (USA) Inc. which was suitably celebrated by a number of campaigns in the year under review. With sales of less than USD 10 million the brand was practically unknown in 1989. In recent years, LINDT has written a unique success story in the world's biggest chocolate market. Not only were sales stepped up to well over USD 420 million, but LINDT also mainly contributed to establish the premium chocolate segment and, with LINDOR, EXCELLENCE and the GOLD BUNNY, built up unique brands with an iconic reputation, making millions of American citizens adepts of these premium products. Of the 50 employees who joined the company 25 years ago, 17 are still in the team; a fitting tribute was paid to them for their loyalty and strong commitment at the jubilee celebrations. They have given exemplary proof of their dedication to the business and of the motivated work which has been done in the USA since 1989.

With sales growth of 12.5 %, **Ghirardelli Chocolate Company** continued on the path to growth reported in previous years. The introduction of the innovative "Minis" proved particularly promising. This product appeals to a younger target group and will further enhance demand for premium chocolate from Ghirardelli. The SQUARES too reported another successful year. With its high cocoa percentage, the "Intense Dark" line in particular gained ground with double-digit sales growth, which was driven mainly by innovative recipes and strong marketing backup. The own shop and restaurant chain attracted some 14 million visitors in the year under review and further extended its presence with new openings at prominent sites such as Louisville, Las Vegas and Boston.

Russell Stover, the new subsidiary company, was acquired on July 14, 2014, and added sales worth some USD 270 million to the North American business in the third quarter with the RUSSELL STOVER, WHITMAN'S and PANGBURN'S brands. Strategically the biggest and most important acquisition in the history of Lindt & Sprüngli, this move will greatly enhance the Group's presence from now on; as the no. 3 chocolate manufacturer in the USA, it will in fact clearly dominate the premium segment in the world's biggest and most important chocolate market.

Lindt & Sprüngli (Canada) Inc. with sales growth of 11.3 % still leads the premium segment in the country and gained substantial new market shares yet again. An Ipsos survey shows that LINDT is now the no. 1 chocolate brand in Canada in terms of consumer awareness. The good result is all the more impressive in view of the great challenges facing the market. In the year under review, mergers in the trade led to increasing pressure being put on suppliers' prices and aggressive price promotions. LINDOR and EXCELLENCE remain the two key sales drivers in Canada and were backed up by an extensive marketing package. LINDT's own shops, some 20 in all, cover the whole territory and make a key contribution to the generation of profitable growth.

GREAT BRITAIN

Lindt & Sprüngli (UK) Ltd. continued its successful growth of previous years, ending the year under review with sales 14.7 % higher.

LINDT once again achieved an excellent result in Great Britain, further extending its market shares and so continuing the steady growth of previous years. Both LINDOR and EXCELLENCE reported strong growth rates attributable in part to the launch of country-specific recipes such as LINDOR "Strawberries & Cream" in spring, contributing to still higher sales on Valentine's and Mothers' Day. Launched in the pralinés segment in the previous year, the "Master Chocolatiers' collection" was very well received and complemented by a delicate Truffle range. At Easter, the presence of the GOLD BUNNY was boosted by a nationwide treasure hunt campaign in selected parks; this met with an enthusiastic response everywhere. In addition, the LINDT Master Chocolatiers' craftsmanship was celebrated at many further events including a "Taste of London," the "Coffee Week" and the "Salon du Chocolat."

REST OF EUROPE

Lindt & Sprüngli (Austria) Ges.m.b.H. ended the financial year with sales growth of 7.0 %. The biggest Austrian Easter Bunny hunt in Schönbrunn Palace Park, organized for the third time, once again proved a magnet for the public and developed into the Vienna Easter Festival for young and older chocolate gourmets. With sales 6.8 % higher in an economic environment that remained as tough as ever, **Lindt & Sprüngli (España) SA** grew faster than the chocolate market as a whole, thanks to strong development of the LINDOR and EXCELLENCE core brands and now also HELLO, winning market shares in every segment. **Lindt & Sprüngli (Nordic) AB** once again reported strong growth and won further market shares on all three key markets of Sweden, Norway and Finland. In September 2014 the first LINDT boutique was inaugurated in Oslo city center. **Lindt & Sprüngli (Czechia) s.r.o.** serves the markets of the Czech Republic and Slovakia where it is the fastest growing brand on the entire chocolate market. **Lindt & Sprüngli (Poland) Sp. z o.o.** reported robust growth with a concentrated focus on the expansion of LINDOR sales through numerous activities. In the second year since its opening, **Lindt & Sprüngli (Russia) LLC.** turned in very impressive results in a challenging economic environment. Thanks to marketing support and many tasting events, business was very positive, especially in the big cities of Moscow and Saint Petersburg. The presence of the Master Chocolatiers at the Moscow City Anniversary when 800,000 LINDOR truffles were handed out for tasting was a special highlight. Further progress was also achieved on the other European markets. Particular mention should be made of the strong sales growth in Bulgaria and in Holland where LINDT was able to achieve a strong performance.

REST OF WORLD

Lindt & Sprüngli (Australia) Pty. Ltd. ended the last financial year with impressive sales growth of 10.0 %. The EXCELLENCE line developed particularly well after its extension to include the new "90 % Cocoa" and "Sea Salt Caramel" varieties. With the new LINDOR "Strawberries & Cream" recipe, this most pupular product line is very well accepted by consumers, achieving particularly strong sales on Mothers' Day. The "Chocolate Cafés" continue to strengthen the premium image values of the LINDT brand. **Lindt & Sprüngli (South Africa) Pty. Ltd.** reported further progress with an extended product portfolio. The exclusive launch of HELLO with the biggest retail partner proved particularly successful and was further boosted by numerous promotions. **Lindt & Sprüngli Japan Co., Ltd.** has opened further outlets so that we now have twelve separate boutiques in that country. Sales continue to advance strongly with growth in excess of 50 % representing a welcome combination of higher sales in existing and new outlets. In the **Middle East,** despite the challenging political environment, dynamic growth was nevertheless achieved, especially in the United Arab Emirates, Qatar and Egypt. Sales growth at **Lindt & Sprüngli (China) Ltd.** proved satisfactory. In the principal cities of the People's Republic of China our market share has been growing thanks to the launch of LINDOR Cornets and the strong focus on EXCELLENCE tablets. In department stores and gourmet outlets LINDT is present with a shop-in-shop concept and its own sales force which highlights Swiss chocolate culture and hands out tasting samples of LINDOR truffles. In Hong Kong, LINDT is represented with its finest chocolate specialties at major public events in the city. The trend is equally satisfactory in Taiwan, and Korea. In Latin America, the local chocolate markets continue to grow in the main, highly promising markets of Brazil, Chile and Columbia despite the difficult economic situation. To further enhance dynamic growth in the key strategic market of Brazil, our own subsidiary company was incorporated in the year under review and established a joint venture with the CRM Group, the market leader for Brazilian premium chocolate. The joint venture in which Lindt & Sprüngli holds a 51 % majority stake plans to draw on the own successful retail concept to build up LINDT as the leading premium chocolate brand in Brazil. In parallel, distribution in the local trade channels will be further stepped up.

DUTY FREE / TRAVEL RETAIL

In the Duty-Free / Travel Retail segment, LINDT is represented at over 500 airports worldwide and again reported highly dynamic growth in 2014, winning further market shares. The development of LINDT shop-in-shop concepts and a heightened presence at major international airports help greatly to enhance familiarity with the LINDT brand and its image all over the world. Growth of LINDT in the Duty-Free sector was achieved in 2014 both in the core range, e.g. the LINDT Napolitains and 300 g tablets, and also with successful innovations. The launch of the LINDOR "Tubes" Limited Edition proved particularly successful with promotional measures achieving double-digit growth for LINDOR.

PROCUREMENT

For some two years now the price of cocoa has been rising constantly to reach record highs. In 2014 this resulted in general price increases throughout the chocolate industry. Although Lindt & Sprüngli always endeavors to hold its prices as stable as possible through efficient cost management and optimized purchasing policy, some punctual adjustments nevertheless had to be made. Despite a record harvest in 2014 the commodity markets reacted sensitively to speculative fears that the Ebola epidemic might spread in West Africa. That pushed cocoa prices up still higher. Higher milk production and falling demand from Asia caused milk prices to collapse by almost half on the global milk market. In Switzerland, however, milk prices remained as high as ever. World sugar prices fell because of further surpluses and big stock inventories. In the dried fruit segment, prices rose because of heavy demand for hazelnuts and almonds. This development was further heightened by frost damage to the 2014 hazelnut crop in Turkey, the main producer country. Prices of packaging materials remained relatively stable.

GLOBAL BRANDS
75 % OF SALES

Lindt
MAÎTRE CHOCOLATIER SUISSE
DEPUIS 1845




REGIONAL BRANDS
22 % OF SALES



GHIRARDELLI

Russell Stover

Whitman's

PANGBURN'S OF TEXAS

LOCAL BRANDS
3 % OF SALES



Hofbauer WIEN

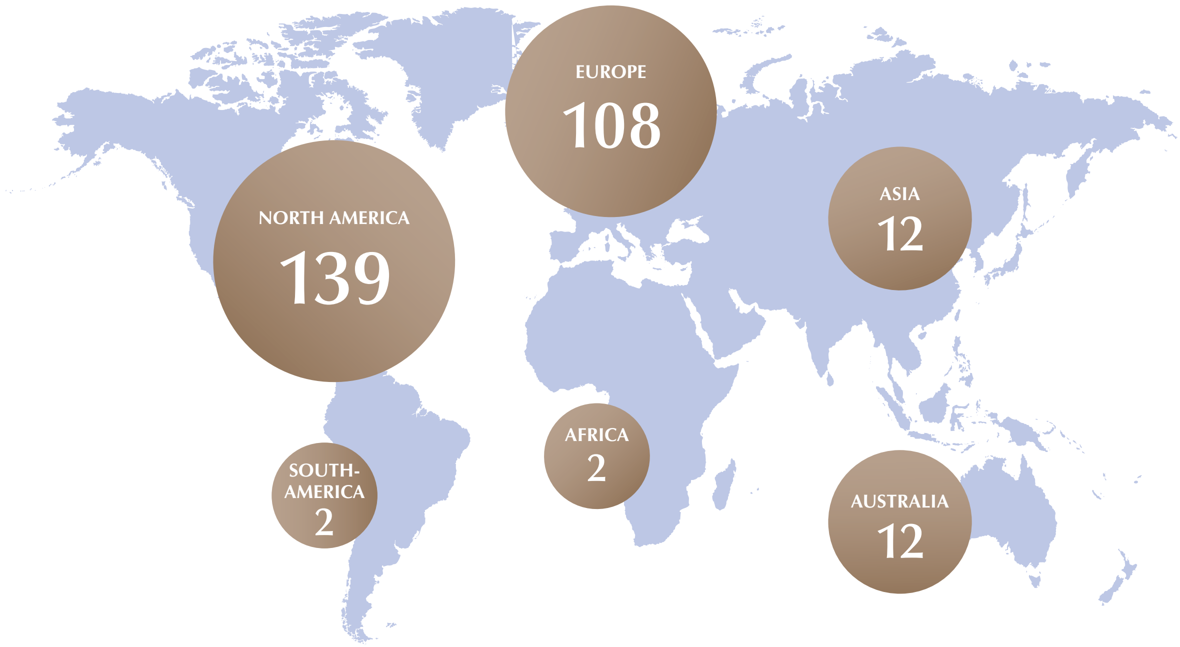
Caffarel

Küfferle

GLOBAL RETAIL

WE MAKE THE WORLD A SWEETER PLACE

SHOPS WORLDWIDE 2014
FLAGSHIPSTORES IN BERLIN, PARIS, ROM, TOKYO, SYDNEY, SAN FRANCISCO AND NEW YORK



Since its establishment in 2009, the Global Retail Division has become an important contributory factor to the success of the Lindt & Sprüngli Group. With sales of around CHF 316 million in 2014, the Lindt & Sprüngli global network of own shops with 275 points of sale, by now accounts for about 10 percent of total Group sales. Thereby substantial organic growth of 20 % was achieved by the LINDT shops. In the past five years, global presence of own point of sales has been successfully driven forward through different store concepts, designed with a clear signature to boost brand values and to foster the positioning of Lindt & Sprüngli as a leader in the premium chocolate segment.

Our own retail network is divided into six different concepts which differ in terms of location and product offering, but also complement each other admirably. The Chocolate Cafés and Chocolate Boutiques have proved a successful way of accessing new markets as they convey the images of the LINDT brand particularly well.

All the retail outlets incorporate a uniform shop design which can be recognized by consumers all over the world. Drawing on the theme of chocolate and the LINDT logo, the emphasis in shop fitting is placed on warm brown and precious gold tones which ideally reflect the product elegance in a spirit of perfect harmony. In addition, carefully chosen furnishings and subdued lighting, together with an impressive decor to suit the season of the year, are further attractions.

When they walk into the shop, customers are immediately transported into the world of the LINDT Master Chocolatiers. With a little luck they may even meet a Master Chocolatier on site who prepares superb pralinés by hand and offers them to sample. The overall target is to provide an unique shopping experience to the visitors, to present the comprehensive product assortment in a priviledged ambiance, and to be able to offer circumstancial advice in order to obtain a strong emotional loyalty towards the LINDT brand.

SHOP CONCEPTS

CHOCOLATE CAFÉS
Highly frequented, downtown locations.

CHOCOLATE BOUTIQUES
Central, prestige locations, Airports, Train Stations.

CHOCOLATE OUTLETS
Premium Designer Outlets.

FACTORY STORES
Next to factories and warehouses.

GHIRARDELLI CHOCOLATE & ICE CREAM SHOPS
Highly frequented, central locations, tourist attractions (Disney).

RUSSELL STOVER
In direct proximity to large residential areas.

2014
AN EVENTFUL YEAR

Highlights 2014

From Dubai via Prague to New York: important events in retrospect

JANUARY

AUSTRALIA New TV commercial with Roger Federer.

Just before the start of the "Australian Open", Lindt & Sprüngli shot a new commercial with tennis star Roger Federer in the LINDT Chocolate Café in Melbourne, which will be aired worldwide. For Lindt & Sprüngli, Roger is the ideal brand ambassador thanks to his likeable and down-to-earth manner – a unique embodiment of Lindt & Sprüngli's core values such as Swissness, premiumness, quality, and passion.

MARCH

USA GHIRARDELLI announces collaboration with the Culinary Institute of America.

The Culinary Institute of America will be working with Ghirardelli in the future. With this in mind, they have designed a new chocolate classroom. As a show of gratitude for the generous support provided for the CIA and its students, the college named its new chocolate classroom after the San Francisco-based chocolate manufacturer.

APRIL

SPAIN First LINDT Shop on the favorite tourist island of Majorca.

LINDT opened a Chocolate Shop on Majorca, an island popular with holidaymakers. From now on, the extensive range will not only make visitors' summer holidays that bit sweeter but will also make ideal gifts for loved ones back home.

APRIL

WORLDWIDE The GOLD BUNNY for a sweeter Easter.

Over Easter, plenty of activities took place all over the world involving the LINDT GOLD BUNNY, while the Master Chocolatiers demonstrated the high quality of our melt-in-the-mouth milk chocolate. Around 150 million GOLD BUNNIES in different sizes and presentations were sold worldwide. Some of the revenue was given to various local charities. The picture shows a 40-foot-high inflatable GOLD BUNNY adorning the idyllic backdrop of Hever Castle in the English countryside.

MAY

USA Ghirardelli opens an Ice Cream & Chocolate Shop in Las Vegas.

The official opening of the Ghirardelli Ice Cream & Chocolate Shop in the heart of Las Vegas took place on Memorial Day weekend in late May, attracting thousands of visitors. The shop is in a central location between the "High Roller" Ferris wheel, which draws around ten million visitors each year, and the Brooklyn Bowl, which holds live music performances every night.

MAY

CZECH REPUBLIC Making an impression at the Prague Food Festival.

LINDT knows how to show off its products to best effect at all kind of events, and the Food Festival in Prague, the largest food event in the Czech Republic with more than 20,000 visitors, was no different. Over a period of four days, visitors strolled through the royal gardens and indulged in culinary treats from the exhibitors.

JUNE

SWITZERLAND Opening of the "Swiss Chocolate Adventure" in the Swiss Museum of Transport in Lucerne.

The "Swiss Chocolate Adventure" was born out of a partnership between the LINDT Chocolate Competence Foundation and the Swiss Museum of Transport. Both institutions advocate typical Swiss values such as tradition, a pioneering spirit, and innovation, thereby helping to strengthen Switzerland as a brand. Together, they want to link chocolate, a quality Swiss product, with transport. The tour is an inviting multimedia adventure that tells visitors all about the discovery, origin, production, and transportation of chocolate.

JULY

SWITZERLAND "Chocolate Heaven" Jungfraujoch.

P.56

Discover more on page 56

JULY

USA Acquisition of Russell Stover.

P.6

Discover more on page 6

JULY

BRASIL LINDT enters the fifth-largest chocolate market in the world with its successful retail concept.

In March, Lindt & Sprüngli entered into a joint venture with the CRM Group in Brazil. In mid-2014, the first LINDT Chocolate Boutique opened in Sao Paulo's luxury shopping center "Patio Higienopolis," which has over 250 stores. Right from the start, the first sales generated in our store there far exceeded our expectations.

SEPTEMBER

SWITZERLAND LINDT voted most trusted chocolate brand once again.

The "European Trusted Brands" survey, which has been carried out by Reader's Digest each year since 2001, is one of the largest and longest-running consumer surveys in Europe. In 2014, approximately 17,700 consumers were surveyed in ten European countries. The 1,439 Swiss people questioned answered without picking brands from any kind of list. For the fifth year in a row, LINDT won the award for "most trusted brand of chocolate" in Switzerland, for which we would like to say a big thank you to all our loyal consumers.

OCTOBER

GERMANY LINDT keeps on coming top in German ratings.

After the successful launch of HELLO the previous year, LINDT Germany once again confirmed its position as a leading innovator, launching the new "Rock Chic" product line in 2014. This expert creativity was also acknowledged by its consumers: according to the 2014 Loyalty Index, LINDT has the most loyal customers, while the business newspaper "Handelsblatt" even named LINDT its "Brand of the Year 2014" on the back of its excellent brand index scores.

OCTOBER

DUTY FREE LINDT is represented at more than 500 airports worldwide.

The LINDT brand is present in the Duty-Free section of more than 500 airports worldwide. Representatives from all five continents were invited to the Duty Free World Exhibition in Cannes to reinforce what is already a very successful brand profile. LINDT Master Chocolatiers treat the exhibition visitors to free samples of Swiss Selection pralinés.

NOVEMBER

ITALY Caffarel exhibits at “Cioccolatò” 2014.

The leading Italian chocolate fair takes place in Turin each year, attracting more than 500,000 visitors. CAFFAREL was there with a stand and made the visitors’ day a bit sweeter with a variety of free samples.

NOVEMBER

USA Lindt & Sprüngli celebrates its 25 th anniversary.

As well as developing into one of the most important subsidiaries within the Group in the last 25 years, Lindt & Sprüngli (USA) Inc. has also become one of the leading chocolate companies in the North American market. Thanks to several rounds of major investments in its production facility in Stratham (NH), the subsidiary is fully equipped to handle the ever-increasing local demand for premium chocolate.

DECEMBER

STOCKHOLM Master Chocolatiers at “Bingolotto”.

Just before Christmas, the LINDT Master Chocolatiers were invited to appear live on one of the most popular TV shows in Sweden, during which they introduced the spectators in the studio and the viewers at home to the art of chocolate-making.

DECEMBER

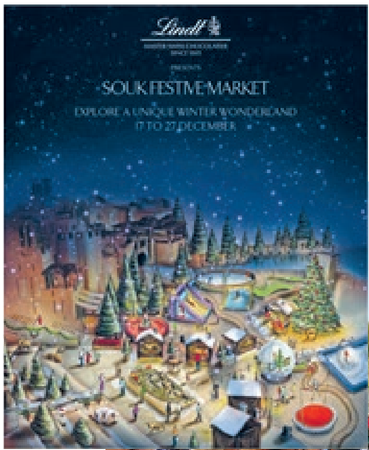
WORDLWIDE LINDT makes everyone’s eyes light up at Christmas.

Christmas is a time where we celebrate love and so, chocolate treats and gifts, in particular LINDT’s Santa and TEDDY, have major relevance. These highly popular products are found in around 100 million households worldwide during the Advent season, bringing joy to the entire family.

DECEMBER

DUBAI Master Chocolatiers at Souk Festive Village.

LINDT sponsored a ten-day Christmas extravaganza in Madinat Jumeirah, which welcomed around 100,000 visitors to the resort near the famous Burj Al Arab hotel. The LINDT Master Chocolatiers demonstrated their skills and offered the enthusiastic visitors samples of their masterpieces.



CORPORATE SUSTAINABILITY

CORPORATE SUSTAINABILITY

Sustainable and socially responsible business conduct are central features of Lindt & Sprüngli's corporate philosophy. All the related aspects are dealt with at the top management level and, additionally, are monitored by a Board of Directors' committee. The policies and information material about these important topics are communicated transparently to all stakeholders on our website.

→ Corporate Governance chapter,
Corporate Sustainability Committee, page 39
www.lindt-spruengli.com/sustainability

The Lindt & Sprüngli Promise

Lindt & Sprüngli is one of the few chocolate companies to have control of every step of chocolate production, from the selection of the finest cocoa beans sourced in the best growing areas through to the finished product. But our vision is not just to make the finest products; it is to match these high standards with equally high ethical and sustainability standards in every aspect of our business. This is the Lindt & Sprüngli promise:

That all products leaving our factories live up to our commitment to sustainable behavior along the value chain.

SUSTAINABLE SOURCING

↓

SUSTAINABLE PRODUCTION

↓

SUSTAINABLE CONSUMPTION

SUSTAINABLE SOURCING

To secure the sustainable supply of key resources, Lindt & Sprüngli enters into long-term partnerships with suppliers and commits to ensure traceability and verification of the porgress made at the farm level.

In order to guarantee the top quality and incomparable taste of our chocolate recipes, all raw materials are tested for compliance with the most stringent specifications and quality standards, both before and after purchasing. Sustainability is a vitally important feature of raw material sourcing. This includes respect for social and societal aspects such as working conditions and farmers' incomes in the origin countries, as well as the promotion and facilitation of environmentally-friendly production. Lindt & Sprüngli therefore aims of improving farmers' living conditions. To that end, Farming Porgrams have been set up to enable the farmers to apply good agricultural practices. That increases the crop yield and hence also the farmers' incomes, while at the same time assuring the consistently high quality of the cocoa beans needed by Lindt & Sprüngli.

Farming Porgrams for raw materials — Lindt & Sprüngli is committed to the use of premium ingredients – especially cocoa beans – as part of its sustainable Farming Porgrams and builds long-term relations with the farmers. A special premium per ton purchased permits traceability and verification, while at the same time supporting growers and promoting their development. The Farming Porgrams comprise four main steps:

Step 1: Traceability and farmer organization
Farmer organization and traceability is the base for all activities to improve the farmers' and communities' livelihoods. Lindt & Sprüngli wants to know who grows the cocoa and what the conditions on the ground are to be able to support the farmers and communities according to their needs.

Step 2: Training and capacity building
Knowledge transfer and specific training play a central role in increasing productivity and thereby improving the farmers' incomes. The Farming Porgrams include training for farmers in the following areas:

- good agricultural practice (crop protection, harvesting, post-harvesting activities);
- good environmental practice (biodiversity, environmental protection);
- good social practice (health and safety, labor rights)
- good business practice (professionalization of the business).

Step 3: Farmer investments and community development
Alongside better professional knowledge, the provision of an effective infrastructure and professional planting appliances play a further important role. For example, more than 20 Village Resources Centers have been set up in Ghana, equipped with computers, printers and Internet access; in the daytime they are open to students for teaching purposes and in the evening to farmers for training. The supply of cocoa seedlings encourages more productive farms.

Step 4: Verification and continuous progress
Lindt & Sprüngli strengthens the Farming Porgrams by internal monitoring to measure continuous progress, external audits to enable the progress made to be verified and corrective actions if indicated.

Lindt & Sprüngli is committed to attaining the following two goals in the sourcing of cocoa:

- by 2016: Ghana cocoa bean supply chain fully verified;
- by 2020: Global cocoa supply traceable and verified.

In the reporting year 2014, the implementation and the extension of the farming program in Ghana were successfully continued. Under this program, more than 20,000 farmers already benefit from basic and advanced training facilities, together with the provision of important ressources. Pilot projects have also laid the groundwork for new Farming Porgrams for cocoa beans from Ecuador and hazelnuts from Turkey.

Supplier Code of Conduct — Lindt & Sprüngli is committed to ethical and socially responsible company management. To that end, Lindt & Sprüngli gave an undertaking in 2010 to comply with the UN Global Compact directives. These are based on ten principles in the areas of human rights, working standards, environmental protection and the fight against corruption and are likewise applied in the supply chain. All suppliers are required to comply with our supplier code of conduct. Regular audits are performed to ensure the implementation of the code.

LINDT & SPRÜNGLI COCOA FARMING PROGRAM

SUSTAINABLE PRODUCTION

Together with the use of high quality material, the finest raw materials and state-of-the-art production equipment, dedicated employees and respect for the environment are the foundation of Lindt & Sprüngli's premium products. That being so, the group of companies strives to achieve ecologically sustainable as well as ethically, legally and socially responsible business conduct, not just as an employer but also as a member of society.

Personnel — At the end of 2014, Lindt & Sprüngli employed around 12,000 persons worldwide (including Russell Stover). In addition to their outstanding professional skills, these employees have a high degree of identification with the products and with the company itself. Many years of experience in the areas of product development, purchasing, manufacturing, quality assurance and marketing of premium chocolate are Lindt & Sprüngli's core competence and the secret of its success. To maintain that success, the company provides an attractive working environment. Quality goes hand in hand with professionalism, innovation with further training and performance with health. As a global company, the utmost priority is accorded to occupational safety on the production sites. An effective health and safety program was put in place many years ago at all the production sites. Compliance with the objectives is constantly reviewed. As a result, the number of occupational accidents has been greatly reduced in recent years. To make sure that the working environment matches the needs of the employees, they are regularly consulted at all our sites. Positive feedback shows that the employee programs are proving effective and that Lindt & Sprüngli is on the right track for constantly fostering its excellence also in this area.

Environment — the Group's environmental policy aims to conserve ecological resources. This is done, for example, through energy-saving projects and by taking part in international initiatives. Lindt & Sprüngli has set itself clear objectives to reduce the burden on the environment and cut the use of resources. In the production process, water and energy consumption as well as CO_2 emissions are constantly reduced. This aim is achieved by a range of measures including energy-efficient machines which make economical use of water, solar panels for power generation and LED lights.

Site Policy — With the Group's global headquarters and the chocolate factory in Kilchberg as well as the cocoa processing center in Olten and the logistics hub in Altendorf, Lindt & Sprüngli is heavily committed to Switzerland as a place to do business and is now the biggest employer on the left shore of Lake Zurich. The Swiss subsidiary company is not just the biggest supplier of cocoa mass to sister companies in Germany and Italy but also – with the export of LINDT chocolate products to Europe and overseas – the biggest exporter within the Group.

SUSTAINABLE CONSUMPTION

Lindt & Sprüngli has a responsibility to its consumers. As a premium chocolate manufacturer the business is uncompromising on quality and food safety. By consistently living up to its quality promise, Lindt & Sprüngli wins the confidence of customers and consumers and so ensures its own corporate success. Active exchange of information and transparent communication play a central role here. In the "Good Corporate Citizenship" context, Lindt & Sprüngli also has a commitment to society extending well beyond its business activity as such.

Consumers — In recent years, a constant increase in the number of customer enquiries has been recorded. In 2014, a total of almost 85,000 enquiries reached the subsidiary companies all over the world. All enquiries are systematically recorded by a specific customer relationship management system (CRM) and provide information about matters of central concern to customers.

Communication — Active exchange of information with all stakeholders and transparent communication are an important component of the corporate culture. In this way important societal, political and ecological issues can be taken up and integrated into the company's activity. Consumer information and product labeling comply with the latest sector standards.

Social Engagement — Lindt & Sprüngli supports voluntary social engagement, and by doing so helps to alleviate social problems. The subsidiary companies of the Group support local organizations, associations and social institutions through numerous donations and activities. Particular importance attaches here to the project partnership between Lindt & Sprüngli and the Roger Federer Foundation, which supports programs for deprived children. Two charitable foundations set up in 2013, the Lindt Cocoa Foundation and the Lindt Chocolate Competence Foundation, likewise reflect Lindt & Sprüngli's social commitment. The foundations focus on the sustainability of the raw material supply on the one hand and on enhancing the public awareness for the Swiss chocolate tradition on the other hand .

The sustainablity practices of Russell Stover (acquired in 2014) will be stepwise adapted to the norms of the Lindt & Sprüngli group.

FURTHER INFORMATION ON CORPORATE SUSTAINABILITY

→ www.lindt-spruengli.com/sustainability
→ More on the topic:

Sustainability Report 2014
Detailed information about our progress in the area of sustainability.

Sustainable Cocoa Sourcing
Brief information on Lindt & Sprüngli's Farming Program in Ghana.

Sustainability & Responsibility
Brief information on sustainability matters in all relevant business areas of the Company.

CORPORATE GOVERNANCE

GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE — The Lindt & Sprüngli Group is globally active, developing, producing, and selling chocolate products in the premium quality segment. The holding company, Chocoladefabriken Lindt & Sprüngli AG, with its headquarters in Kilchberg ZH, is listed on the SIX Swiss Exchange. The market capitalization based on the 2014 year-end prices is CHF 12.5 billion.
→ Security and listing numbers of the securities see page 69

The company's group structure is lean. While the Board of Directors handles management, strategy, and supervisory duties at the highest level, the CEO and Group Management are responsible for operational management tasks in which they are assisted by the Extended Group Management.
→ Board of Directors see page 36
→ Group Management see page 41

The scope of consolidation of Chocoladefabriken Lindt & Sprüngli AG includes the subsidiaries listed in notes to the consolidated financial statements. Details about these companies, such as name, domicile, share capital, participation, etc. can be found there as well.
→ Details of subsidiaries see page 69

Chocoladefabriken Lindt & Sprüngli AG holds no interests in publicly traded companies.

MAJOR SHAREHOLDERS — As of December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG disclosed the following major shareholders which own voting shares of more than 3 %: "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG," "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft", "Lindt Cocoa Foundation" and "Lindt Chocolate Competence Foundation", all Kilchberg ZH, held as a group a total of 27,643 registered shares or 20.3 % of the share capital and thus 20.3 % of the voting rights of the company. As far as the company knows, there are no tied shareholding agreements between these shareholders.

As of December 31, 2014, the company received no disclosure reports indicating that further shareholders own more than 3 % of the equity capital or voting rights of the company.

Chocoladefabriken Lindt & Sprüngli AG does not hold cross interests.

CAPITAL STRUCTURE

As of December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG presents the following capital structure:

ORDINARY CAPITAL — The ordinary capital is composed of two types of securities:

	2014
Registered shares*	CHF 13,611,100
Bearer participation certificates**	CHF 9,560,660
Total ordinary capital	CHF 23,171,760

* 136,111 registered shares par value of CHF 100.– each.
** 956,066 bearer participation certificates par value of CHF 10.– each.

The registered share has a voting right at the General Meeting, whereas the bearer participation certificates have no voting rights. Both types of shares have the same rights to dividends and proceeds of liquidation in proportion to their par value. All shares are fully paid-in. No bonus certificates ("Genussscheine") were issued.

AUTHORIZED AND CONDITIONAL CAPITAL — The Group possesses a total conditional capital of CHF 5,289,060. The conditional capital comprises a total of 528,906 bearer participation certificates with a par value of CHF 10.– each. As of December 31, 2014, of this total, the remaining 174,456 are reserved for employee stock option programs; and 354,450 participation certificates are reserved for capital market transactions. Further information about auhtorized and conditional capital can be found in article 4bis of the Articles of Association which are available on the Webpage of Chocoladefabriken Lindt & Sprüngli AG.

http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E.pdf

There is no other authorized capital apart from the conditional capital.

CHANGES IN CAPITAL — During the past three reporting years, the following changes have occurred in the ordinary and conditional capital:

Ordinary capital

Year	Share capital in CHF	Registered shares (RS)*	Participation capital in CHF	No. of bearer participation certificates (PC)**
2012	13,670,000	136,700	8,944,880	894,488
2013	13,611,100	136,111	9,253,110	925,311
2014	13,611,100	136,111	9,560,660	956,066

Conditional capital

No. of bearer participation certificates (PC)**

Year	Total	Capital market PC	Employee PC
2012	612,737	354,450	258,287
2013	559,661	354,450	205,211
2014	528,906	354,450	174,456

Number of securities, status as at December 31.
* Registered shares (RS) par value CHF 100.–
** Bearer participation certificates (PC), par value CHF 10.–

RESTRICTIONS REGARDING ASSIGNABILITY AND NOMINEE ENTRIES — Both registered shares and participation certificates can be acquired without restrictions. According to article 3, subsection 6 of the Articles of Association, however, the Board of Directors may refuse full shareholder status to a buyer of registered shares if the number of shares held by that buyer exceeds 4% of the total of registered shares as entered in the commercial register. Moreover, according to article 685d, subsection 2 OR (Swiss Code of Obligations), the Board of Directors may refuse entry into the share register if upon demand by the Board the buyer does not formally state that the shares are purchased on his own behalf and on his own account.

According to article 3, subsection 7 of the Articles of Association, corporate bodies and partnerships, who are interrelated to one another through capital ownership, through voting rights or common management, or who are otherwise linked, as well as natural persons and legal entities or partnerships who act in concert in regard to a registration restriction, are considered to be one single shareholder. Based on article 3, subsection 9 of the Articles of Association, the Board of Directors may make exceptions to these provisions in special cases and adopt suitable provisions for the application of these rules. The implementing provisions for these rules are defined in the regulation of the Board of Directors on "Registration of registered shares and keeping the share register of Chocoladefabriken Lindt & Sprüngli AG."

http://www.lindt-spruengli.com/investors/corporate-governance/board-regulations/

According to these provisions, in particular (1) the intention of a shareholder to acquire a long-term interest in the company or (2) the acquisition of shares as part of a long-term strategic business relationship or a merger, together with the acquisition or allocation of shares on the occasion of the acquisition by the company of a particular asset, are treated as special cases within the meaning of article 3, subsection 9 of the Articles of Association.

In the year under review, no exceptions were granted. Based on the long-term participation and with regard to the purpose of the Foundation, the Board of Directors already granted such an exception prior to the year under review for the 20.3 % of the voting rights of the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG," "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft," "Lindt Cocoa Foundation," and "Lindt Chocolate Competence Foundation," all Kilchberg ZH.

A nominee shareholder will be granted full shareholder status for a maximum of 2 % of the registered share capital as entered in the commercial register, if such nominee discloses in writing name, address, domicile or seat, nationality, and shareholdings of those persons on whose account he holds the shares. Over the limit of 2 %, the Board of Directors will enter the shares of a nominee as voting shares in the shareholder register if such nominee discloses, in writing, name, address, domicile or seat, nationality, and shareholdings of those persons for which accounts he holds 0.5 % or more of the then outstanding share capital, whereby entry per trustor is limited to 4 %, respectively to 10 % per nominee collectively. Article 3, subsection 7 of the Articles of Association is applicable to nominees likewise.

The regulations to these rules are defined in the Regulations of the Board of Directors "Registration of registered shares and keeping of the share register of Chocoladefabriken Lindt & Sprüngli AG."

http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/REGISTRATION_AS_NOMINEE_EN.PDF

A revocation of these restrictions regarding the assignability requires a resolution by the shareholders at the General Meeting with a voting majority of at least three quarters of the shares represented.

OUTSTANDING OPTIONS AND CONVERTIBLE BONDS — Options on bearer participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee option plan. Details concerning the number of options issued and still outstanding with the corresponding terms and conditions are shown in the table below:

Year of allocation	Number	Strike price (CHF)	Term	No. of rights exercised	No. of exercisable rights
2008	12,660	3,149	until 2015	12,269	391
2009	33,066	1,543	until 2016	25,855	7,211
2010	33,886	2,200	until 2017	12,936	20,950
2011	33,556	2,523	until 2018	4,253	29,303
2012	34,470	2,679	until 2019	0	34,470
2013	32,715	3,123	until 2020	0	32,715
2014	19,385	4,062	until 2021	0	19,385
Total	**199,738**			**55,313**	**144,425**

The options were granted at a ratio of one option to one participation certificate (1:1). The options can be exercised for a maximum of seven years after the grant and are subject to a blocking period of three, four and five years respectively. The strike price is equivalent to a five-day average of the closing daily prices of the share on the Swiss stock market prior to the date of issue.

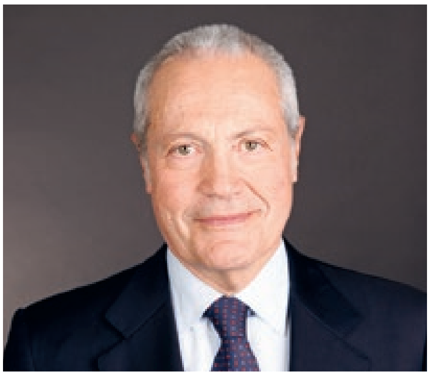
In 2014, a total of 30,755 of the above employee options were exercised (previous year: 53,076). Therefore, the "ordinary" participation capital was increased in 2014 by CHF 307,550 by the corresponding reduction in the "conditional" participation capital reserved for the employee stock option programs. The 144,425 options outstanding as of December 31, 2014, and not yet exercised are equivalent to 6.2 % of the total capital. There are no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG.

BOARD OF DIRECTORS

Ernst Tanner

Dr Rudolf K. Sprüngli

Dr Franz Peter Oesch



Antonio Bulgheroni

Dkfm. Elisabeth Gürtler

Petra Schadeberg-Herrmann

BOARD OF DIRECTORS

ROLE AND FUNCTION — The Board of Directors makes decisions jointly and, for specific matters, is assisted by Board committees. The Board's primary function is to provide guidance and exercise control over the Group. The Board makes strategic decisions and defines the general means for achieving the goals it has set for the company. It sets the agenda for the General Meeting and approves the annual and half-year reports as well as the compensation report. Decisions regarding the appointment of members to the Group Management, the Extended Group Management, the Managing Directors of subsidiaries as well as the nomination of the statutory auditor for election at the General Meeting are taken by the full Board.

MEMBERS — The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG consists of at least five and not more than nine members. If the number of members falls below five, the minimum membership must be restored at the next ordinary General Meeting. As of December 31, 2014, the Board had six active members. Ernst Tanner (CEO) is an executive member of the Board, all other members are non-executive members.

Name, function	First election	Until
Ernst Tanner, Chairman and CEO	1993	2015
Dr Kurt Widmer, member	1987	2015
Dr Rudolf K. Sprüngli, member	1988	2015
Dr Franz Peter Oesch, member	1991	2015
Antonio Bulgheroni, member and Lead Director	1996	2015
Dkfm. Elisabeth Gürtler, member	2009	2015

Antonio Bulgheroni was Managing Director of the Italian subsidiary Lindt & Sprüngli SpA until his retirement in April 2007. Also the other members of the Board were not actively engaged in the management of the Group or of a subsidiary and none of them had other business relations with any entity within the Group in the past three years.

The members of the Board of Directors were for the first time individually elected by the shareholders at the General Meeting for a one-year term of office until the next General Meeting. No limitation is placed on their re-election. When by-elections were held, the new members serve out the term of office of their predecessors. If a member leaves, or if an elected member subsequently declines the appointment, the seat concerned remains vacant until the next General Meeting.

In the year under review, Dr Kurt Widmer no longer stood for re-election after serving as a member of the Board of Directors for 27 years. Ms Petra Schadeberg-Herrmann was nominated as a candidate to succeed him. In the year under review, she was elected together with the five previous members of the Board of Directors for a term of office of one year until the end of the next ordinary general meeting, in compliance with the terms of the ordinance against excessive remuneration in listed companies (VegüV) which entered into force on January 1, 2014.

Ernst Tanner (CH) Mr Tanner was elected as CEO and Vice Chairman by the Board of Directors in 1993. In 1994, he became Chairman of the Board. He completed a commercial education and thereafter attended Business schools in London and in Harvard. Before joining Lindt & Sprüngli, Mr Tanner held top management positions for more than 25 years with the Johnson & Johnson Group in Europe and in the USA, his last position having been Company Group Chairman Europe. Mr Tanner has been a member of the Board of Directors of the Swiss Swatch Group since 1995, Vice Chairman of the Board of Directors since 2011 as well as member of the Compensation Committee since 2002 and Chairman of this Committee since May 2014. He also has a seat on the Advisory Board of the German Krombacher Brauerei GmbH & Co. KG. Until mid 2013, he was a member of the managing board of the Zurich Chamber of Commerce.

Dr Rudolf K. Sprüngli (CH) Mr Sprüngli completed his studies with a doctorate in economics and has been a member of the Board of Directors since 1988. Due to his former executive activities for the Group and for an international premium food-trading company, Mr Sprüngli is an expert authority in the chocolate business. Today, he manages his own consulting firm. Mr Sprüngli is also a member of the Board of Directors of Peter Halter Liegenschaften AG and Communicators AG, advisor at the Institut für Wirtschaftsberatung as well as Chairman of Freies Gymnasium Zurich.

Dr Franz Peter Oesch (CH) Mr Oesch completed his studies with a doctorate in law and was appointed to practise as an attorney-at-law in the canton of St Gallen in 1972. He has been a partner of the law firm "swisslegal asg advocati" in St Gallen since 1971. His membership in the Board of Directors dates back to 1991. Furthermore, Mr Oesch held office as Chairman of the Board of Directors of the St Galler Kantonalbank from 1996 until mid 2013. Since 2014, he is Chairman of the Board of Directors at Kunert Group (Swiss), Corazza AG St. Gallen and Corazza AG Gossau, Obega AG as well as Woerner Tribotechnik AG.

Antonio Bulgheroni (IT) Mr Bulgheroni has been a member of the Board of Directors since April 1996, Lead Director since February 2009 and he is currently appointed in the Executive, Audit and Compensation Committee. His extensive experience in company management in every area of the chocolate business makes Mr Bulgheroni a highly respected international expert in the chocolate industry. He was CEO of Lindt & Sprüngli SpA from 1993 until his retirement from executive directorship in April 2007. Since then he has been Chairman of the Board of Lindt & Sprüngli and Caffarel, the two Italian subsidiaries of the Group. Mr Bulgheroni, who is qualified with the Order of Merit for Labour of the Italian Republic, is the Vice President of Banca Popolare di Bergamo and holds other directorships including Il Sole 24 Ore and the L.I.U.C. University as well as the Chairman of Bulgheroni SpA.

Dkfm. Elisabeth Gürtler (AT) Ms Gürtler has been a member of the Board of Directors since 2009. She completed her business-science studies with a master's degree, and subsequently acquired an outstanding reputation in particular as manager of the world-famous Sacher Hotels in Vienna and Salzburg, in an area in which premium quality plays a key role. Ms Gürtler was from 1998 till 2012 a member of the Supervisory Board of Erste Group Bank AG. Since 2004, she is a member of the general council of the Austrian National Bank as well as member of the Board of Directors of ATP Planungs- und Beteiligungs AG in Innsbruck. Since 2007, she has also been Managing Director of the Spanish Riding School in Vienna.

Petra Schadeberg-Herrmann (D) After periods of study in Paris and London, Ms Schadeberg-Herrmann completed her studies at the European Business School in Germany in 1990 with a degree in business management. She has been employed by the Krombacher Brewery Group of Companies for more than 20 years and is currently a managing partner. Krombacher is the leading brand on the German beer market. Ms Schadeberg-Herrmann is active primarily on the financial and commercial side. Among her other duties as managing partner she is in charge of Krombacher Finance GmbH. In June 2011 she was elected to the Supervisory Board of Krones AG and in April 2013 to the Supervisory Board of Commerzbank AG.

NUMBER OF PERMITTED ACTIVITIES OUTSIDE THE GROUP — The number of mandates in the senior managing bodies and boards of directors of legal entities which are to be entered in the Swiss commercial register or in a comparable foreign register outside the Group is restricted for the members of the Board of Directors to four mandates in listed companies, ten mandates in non-listed companies and fifteen mandates in other legal entities such as foundations and associations.

http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E.pdf

INTERNAL ORGANIZATION — In the year under review, the Ordinary General Meeting elected for the first time the Chairman of the Board of Directors and the members of the Compensation Committee. In other respects, the Board of Directors will remain self-constituting.

If the chairmanship is abandoned prematurely, or if the chairman is dismissed from the Board of Directors or retires from the Board before ending the term of office, the Board of Directors can appoint an interim chairman from among its members until election at the next General Meeting. In case one or more members of the Compensation Committee prematurely retire, the Board of Directors can appoint substitutes from among its members until the next General Meeting.

The Chairman presides over the General Meeting, represents the company in dealings with third parties and, in cooperation with the Delegate of the Board of Directors, the Group Management and the Extended Group Management, provides timely information for the Board of Directors on all matters which are important for the decision-making process and monitoring of significant aspects of the company. He is responsible for preparing all the matters to be dealt with by the Board of Directors, for placing them on the agenda and for convening and chairing meetings of the Board of Directors.

The Delegate of the Board of Directors (CEO) is entrusted with the task of managing the business jointly with the Group Management and is assisted by the Extended Group Management. He is Chairman of the Group Management. Further details of the tasks of the CEO, the Group Management and the Extended Group Management will be found on page 40 of this annual report.

The Board of Directors may also appoint a non-executive member from its ranks to serve as the Lead Director. The Lead Director, who was appointed for one year, is entrusted with the task of safeguarding the independence of the Board of Directors in relation to the Chairman and CEO if both these functions are held by the same member of the Board of Directors. If necessary, the Lead Director has authority to convene and chair a meeting of the Board of Directors himself which will not be attended by the Chairman and CEO. He must notify the outcome of any such meeting to the Chairman and CEO.

The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG is firmly convinced that the dual mandate of Ernst Tanner as Chairman of the Board and CEO ensures effective leadership and excellent communication among shareholders, the Board of Directors, and the Management. Leading corporate governance practice also recognizes that a dual mandate of Chairman of the Board and CEO can be advantageous for a company, if the company provides for the appropriate control mechanisms. These comprise a majority of non-executive Board members, Board Committees (Audit Committee, Compensation & Nomination Committee, and Corporate Sustainability Committee), each consisting of non-executive or a majority of non-executive Board members, as well as the appointment of a non-executive, experienced member of the Board of Directors as Lead Director. With the appointment of Antonio Bulgheroni as Lead Director, Chocoladefabriken Lindt & Sprüngli AG has introduced the latter control mechanism.

The Board of Directors meets regularly and as often as business requires it, but at least four times each year. Meetings are convened by the Chairman or by another member of the Board of Directors appointed to represent him or by the Lead Director. Each member of the Board of Directors is authorized to ask for a meeting to be convened without delay, while stating the purpose. The Chairman or in his absence another member of the Board of Directors authorized to represent him or the Lead Director presides over the meeting. Apart from the members of the Board of Directors, the meetings may likewise be attended by members of the Group Management and other non-members. In the year under review, four regularly meetings were held; one member was not present at a regular meeting. Each meeting generally lasted for four to five hours. Members of the Group Management regularly attended these meetings. Two extraordinary meetings were held in 2014; one member was not present at one extraordinary meeting. No other external consultants took part in meetings of the Board of Directors.

COMMITTEES OF THE BOARD OF DIRECTORS — The Board of Directors is assisted in its work by three committees: the Audit Committee, the Compensation & Nomination Committee, and the Corporate Sustainability Committee. The Board of Directors may decide at any time by a majority decision to set up further committees. Until that time, all other tasks of the Board of Directors in particular in the areas of corporate governance, communication, relations with investors, and shareholders will continue to be performed by the whole Board of Directors.

Audit Committee — The Audit Committee consists of three members of the Board of Directors. At least two of them, together with the Chairman, must be non-executive members of the Board of Directors. The CFO has a consultative vote in the committee.

Until the general meeting of April 24, 2014, the following persons were members of the Committee: Dr Franz Peter Oesch (Chairman), Dr Rudolf K. Sprüngli, and Antonio Bulgheroni. Following the general meeting, the Committee membership was as follows: Dr Franz Peter Oesch (Chairman), Antonio Bulgheroni and Petra Schadeberg-Herrmann.

The members of the committee possess sufficient experience and professional knowledge in the areas of finance and risk management to enable them to perform their tasks effectively.

The Audit Committee supports the Board of Directors in its function of strategic supervision, with particular reference to the main audit areas, complete presentation of the financial statements/audit findings, compliance with statutory requirements, and the services of the external auditors. In addition, the committee assesses the expediency of the financial reporting and internal control system. It ensures ongoing communication with the external auditors. Likewise, it keeps the risk management principles of the Group, and the appropriate nature of the risks taken under constant review, especially in the areas of investments, currencies, raw material procurement, and liquidity.

The Audit Committee makes recommendations to the Board of Directors for important decisions in the aforementioned matters, such as the approval of risk management principles, adoption of the annual accounts statement or proposals for the appointment of the statutory auditor. The committee itself has no decision-making powers. It may, however, decide independently to entrust the auditor with special assignments and approve the fee budget for audit tasks submitted by the external auditors.

The committee meets as often as business requires, but at least four times a year. In 2014, four regularly scheduled meetings were held; one member was not present at a regular meeting. The meeting generally lasted between one and two hours. Members of the Group Management regularly attended these meetings. The auditors attended meetings of the Audit Committee on one occasion. Direct access for the auditors to the Audit Committee is guaranteed at all times. No external consultants took part in meetings of the Board of Directors in the year under review.

→ Information on the auditor see page 45

Compensation & Nomination Committee — The Compensation & Nomination Committee consists of three non-executive members of the Board of Directors, each of whom was elected in the year under review for the first time by the general meeting for a term of office of one year until the end of the next ordinary general meeting. Until the general meeting of April 24, 2014, the Committee membership were follows: Dr Kurt Widmer (Chairman), Antonio Bulgheroni, and Dkfm. Elisabeth Gürtler. Following the general meeting, the members were Dr Rudolf K. Sprüngli (Chair), Antonio Bulgheroni, and Dkfm. Elisabeth Gürtler.

→ Information and responsibilities of the Compensation & Nomination Committee see compensation report page 47

Corporate Sustainability Committee — The Corporate Sustainability Committee consists of three members of the Board of Directors. These may be both executive and non-executive members of the Board of Directors. The CFO attends the meetings.

Until the general meeting of April 24, 2014, the Committee membership were follows: Dr Rudolf K. Sprüngli (Chairman), Dr Kurt Widmer, and Ernst Tanner. Following the general meeting, the members were: Dr Rudolf K. Sprüngli (Chairman), Antonio Bulgheroni and Ernst Tanner.

The Corporate Sustainability Committee supports the Board of Directors in setting the strategic direction for the activities of the company, whilst aiming for comprehensive sustainable management. Furthermore, it is responsible for the development and adaption of all globally valid corporate policies in this area, and monitors compliance in the legal aspects. The committee has a preparatory as well as consultative role. It meets as often as business requires, at least once a year. One regularly convened meeting took place in the year under review and lasted for around two hours. The CFO attended this meeting. No external consultants were present at this meeting.

ALLOCATION OF COMPETENCES — The essential principles for allocating the competences and responsibilities among the Board of Directors and the Group Management are set forth in the organizational regulation. Below is a summary of the basic principles:

Board of Directors:
- Performs the inalienable statutory tasks. The Board of Directors is therefore responsible for strategic management of the company, giving the necessary instructions and supervising the Management
- Determines strategic, organizational, accounting, and financial planning guidelines
- Changes to the legal structure of the Group (especially incorporation of new subsidiary companies, acquisitions, joint ventures, as well as liquidation of companies)
- Appointment and dismissal of the Chairman, the delegate, the secretary, and the Lead Director of the Board of Directors together with the members of the Group Management, the Extended Group Management, and Chief Executive Officers of the subsidiary companies
- Approves the budgets for the Group and the individual subsidiaries

The Board of Directors has assigned the management of day-to-day business to the CEO and Group Management on the basis of the organizational regulation. They are supported by the Extended Group Management.

CEO — The CEO is the Chairman of the Group Management and responsible for procurement and forwarding of information to the Group Management, the Extended Group Management, and the members of the Board of Directors. The CEO must also ensure that the decisions and instructions of the Board of Directors are acted upon by the Group Management and Extended Group Management. Last but not least, he is responsible for managing the operational business of the Group within the framework of its strategic objectives, and for the planning of the entire business and reporting within the Group.

Group Management — The Group Management is responsible for the implementation of the Group strategies. In addition, the individual members of the Group Management must lead their allocated functional and responsibility areas within the framework of the Group policy and in compliance with the instructions given by the delegate of the Board of Directors. On the basis of a matrix structure, the individual Group Management members are given line responsibility for entire country organizations and geographical areas, together with functional responsibility for specific areas.

→ For details of the members of the Group Management, see page 41

Extended Group Management — The members of the Extended Group Management perform the duties entrusted to them by the Chairman of the Group Management or by members of the Group Management in the area of country / market responsibility (looking after foreign subsidiary companies and providing services for them) and / or functional responsibility. The members of the Extended Group Management may assume additional responsibility in the capacity of Managing Director / CEO of a subsidiary company or at Group level with pure market / country responsibility and / or functional responsibility.

→ For details of the members of the Extended Group Management, see page 43

INFORMATION AND CONTROLLING INSTRUMENTS — The Board of Directors is kept regularly informed of all important matters relating to the business activity of the Group. Members of the Group Management attend the meetings of the Board of Directors and report on the latest state of business and on important projects and events. Extraordinary occurrences are called to the attention of the members of the Board of Directors without delay. To obtain a direct picture of the market situation, the Board of Directors regularly visits national companies and meets the local business management.

The Board of Directors will be kept informed in writing on a quarterly basis by means of an extensive and complete Management Information System (MIS) about profit and loss, balance sheet, cash flow, investments, and personnel both of the Group and the subsidiaries. The information is provided both on a historical basis and as a year-end forecast.

Furthermore, the members of the Board of Directors receive, on an annual basis, a detailed overall budget, together with a three-year medium-term plan with forecasts of the future development of the individual subsidiaries and the consolidated group of companies, covering the income statement, profit and loss, balance sheet, cash flow, investments, and personnel. An annually updated Group-wide analysis of the strategic, operational, and financial risks – including valuations, actions taken to limit risks, and responsibilities – will also be presented.

To enable the risk parameters of the Group to be assessed, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw material procurement, and liquidity (risk control reporting). Members of the Group Management regularly attended the meetings of the Audit Committee. The Group has no internal audit department. Accordingly, the internal financial control system, the management information and risk management reporting of the Group is given very special attention.

Each year, a report is submitted to the Audit Committee on the internal financial control processes in the various corporate functions of the subsidiary companies (IT, Procurement, Production, Sales, Salary payments, Treasury, HR, and Financial Reporting). Within the framework of the yearly audit, the auditors may be charged with special assignments, which go over and beyond the legal and statutory requirements.

GROUP MANAGEMENT

On December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG's Group Management had five members.

Name, responsibility	Since
Ernst Tanner, Chief Executive Officer	1993
Uwe Sommer, Marketing / Sales & Country Responsibility	1993
Andreas Pfluger, Country Responsibility	1994
Dr Dieter Weisskopf, Chief Financial Officer, Finance / Administration / Procurement / Operations	1995
Rolf Fallegger, Country Responsibility	1997

Ernst Tanner (CH) For details refer to "Board of Directors" on page 36 of this Annual Report.

Uwe Sommer (CH) Economist, MA. — Mr Sommer joined the Lindt & Sprüngli Group in 1993 as a member of the Group Management, responsible for Marketing and Sales with country responsibilities. Previously, he gained his professional experience as an executive in the marketing / sales sector of Procter & Gamble, Mars in Germany and England, and as CEO with Johnson & Johnson in Austria.

GROUP MANAGEMENT

Ernst Tanner

Uwe Sommer

Dr Dieter Weisskopf

Andreas Pfluger

Rolf Fallegger

EXTENDED GROUP MANAGEMENT

Kamillo Kitzmantel

Dr Adalbert Lechner

Thomas Linemayr

Andreas Pfluger (CH) lic. rer. pol. — Mr Pfluger began his career with Unilever in Switzerland before joining Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1994. In 1997, he took over responsibility as CEO for building up the subsidiary in Australia. He has held further positions as CEO of the French subsidiary and of the Ghirardelli Chocolate Company in California (USA). Since 2005, Mr Pfluger is country responsible for the markets in North America. In 2011, he returned to the Swiss headquarters as member of the Extended Group Management and was promoted member of Group Management in 2013, where he is responsible for the development of specific markets.

Dr Dieter Weisskopf (CH) PhD in Economics / Business Administration — Mr Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration, and Purchasing. Since 2004, he is also responsible for manufacturing. Starting his career at Swiss Union Bank, he gained additional experience in the banking sector in Mexico and Brazil, later changing to the food industry, namely the Jacobs Suchard Group. At Jacobs Suchard and at Klaus Jacobs Holding, he held executive management positions in the financial sector, lastly as CFO in Canada and Switzerland.

Rolf Fallegger (CH) lic. oec. HSG — Mr Fallegger began his career in 1991 in marketing with Procter & Gamble in Geneva, Great Britain, and Belgium. He joined Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1997. He was then appointed CEO of the Lindt & Sprüngli subsidiary companies in Great Britain and France. In 2009, he returned to the Swiss base and in 2011 was appointed as member of the Extended Group Management. In 2014, he was promoted to member of the Group Management where he continues to be responsible for the development of specific markets.

Except for the above-mentioned assignments, the members of the Group Management are not active in other management or supervisory bodies. They are not active in managing or consulting functions with closely related parties, nor do they hold public or political office. There are no management agreements with either legal entities or natural persons outside the Group.

EXTENDED GROUP MANAGEMENT

On December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG's Extended Group Management had three members.

Name, responsibility	Since
Dr Adalbert Lechner, Country responsibility	1993
Kamillo Kitzmantel, Country responsibility	1994
Thomas Linemayr, Country responsibility	1995

Dr Adalbert Lechner (AT) Lawyer — After his PhD in law, Mr Lechner held several managements positions in marketing and sales with L'Oréal and Johnson & Johnson. He joined the Lindt & Sprüngli Group as CEO of the Austrian subsidiary company in 1993. In 1997, he took over responsibility for Chocoladefabriken Lindt & Sprüngli GmbH in Aachen and since 2001 additionally for the Austrian subsidiary. Since 2011, he has been a member of the Extended Group Management.

Kamillo Kitzmantel (AT / CH) Mag. Handelswissenschaft — Mr Kitzmantel initially held various positions with Fischer Ski, Johnson & Johnson, and Bahlsen before joining Lindt & Sprüngli Germany in 1994 as Marketing and Sales Manager. One year later, he was appointed CEO of the Swiss subsidiary company over which he still presides today. He temporarily also took management responsibility for the Ghirardelli Chocolate Company in the USA and national responsibility for the Italian market. He has been a member of the Extended Group Management since 2011. In August 2012, he also took over responsibility for Duty-Free.

Thomas Linemayr (AT) Mag. Betriebswirtschaft — Mr Linemayr began his career at the Lindt & Sprüngli Group in 1995 when he joined the German subsidiary in Aachen as Marketing and Sales Director. In 1999, he was appointed CEO in charge of Lindt & Sprüngli USA in Stratham, NH; in that capacity, he made a substantial contribution to the development of the LINDT brand in the world's biggest chocolate market. In addition to his position as CEO of Lindt & Sprüngli USA, he is also a member of the Extended Group Management since 2013; those duties give him strategic responsibility at the head of the Group.

The members of the Extended Group Management are not active in other management or supervisory bodies. The members of the Extended Group Management are not active in managing or consulting functions with closely related parties, nor do they hold public or political office. There are no management agreements with either legal entities or natural persons outside the Group.

NUMBER OF PERMITTED ACTIVITIES OUTSIDE THE GROUP — The number of mandates on the senior management bodies and boards of directors of legal entities which are entered in the Swiss commercial register or in a comparable foreign register outside the Group is restricted for the members of Group Management and Extended Group Management – always subject to approval by the Board of Directors – to not more than two mandates in listed companies, five in non-listed companies and fifteen mandates in other legal entities such as foundations and associations.

http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E.pdf

COMPENSATION, EQUITY PARTICIPATION & LOANS

→ see details Compensation Report on page 47

SHAREHOLDERS' RIGHTS OF PARTICIPATION

RESTRICTION OF VOTING RIGHTS AND PROXY — The transfer of nominal shares and consequently the recognition of the buyer of nominal shares as a shareholder with voting rights, as well as the registering of nominees as shareholders with voting rights are subject to certain restrictions. According to article 3, subsection 6 of the Articles of Association in particular, the Board of Directors may refuse full shareholder status to a buyer of shares if the number of shares held by that buyer exceeds 4 % of the total registered shares as entered in the commercial register. Details of the restrictions placed on the transfer of registered shares and the limitations of nominee registrations, the Group clause included in the Articles of Association and the rules for granting exceptions, will be found on page 33 of this Annual Report and in the respective regulation of the Board of Directors "Registered Share and Shareholder Registry Regulations Lindt & Sprüngli AG."

http://www.lindt-spruengli.com/investors/corporate-governance/board-regulations/

According to article 12, subsection 3 of the Articles of Association, no shareholder may combine, in the aggregate, directly or indirectly, whether with his own shares or with those voted by proxy, more than 6 % of total voting shares when exercising the voting rights at the General Meeting. Natural persons or legal entities, which either by the number of shares or the pooling of votes or similar are linked to each other or are under common custody, are considered as one shareholder. In special cases, the Board of Directors may make exceptions to the voting rights restrictions. In the reporting year, the Board of Directors granted no such exception.

The voting rights restriction does not apply to the exercise of the those rights by the independent voting right representative and by shareholders with more than 6 % of the voting rights whose names are recorded in the share register.

As the “Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG”, “Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft”, “Lindt Cocoa Foundation,” and “Lindt Chocolate Competence Foundation”, all Kilchberg ZH, as a group are entered in the share register with a shareholding interest of more than 6 %, the voting right limitation does not apply to that fund.

A revocation of the statutory restrictions of voting rights requires a three-quarter majority of the votes represented at the Annual Shareholders' Meeting.

Pursuant to Art. 12 para. 2 of the Articles of Association a shareholder may arrange to be represented at the general meeting by another shareholder or by the independent voting right representative on the basis of a written power of attorney. A general instruction may be given for voting on motions which have been announced in the invitation to attend or have not been so announced.

STATUTORY QUORUM — The General Meeting passes its resolutions by an absolute majority of the votes represented, unless the Articles of Association or the law prescribe otherwise. According to article 15, subsection 3 of the Articles of Association, amendments of the Articles of Association regarding the relocation of headquarters, transformation of nominal shares into bearer shares, the assignment of nominal shares, the representation of shares at the General Meeting, the amendment of article 15, subsection 3 of the Articles of Association as well as the dissolution or the merger of the company requires a three-quarter majority vote of represented shares.

CALLING OF THE ANNUAL GENERAL MEETING, AGENDA, AND SHARE REGISTER — Shareholders are given notice by the Board of Directors at least 20 days prior to the date of the General Meeting via publication in the Swiss Handelsamtsblatt.

A shareholder whose name appears in the share register as owning at least 2 % of the equity capital of the company may ask for an item to be placed on the agenda. The request for an item to be placed on the agenda must be sent to the Board of Directors in writing no less than 60 days before the meeting stating the matters to be discussed and the proposals made. These requests for items to be placed on the agenda and the accompanying proposals must be placed before the General Meeting together with the opinion of the Board of Directors on them. During the General Meeting, requests and justifications therefore for items not on the agenda may be brought up before the meeting for discussion. A decision about these items, however, may not be taken until the next General Meeting after review by the Board of Directors.

Requests made within the realm of the agenda items do not need prior announcement. In the invitation to attend the general meeting, the Board of Directors indicates the cut-off date for entry in the share register which entitles the shareholder to attend and vote.

CHANGE IN CONTROL AND DEFENSIVE MEASURES

In the event of a change in control of the company, the employee options granted can be exercised without regard to the three to five year blocking period. Other than that, there are no special agreements concerning a change in control that would favor either the members of the Board of Directors or the Group Management or any other management members of the company. The Articles of Association of incorporation make no special provision for “opting out” or “opting up” pursuant to article 22 BEHG of March 24, 1995 about stock exchange and stock trading.

AUDITORS

MANDATE — The General Meeting first appointed PricewaterhouseCoopers AG, Zurich, as its statutory auditor in April 2002. According to the Articles of Association of the company, the auditors must be newly appointed or confirmed each year by the General Meeting. The 2014 reporting year is the second year for the responsible lead auditor, Bruno Häfliger. Pursuant to the provisions of the Swiss Code of Obligations, the responsible lead auditor may not hold office for more than seven years. Bruno Häfliger will therefore not be allowed to serve as the responsible lead auditor after the end of the financial year 2019 at the latest.

AUDIT FEE — The total audit fees billed by the auditing company in the reporting year 2014 amounted to TCHF 1,534.

ADDITIONAL FEES — The total sum of additional fees mainly related to tax and EDP consulting, billed by the audit company in the reporting year 2014 totalled TCHF 582 (including the Due Diligence).

SUPERVISORY AND CONTROLLING BODIES — Supervision and control with respect to the performance of the auditors is exercised by the whole Board of Directors. The Audit Committee supports the whole Board of Directors in this task. The committee also ensures that the ongoing communication with the auditors is intact. It regularly discusses with their representatives the results of the audit activities in the areas of control and accounting activities as well as the suitability of the internal control systems. Before the interim audit, the auditors prepare an audit plan which is then submitted to the members of the Audit Committee. Based on an analysis of the current business and audit risks, the main points to be audited are proposed in this plan. The audit plan is approved by the Audit Committee and then also by the whole Board of Directors. The appropriate nature of the audit fee as well as possible additional fees for "non-audit" services is also reviewed on this occasion. The report on the final audit for the annual financial statement is dispatched to all the members of the Board of Directors. It is previously discussed in the Audit Committee with the auditors, and then approved by the whole Board of Directors at the meeting called to adopt the annual report in a circular resolution. In the year under review, the auditors once attended a meeting of the Audit Committee. Direct access for the auditors to the Audit Committee is granted at all times. Information about the organization and the scope of duties can be found on page 39 of this Annual Report.

SHAREHOLDER INFORMATION

Chocoladefabriken Lindt & Sprüngli AG issues business-related shareholder communications as follows:

Middle of January	Net sales of the previous year
Middle of March	Income statement and full-year results
End of April	Annual General Meeting
Mid July	Half-year figures
End of August	Half-year report

→ For details refer to "Information" on page 120

The statutory publication is the Swiss Handelsamtsblatt. In addition, information about the company is published and processed by selected media and by leading international banks. All data about the business can also be consulted on the company web site. Company press releases can also be consulted on that web site. For news and ad-hoc communications, a push system is likewise available on the company web site.
www.lindt-spruengli.com/media/press-releases/news-service/

Interested parties can obtain a free copy of the annual report as well as the Compensation Report of Chocoladefabriken Lindt & Sprüngli AG in the original version from the Group headquarters at Seestrasse 204, 8802 Kilchberg.

For further information contact the investor relations department of the Group via phone number +41 44 716 25 37 or e-mail investorrelations-in@lindt.com.

COMPENSATION REPORT

DEAR SHAREHOLDERS

I welcome this opportunity to present the compensation report for the financial year 2014 to you on behalf of the Compensation Committee.

The financial year 2014 saw a great many regulatory changes. In particular, the entry into force of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on January 1, 2014, imposes new requirements concerning compensation issues. In the light of the provisions of VegüV, Lindt & Sprüngli reviewed and revised its compensation system as well as the Articles of Association. The performance-based compensation together with share and option plans intended for members of the Group Management and Extended Group Management are concerned in the first instance. To enable the revised Articles of Association to provide the necessary basis for the votes on compensation at the 2015 General Meeting they were already submitted to last year's General Meeting and were approved by 94.6 % entitled to vote. In the financial year 2014, the Corporate Governance Directive of the SIX Swiss Exchange and the compensation principles set out in the attachment to the "Swiss Code of Best Practice for Corporate Governance" of economiesuisse were also revised. The revised compensation system and the Articles of Association of Chocoladefabriken Lindt & Sprüngli AG consider these additional regulatory requirements and recommendations in due form.

VegüV requires a separate compensation report to be drafted for the financial year 2014. The primary purpose of that report is to give a compact overview of all information about compensation for the financial year 2014. By comparison with the previous year's report, transparency has been increased with additional information concerning the determination of the cash bonus amounts. A consultative vote will be taken for the first time on this compensation report at the 2015 General Meeting.

At the forthcoming General Meeting in April 2015, separate votes will then be taken for the first time concerning the approval of the maximum amount of compensation for the Board of Directors until the next General Meeting and the maximum amount of compensation for the Group Management and Extended Group Management in preparation for the year 2016.

This compensation report is structured as follows:

I. Compensation governance
II. Compensation for the Board of Directors
III. Compensation for the Group Management and Extended Group Management
   i. Compensation principles
   ii. Compensation system
   iii. Compensation elements
   iv. Compensation
IV. Rules for outgoing officers
V. Participation
VI. Additional fees, compensation, and loans to company officers

The Board of Directors is convinced that this compensation report gives our shareholders a comprehensive and integral overview of the compensation at Lindt & Sprüngli.

The Chairman of the Compensation & Nomination Committee

Dr R. K. Sprüngli

COMPENSATION REPORT 2014

This compensation report describes the underlying principles governing compensation at Lindt & Sprüngli. The information provided refers to the financial year which ended on December 31, 2014. The compensation report likewise takes account of the disclosure obligations set out in Art. 14 ff. VegüV and Art. 663c OR, the revised provisions of Chapter 5 of the Corporate Governance Directive of the SIX Swiss Exchange and the revised recommendations of the "Swiss Code of Best Practice for Corporate Governance" of economiesuisse.

I. COMPENSATION GOVERNANCE

Article 24bis of the Articles of Association of Lindt & Sprüngli lays down the following tasks and terms of reference for the Compensation & Nomination Committee (CNC):

"The Compensation & Nomination Committee shall concern itself with compensation policies, particularly at the most senior levels of the company. It shall have the tasks, decision-making powers, and authority to present motions accorded to it by the organizational regulations and the Compensation Committee regulations. In particular, it shall assist the Board of Directors in determining and evaluating the remuneration system and the principles of remuneration, and in preparing the proposals to be presented to the General Meeting for approval of remuneration pursuant to Art. 15bis of the Articles of Association. The Compensation Committee may submit to the Board of Directors proposals and recommendations in all matters of remuneration."

The responsibilities of the CNC include the approval of the contracts of employment of members of the Group Management and Extended Group Management. It draws up proposals to the Board of Directors on any occupational benefits and pensions of the company or of its subsidiary companies outside the scope of occupational benefits and similar schemes abroad which are granted to the members of the Board of Directors, the Group Management and Extended Group Management within the limits laid down by the Articles of Association. In addition, the CNC is responsible for drawing up a proposed text of the compensation report for the attention of the Board of Directors.

Within the framework of the compensation principles, the Articles of Association and the decision of the General Meeting, the CNC determines the amount and composition of the compensation of the individual members of the Board of Directors, the Group Management and the Extended Group Management. The individual members of the Board of Directors, the Group Management and the Extended Group Management are excluded from the negotiation and voting as far as their own compensation is directly affected. Once each year, the CNC informs the Board of Directors of the procedure for the determination of compensation and on the outcome of the compensation process. The Committee meets at least twice each year. Three regular meetings were held in the year under review. Members of the Group Management took part regularly in these meetings. The CNC has general authority to call in external consultants. Last year, in connection with the review of the compensation system and the staff option plan, the CNC obtained consultancy services from the independent consultancy company Hostettler & Company, HCM Switzerland Ltd. No other tasks were entrusted to Hostettler & Company, HCM Switzerland Ltd.

Approval system

Recipient of the compensation	Proposal	Decision	Binding votes on compensation starting at the General Meeting 2015
BoD Chairman	CNC	BoD (excluding the Chairman)	Maximum fee budget for the period until the next Ordinary General Meeting
Members of the BoD	CNC	BoD	
CEO	CNC	BoD (excluding the Chairman)	Maximum total compensation for the next financial year
Members of the Group Management and Extended Group Management	CEO and CNC	BoD	

II. COMPENSATION FOR THE BOARD OF DIRECTORS

The members of the Board of Directors receive compensation in the form of a fixed fee. The entire compensation is paid out in cash after the General Meeting. This compensation released the Board of Directors from potential conflicts of interest in the assessment of the corporate performance.

The fixed fee received by members of the Board of Directors was unchanged by comparison with the previous years. The flat-rate sum paid to the Chairman of the Board of Directors is CHF 260,000 and CHF 145,000 for the members of the Board of Directors. The following compensation was paid to the members of the Board of Directors in the year 2014.

Compensation of the Board of Directors (audited)

		2014		2013	
CHF thousand		Cash compensation [1]	Other compensation [4]	Cash compensation [1]	Other compensation [4]
E. Tanner [2]	Chairman and CEO, member of the CSR Committee [3]	260	14	260	14
A. Bulgheroni	Board member, member of the Audit and Compensation Committee, Lead director	145	39	145	38
Dkfm E. Gürtler	Board member, member of the Compensation Committee	145	8	145	8
Dr R. K. Sprüngli	Board member, member of the Audit and CSR Committee [3]	145	8	145	8
Dr F. P. Oesch	Board member, member of the Audit Committee	145	8	145	8
P. Schadeberg-Herrmann [6]	Board member	0	10	0	0
Dr K. Widmer [5]	Board member, member of the Compensation- and CSR Committee [3]	145	8	145	8
Total		**985**	95	**985**	**84**

1) Total gross cash compensation (excluding social charges paid by employer), in the form of Board fees to Directors.
2) Cash compensation for the function as Chairman of the Board.
3) CSR Committee: Corporate Social Responsibility Committee.
4) AHV-share of the employee on fees, that are paid by the employer. Furthermore Mr Bulgheroni received a gross fee of TCHF 32 in 2014 (TCHF 31 in 2013) for his function as Chairman of the Board of Lindt & Sprüngli SpA and Caffarel SpA. Moreover, Ms. Schadeberg-Herrmann received a fixed compensation of TCHF 10 for her consulting function at Lindt & Sprüngli (Austria) GmbH in 2014.
5) Did not run for re-election at the General Meeting 2014.
6) Was elected into the Board of Directors at the General Meeting 2014.

No loans and credits had been granted to executive and non-executive members of the Board of Directors.

III. COMPENSATION FOR THE GROUP MANAGEMENT AND EXTENDED GROUP MANAGEMENT

i. COMPENSATION PRINCIPLES

Compensation plays a central role in the recruitment of staff and in retaining their loyalty. As a consequence, compensation influences the future success of the company. Lindt & Sprüngli is committed to performance-based compensation compliant with the market and designed to reconcile the long-term interests of the shareholders, employees, and customers.

The compensation system at Lindt & Sprüngli has four main aims:
1. long-term motivation of staff,
2. creating long-term loyalty of key personnel to the company,
3. establishing an appropriate relationship between the costs of compensation and the results, and
4. ensuring that the activity of the management reflects the long-term interests of the owners.

Lindt & Sprüngli attaches great importance to staff loyalty. That is apparent in particular from the extraordinarily low turnover rate over a period of many years in the Group and Extended Group Management. This is particularly important for a premium product manufacturer with a long-term strategy. The compensation principles at Lindt & Sprüngli are intended to have a medium and long-term impact and be sustainable. Continuity is a high priority.

ii. COMPENSATION SYSTEM

The compensation for members of the Group Management and Extended Group Management consists of a combination of basic salary, cash bonus, share and participation certificate or option-based compensation, and ancillary benefits consistent with their respective position. Fixed compensation essentially reflects the particular grade, powers and experience of the members of the Group Management and the Extended Group Management. The cash bonus is tied to the performance targets of the financial year, while the compensation in equities or similar instruments strengthens the focus on shareholders within the corporate management and reconciles the long-term interests of the Management with those of the shareholders.

The compensation in equities or similar instruments with vesting periods of three to five years until they can be sold promotes the long-term action which is important in the consumer goods industry and has already been a major pillar of the company's development in recent years. The following table shows the particular bonus target as a percentage of the basic salary, the accompanying target attainment bandwidth as a percentage of the bonus target and the elements of the equity-based compensation. The bandwidth for possible option allocations is expressed as a percentage of the fixed compensation in each case.

Composition of variable compensation of the Group Management

	Fixed compensation	Variable compensation			
		Cash bonus			
	Basic salary	Target bonus in % of base salary	Target attainment range as % of target	Shares (number)	Options* as % of base salary
CEO	100 %	100 %	0–200 %	0–50	0–200 %
Group Management and Extended Group Management	100 %	30–90 %	0–200 %	—	0–200 %

* Options on participation certificates

The amount of the target compensation is guided by the requirements and responsibility of the beneficiaries and is regularly reviewed within the Group by making horizontal and vertical comparisons. When new appointments are made the CNC also takes account of comparable data for the consumer goods sector with reference to the post to which a new appointment is to be made.

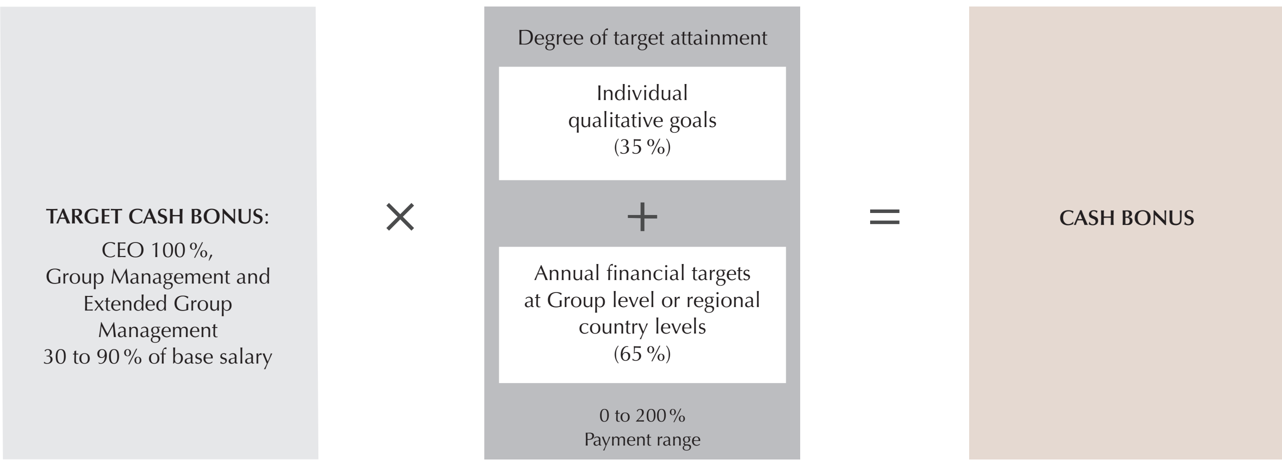
In the year 2014 the compensation for the Group Management and Extended Group Management was reviewed by benchmarking. Here the level of compensation and its structure were compared with twelve industrial companies from the SMI and SMIM of a similar size in terms of their market capitalization and sales. In addition, the long-term corporate performance of Lindt & Sprüngli was determined by comparison with the peer group to obtain an assessment representing a "Pay for Performance" analysis.

iii. COMPENSATION ELEMENTS

Basic salary and other compensation — The basic salary is paid out in twelve or thirteen equal monthly cash installments. In addition, the members of the Group Management and Extended Group Management receive other compensation and ancillary benefits. These include the entitlement to a company vehicle and participation in pension plans.

Cash bonus — The amount of the cash bonus is determined by multiplying the individual target cash bonus by a target attainment factor which is determined by a scorecard. For the CEO and members of the Group Management this factor is determined largely by the attainment of financial targets for the year at Group level and to a lesser extent by the attainment of personal annual qualitative targets which are proposed by the CNC and finally set by the Board of Directors. The financial targets are determined annually and correlated with the long-term strategy which aims to achieve sustainable organic sales growth accompanied by continuous improvement of profitability. As to the financial targets, the financial results achieved over the last three years on the market are also measured against those of a comparison group. The purpose of that comparison is to take account of circumstances which cannot be influenced by the company itself. The non-financial targets are guided by the individual function and relate to the implementation of the strategy and to defined management and conduct criteria.

Calculation of the cash bonus for the CEO, Group Management, and the Extended Group Management



For the members of the Extended Group Management, the target bonus multiplier is also determined using a scorecard. Here, too, the multipliers are mainly influenced by the attainment of the set financial targets. For the members of the Extended Group Management who have responsibility at regional or national level the regional and national financial targets are likewise considered alongside the Group targets. Also in the case of members of the Extended Group Management, the degree of attainment of the strategic and personal targets represents a comparatively small part of the bonus calculation.

As the illustration shows, the particular target cash bonus of the CEO, the members of the Group Management and Extended Group Management are multiplied by the particular degree of attainment of the target which ranges from 0 % to 200 % (maximum figure in excess of the set target). In other words the cash bonus paid out is limited to not more than twice the target cash bonus.

Share plan — The long-term share compensation which was agreed contractually with the CEO when he was appointed in the year 1993 and entitles him to a fixed number of shares every year is now supplemented by a success-dependent variable allocation mechanism. The CEO is to receive a variable quantity of up to 50 shares which depend upon the performance achieved in the previous years. The exact number of shares is decided by the Board of Directors as part of an overall assessment based on a scorecard and is determined by the degree of attainment of financial and non-financial targets which are measured over a period of three years. If the targets are not achieved, the amount of the number of shares will be reduced accordingly. The allocated shares continue to be subject to a five-year vesting period during which they may not be sold; in other words, the long-term value is linked to the trend in value of the company.

Option plan — The option plan enables the Group Management and Extended Group Management as well as selected employees to participate in the long-term increase in corporate value. The options are allocated as an incentive for future value growth. The number is not determined primarily by the performance in the previous year but by the position held by the employee and his influence on long-term corporate success. The Board of Directors takes the final decision on the value of the options per participant on the basis of the stated criteria; the allocated value may amount to as much as 200 % of the particular basic salary for the CEO, Group Management and Extended Group Management. The options are issued in a ratio of one option to one participation certificate (1:1). The option strike price corresponds upon allocation to the average value on the five previous trading days.

The option rights have a strike period of not more than seven years from allocation with initial vesting periods of three, four or five years (35 % of the options may therefore be exercised after three or four years and 30 % after five years).

iv. COMPENSATION

The compensation for members of the Group Management and Extended Group Management for the year 2014 is shown in the following table. The calculation of the option and equity-based compensation for 2014 uses market values based on Black-Scholes at the time of allocation. The compensation table for 2013 has been adjusted accordingly for comparison purposes.

Compensation for the Group Management and Extended Group Management (audited)

						2014 market value
CHF thousand	Fixed cash compensation [1]	variable cash compensation [2]	Other compensation [3]	Options [4]	Registered shares [5]	Total remuneration
Ernst Tanner, CEO [6]	1,256	1,600	99	1,574	2,450	6,979
Other members of the Group Management and Extended Group Management [7]	4,208	3,810	1,186	4,486	–	13,690
Total	**5,464**	**5,410**	**1,285**	**6,060**	**2,450**	**20,669**

						2013 market value
CHF thousand	Fixed cash compensation [1]	Variable cash compensation [2]	Other compensation [3]	Options [4]	Registered shares [5]	Total remuneration
Ernst Tanner, CEO [6]	1,256	1,600	146	1,904	3,602	8,508
Other members of the Group Management and Extended Group Management [7]	4,064	3,160	698	6,823	–	14,745
Total	**5,320**	**4,760**	**844**	**8,727**	**3,602**	**23,253**

						2013 tax value
CHF thousand	Fixed cash compensation [1]	Variable cash compenstion [2]	Other compensation [3]	Options	Registered shares	Total remuneration
Ernst Tanner, CEO [6]	1,256	1,600	146	996	2,691	6,689
Other members of the Group Management and Extended Group Management [7]	4,064	3,160	698	3,570	–	11,492
Total	**5,320**	**4,760**	**844**	**4,566**	**2,691**	**18,181**

1) Total gross cash compensation and allowances including pension benefits paid by employer (excluding social charges paid by employer).
2) Accrual at year end for expected pay-out in April of following year (excluding social charges paid by employer).
3) Employees part of social charges (AHV) related to exercising of options and grant of registered shares, paid by employer.
4) Option grants on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 28). The valuation reflects the market value at the time granted according to Black Scholes. The total number of granted share options in 2014 to Mr Tanner was 2,000 units (3,000 units in 2013) and to all other members of the Group Management and the Extended Group Management 5,700 units (10,750 units in 2013).
5) Grant of 50 Lindt & Sprüngli registered shares in 2014 (100 in 2013). The valuation is based on the market value upon allocation.
6) Compensation for function as CEO, fixed base salary of CHF 1.3 million (including pension benefits paid by employer) unchanged since 1993.
7) The number of other Group Management and Extended Group Management members is seven.

No loans and credits had been granted to executive and non-executive members of the Group Management and Extended Group Management.

IV. RULES FOR OUTGOING OFFICERS

The employment contracts stipulate a maximum notice period of twelve months and make no provision for a severance payment. The maximum prohibitions on competition for members of the Group Management and Extended Group Management amount to twelve months. Compensation must not exceed the basic salary for one year. The vesting periods imposed on shares and options do not lapse upon departure and the vesting periods are not shortened.

V. PARTICIPATION

The following table provides information on the ownership of Lindt & Sprüngli registered shares, participation certificates and options on participation certificates for members of the Board of Directors, the Group Management and Extended Group Management as at December 31, 2014.

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2014	2013	**2014**	2013	**2014**	2013
E. Tanner	Chairman and CEO	3,103	3,039	6,943	8,967	19,750	17,750
A. Bulgheroni	Member of the Board	1,000	1,000	–	–	5,900	5,900
Dr K. Widmer [1]	Member of the Board	–	35	–	–	–	–
Dkfm E. Gürtler	Member of the Board	–	–	–	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,090	–	–	–	–
Dr F. P. Oesch	Member of the Board	13	17	–	–	–	–
P. Schadeberg-Herrmann	Member of the Board	131	–	–	–	–	–
U. Sommer	Group Management	12	12	140	1,449	7,450	9,369
Dr D. Weisskopf	Group Management	7	5	2,400	1,800	9,650	10,550
A. Pfluger	Group Management	5	5	30	30	5,188	8,213
R. Fallegger	Group Management	5	5	1,969	1,612	6,035	5,985
K. Kitzmantel	Extended Group Management	5	5	100	100	4,338	4,938
A. Lechner	Extended Group Management	6	6	53	53	5,650	6,900
T. Linemayr	Extended Group Management	4	4	77	77	5,500	5,350
Total		**5,383**	**5,223**	**11,712**	**14,088**	**69,461**	**74,955**

1) Mr. Dr K. Widmer left the Lindt & Sprüngli Group in 2014, therefore no participation is reported for 2014.

VI. ADDITIONAL FEES, COMPENSATION, AND LOANS TO COMPANY OFFICERS

Apart from the benefits listed in this report, no other compensation was provided in the year under review 2014 – either directly or via consultancy companies – for the executive and non-executive members of the Board of Directors or for the members of the Group Management and Extended Group Management. In addition, as of December 31, 2014, no loans, advances or credits had been granted by the Group or by any of its subsidiary companies to the members of the Board of Directors, Group Management and Extended Group Management.

REPORT OF THE STATUTORY AUDITOR

To the general meeting of
Chocoladefabriken Lindt & Sprüngli AG, Kilchberg

We have audited pages 49 and 53 of the compensation report of Chocoladefabriken Lindt & Sprüngli AG for the year ended December 31, 2014.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the remuneration report of Chocoladefabriken Lindt & Sprüngli AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

pwc PricewaterhouseCoopers AG

Bruno Häfliger Audit expert Auditor in charge	**Richard Müller** Audit expert

Zurich, 9 March 2015

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2014

AN EVENTFUL YEAR

Swiss Chocolate Heaven

Shop opening
on 3,454 above sea level,
told in eight highlights

01 Thrilling exhibition match reaches new heights: Roger Federer takes on Lindsey Vonn.

LINDT ambassador Roger Federer faced US ski racer Lindsey Vonn in an exhibition tennis match played on the Aletsch glacier to mark the opening of the "Swiss Chocolate Heaven." The extraordinary match was watched by a live audience of guests and journalists from all over the world. SwissTelevision presenter Rainer-Maria Salzgeber took on the role of umpire and helped Lindsey using a few tricks. The spectators acclaimed loudly when it was decided that Lindsey had won the match. Roger, ever the gentleman, took it all in his stride and thanked Lindsey at the net for an unforgettable match.

02 Opening ceremony for the LINDT "Swiss Chocolate Heaven".

In front of a crowd of media representatives from all over the world, presenter Rainer-Maria Salzgeber welcomed the guests of honor at the opening of the LINDT "Swiss Chocolate Heaven:" Urs Kessler, CEO of Jungfrau Railways, Ernst Tanner, CEO and Chairman of the Board of Directors of Lindt & Sprüngli, and LINDT brand ambassador and tennis champion Roger Federer.
In his speech, Ernst Tanner stressed the perfect match between the Jungfrau Railway and Lindt & Sprüngli: both companies are built on innovation and creativity, the former with the construction of the legendary railroad line and the latter with the invention of the world's first melt-in-the-mouth chocolate. After a few words of welcome, the chocolate adventure was brought to life and the guests were able to try out the multimedia exhibits.

03 The first themed chocolate shop 11,332 feet above sea level.

At 11,332 feet above sea level, the themed chocolate shop on the Jungfraujoch is, up until now, the first and only shop of its kind. Not only is it built high up in the clouds, it also enjoys the most spectacular location in the heart of the Sphinx massif. Per year, over 800,000 visitors from all over the world can expect an extensive range of the finest LINDT chocolates, the perfect souvenir. In addition, the Master Chocolatiers' experience next door to the shop offers a fascinating insight into chocolate-making. Guests can therefore look forward to a little added sweetness on their visit to the Jungfraujoch in the future.

04 Extraordinary event location at the "Top of Europe".

Probably the greatest challenge the event entailed was building the tennis court among all the snow and ice. Despite July being a warm season, fresh snow fell at the top of the mountain until just before the event. With great commitment and hard work, the local helpers got to work to make what seemed impossible possible. With tremendous dedication and meticulous timing, the tennis court was finished just before the start of the event. The hard work paid off. On the day of the event itself, the weather was on its best and the court appeared in true Davis Cup style against the backdrop of the Eiger, Mönch, and Jungfrau mountains.

05 The “Maître-Parlor” offers a glimpse into the fine art of chocolate-making.

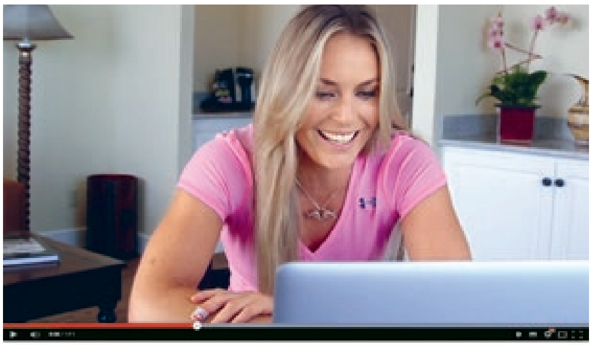
In the “Maître-Parlor” next to the LINDT shop, five exhibits provide information about chocolate-making in eight languages. The ingredients are presented in a display cabinet, while short movies make an interactive recipe book revealing how they are prepared. This is followed by a replica conche, which is filled with liquid chocolate mass and a cartoon tells the story of its invention. A life-size hologram of a Master Chocolatier demonstrates how tablets and hollow chocolate figures are made. Visitors are also able to find out about the LINDT range by interacting with products on the giant touchscreen table. A LINDOR machine illustrating how the popular truffles are made provides the final highlight of the visit. Each visitor receives a real LINDOR truffle at the end of their tour.

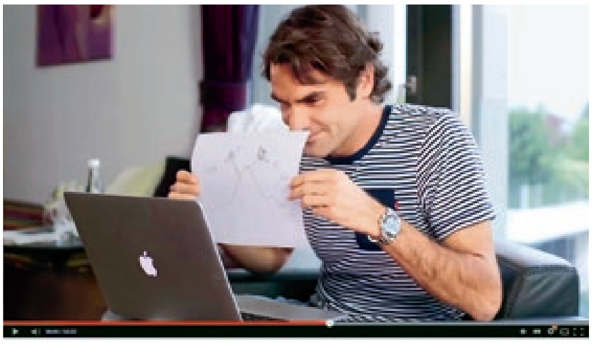
06 A unique event with a spectacular international media response.

Around 100 media representatives from around the world were present at the event itself, some reporting live from the edge of the court. The news spread, primarily via online channels, in a matter of seconds. The final figures were impressive, with the event generating extensive global media coverage. In particular, the sensational images of the tennis court surrounded by snow and ice were used on a large scale and viewed by millions. According to estimates, coverage of the event reached an audience of around 500 million, achieving an equivalent advertising value of approximately CHF 8 million based on global printing, online articles, and social media posts. It is pleasing to note that, in terms of posts by users, Lindt & Sprüngli was mentioned almost as often as Lindsey Vonn – only brand ambassador Roger Federer recorded higher traffic.

07 News of the exhibition match reaches an audience of millions online.

In the run-up to the event, LINDT brand ambassador and Swiss tennis star Roger Federer skyped US Olympic champion and ski racer Lindsey Vonn to invite her to take part in a special challenge in the LINDT "Swiss Chocolate Heaven," but without telling her all the details. In a comparison of the views from their respective apartments, Lindsey would certainly win the first point. A video of the event itself followed a few days later on YouTube, showing them both at the match. The news of the sensational exhibition match between the two superstars on the Aletsch glacier spread like wildfire around the globe online and appeared in many major Internet media platforms. Together, the videos of the Skype call and the tennis match received more than two million hits on YouTube, while the Facebook pages of LINDT (5.7 million followers) and Roger Federer (more than 14 million followers), served to reach additional fans.





08 A strong partnership with Jungfrau Railway.

The Jungfrau Railway group is the leading mountain railway company in Switzerland. The group mainly operates tourist railroads and winter sports facilities in the Jungfrau region. Its most important asset is the route to the Jungfraujoch – "Top of Europe," situated 11,332 feet above sea level in the Swiss Alps Jungfrau-Aletsch UNESCO World Heritage site. The Jungfraujoch is a popular tourist destination, particularly with Asian tourists, and it received more than 800,000 visitors in 2013 for the second consecutive year.

FINANCIAL REPORT

OF THE LINDT & SPRÜNGLI GROUP

CONSOLIDATED STATEMENTS OF THE LINDT & SPRÜNGLI GROUP

FINANCIAL STATEMENTS OF CHOCOLADEFABRIKEN LINDT & SPRÜNGLI AG

FINANCIAL AND OTHER INFORMATION

CONSOLIDATED BALANCE SHEET

CHF million	Note	December 31, 2014		December 31, 2013	
ASSETS					
Property, plant, and equipment	7	1,088.1		853.3	
Intangible assets	8	1,394.5		20.6	
Financial assets	9	1,215.7		1,019.2	
Deferred tax assets	10	61.1		21.9	
Total non-current assets		**3,759.4**	**67.4%**	**1,915.0**	**49.3%**
Inventories	11	611.7		454.8	
Accounts receivable	12	917.5		683.7	
Other receivables		105.2		78.5	
Accrued income		2.2		1.9	
Derivative assets	13	13.5		16.3	
Marketable securities and short-term financial assets	14	0.2		111.1	
Cash and cash equivalents	15	171.8		619.4	
Total current assets		**1,822.1**	**32.6%**	**1,965.7**	**50.7%**
Total assets		**5,581.5**	**100.0%**	**3,880.7**	**100.0%**
LIABILITIES					
Share and participation capital	16	23.2		22.9	
Treasury stock		–159.8		–71.3	
Retained earnings and other reserves		3,136.7		2,683.1	
Equity attributable to shareholders		**3,000.1**		**2,634.7**	
Non-controlling interests		1.6		–	
Total equity		**3,001.7**	**53.8%**	**2,634.7**	**67.9%**
Bonds	17	996.6		–	
Loans	17	1.3		1.0	
Deferred tax liabilities	10	371.6		301.6	
Pension liabilities	18	180.3		118.8	
Other non-current liabilities		11.2		10.9	
Provisions	19	77.4		75.1	
Total non-current liabilities		**1,638.4**	**29.3%**	**507.4**	**13.1%**
Accounts payable to suppliers	20	190.1		181.5	
Other accounts payable		41.7		40.6	
Current tax liabilities		76.4		33.7	
Accrued liabilities	21	582.1		473.2	
Derivative liabilities	13	32.8		3.6	
Bank and other borrowings	17	18.3		6.0	
Total current liabilities		**941.4**	**16.9%**	**738.6**	**19.0%**
Total liabilities		**2,579.8**	**46.2%**	**1,246.0**	**32.1%**
Total liabilities and shareholders' equity		**5,581.5**	**100.0%**	**3,880.7**	**100.0%**

The accompanying notes form an integral part of the consolidated statements.

CONSOLIDATED INCOME STATEMENT

CHF million	Note	2014		2013	
INCOME					
Sales		3,385.4	100.0%	2,882.5	100.0%
Other income	22	18.2		13.6	
Total income		**3,403.6**	**100.5%**	**2,896.1**	**100.5%**
EXPENSES					
Material expenses		–1,218.1	–36.0%	–982.4	–34.1%
Changes in inventories		–9.8	–0.3%	39.2	1.4%
Personnel expenses	23	–719.5	–21.2%	–654.7	–22.7%
Operating expenses		–868.2	–25.6%	–794.9	–27.6%
Depreciation, amortization, and impairment	7, 8	–113.7	–3.4%	–99.2	–3.4%
Total expenses		**–2,929.3**	**–86.5%**	**–2,492.0**	**–86.5%**
Operating profit		474.3	14.0%	404.1	14.0%
Income from financial assets	24	3.6		1.1	
Expense from financial assets	24	–5.4		–3.9	
Income before taxes		472.5	14.0%	401.3	13.9%
Taxes	25	–129.9		–98.3	
Net income		**342.6**	**10.1%**	**303.0**	**10.5%**
of which attributable to non-controlling interests		0.2		–	
of which attributable to shareholders of the parent		342.4		303.0	
Non-diluted earnings per share/10 PC (in CHF)	26	1,503.5		1,339.3	
Diluted earnings per share/10 PC (in CHF)	26	1,459.9		1,313.9	

The accompanying notes form an integral part of the consolidated statements.

STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
CHF million	After taxes	After taxes
Net income	342.6	303.0
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	90.3	857.5
Transfer of pension assets to non-profit funds	–	–200.8
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	–1.7	16.8
Currency translation	80.8	–11.5
Total comprehensive income / (loss)	**512.0**	**965.0**
of which attributable to non-controlling interests	0.1	–
of which attributable to shareholders of the parent	511.9	965.0

The accompanying notes form an integral part of the consolidated statements.

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 25.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF million	Note	Share-/ PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	**Equity attributable to Share-holders**	Non-controlling interest	**Total equity**
Balance as at January 1, 2013		**22.6**	**–113.8**	**362.4**	**–6.3**	**1,671.5**	**–241.9**	**1,694.4**	**–**	**1,694.4**
Total comprehensive income		–	–	–	16.8	959.7	–11.5	965.0	–	965.0
Capital increase [1]	16	0.5	–	129.7	–	–1.7	–	128.5	–	128.5
Purchase of own shares and participation certificates [2]		–	–44.7	–	–	–	–	–44.7	–	–44.7
Sale of own shares [3]		–	0.6	–	–	0.4	–	1.0	–	1.0
Cancellation of shares [4]		–0.3	84.2	–	–	–83.9	–	–	–	–
Share-based payment [5]	28	–	2.4	–	–	17.7	–	20.1	–	20.1
Reclass into Retained Earnings		–	–	–120.7	–	120.7	–	–	–	–
Distribution of profits		–	–	–	–	–129.7	–	–129.7	–	–129.7
Balance as at December 31, 2013		**22.9**	**–71.3**	**371.4**	**10.5**	**2,554.8**	**–253.4**	**2,634.7**	**–**	**2,634.7**
Total comprehensive income		–	–	–	–1.7	432.8	80.8	511.9	0.1	512.0
Capital increase [1]	16	0.3	–	73.8	–	–1.0	–	73.1	1.5	74.6
Purchase of own shares and participation certificates [6]		–	–90.1	–	–	–	–	–90.1	–	–90.1
Sale of own shares [7]		–	0.4	–	–	0.6	–	1.0	–	1.0
Share-based payment [8]	28	–	1.2	–	–	16.4	–	17.6	–	17.6
Reclass into Retained Earnings		–	–	–126.3	–	126.3	–	–	–	–
Distribution of profits		–	–	–	–	–148.0	–	–148.0	–	–148.0
Balance as at December 31, 2014		**23.2**	**–159.8**	**318.9**	**8.8**	**2,981.8**	**–172.6**	**3,000.1**	**1.6**	**3,001.7**

1) All directly attributable transaction costs are netted against retained earnings realized on exercise of options (TCHF 1,002 in 2014; TCHF 1,668 in 2013).
2) The Group acquired 870 of its own registered shares and 1,682 of its own participation certificates in 2013. The average amount paid per share was CHF 43,913 and CHF 3,843 per certificate respectively.
3) In 2013, the Group sold 24 of its own registered shares at an average sales price of CHF 42,348 per share. The gain on sale of TCHF 440 has been recognized in retained earnings.
4) In 2013, the Group cancelled 589 of its own registered shares and 22,253 of its own participation certificates, these have been recorded in equity at cost.
5) In 2013, the position "Share-based payments" also includes the distribution of 100 own registered shares to the CEO of the Group with a total value of CHF 3.6 million.
6) The Group acquired 773 of its own registered shares and 11,048 of its own participation certificates in 2014. The average amount paid per share was CHF 55,894 and CHF 4,254 per certificate respectively.
7) In 2014, the Group sold 18 of its own registered shares at an average sales price of CHF 55,039 per share. The gain on sale of TCHF 587 has been recognized in retained earnings.
8) In 2014, the position "Share-based payments" also includes the distribution of 50 own registered shares to the CEO of the Group with a total value of CHF 2.4 million.

The accompanying notes form an integral part of the consolidated statements.

CONSOLIDATED CASH FLOW STATEMENT

CHF million	Note	2014		2013	
Net income		342.6		303.0	
Depreciation, amortization, and impairment	7, 8	113.7		99.2	
Changes in provisions, value adjustments and pension assets		–22.0		4.5	
Decrease (+)/increase (–) of accounts receivable		–199.7		–37.1	
Decrease (+)/increase (–) of inventories		10.3		–61.2	
Decrease (+)/increase (–) of other receivables		–5.9		5.7	
Decrease (+)/increase (–) of accrued income and derivative assets and liabilities		29.6		0.7	
Decrease (–)/increase (+) of accounts payable		–23.7		21.4	
Decrease (–)/increase (+) of other payables and accrued liabilities		82.3		50.8	
Non-cash effective items		–19.0		32.1	
Cash flow from operating activities (operating cash flow)			**308.2**		**419.1**
Investments in property, plant, and equipment	7	–223.6		–177.4	
Disposals of property, plant, and equipment		1.6		0.6	
Investments in intangible assets	8	–11.0		–14.0	
Disposals (+)/investments (–) in financial assets (excluding pension assets)		–6.5		–1.6	
Marketable securities and short-term financial assets	14				
Investments		–254.1		–113.4	
Disposals		364.6		261.4	
Acquisition of subsidiaries	32	–1,474.6		–	
Cash flow from investment activities			**–1,603.6**		**–44.4**
Proceeds from borrowings	17	13.6		0.8	
Repayments of loans/borrowings	17	–1.9		–5.5	
Proceeds from the issuance of bonds	17	996.6		–	
Capital increase (including premium)		73.1		128.6	
Purchase of treasury stock		–90.1		–44.7	
Distribution of profits		–148.0		–129.7	
Cash flow with non-controlling interests		1.5		–	
Cash flow from financing activities			**844.8**		**–50.5**
Net increase (+)/decrease (–) in cash and cash equivalents			**–450.6**		**324.2**
Cash and cash equivalents as at January 1		619.4		295.8	
Exchange gains/(losses) on cash and cash equivalents		**3.0**	**622.4**	**–0.6**	**295.2**
Cash and cash equivalents as at December 31	15		**171.8**		**619.4**
Interest received from third parties [1]			4.5		1.0
Interest paid to third parties [1]			6.4		2.7
Income tax paid [1]			101.8		81.3

1) Included in cash flow from operating activities.

The accompanying notes form an integral part of the consolidated statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION, BUSINESS ACTIVITIES, AND GROUP COMPANIES

Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries manufacture and sell premium chocolate products. The products are sold under the brand names Lindt, Ghirardelli, Caffarel, Hofbauer, Küfferle and since September 2014, Russell Stover, Whitman's and Pangburn's. The Group has twelve manufacturing plants worldwide (six in Europe and six in the United States) and mainly sells in countries within Europe and the NAFTA countries.

The Company is a limited liability company incorporated and domiciled in Kilchberg ZH, Switzerland.

The Company has been listed since 1986 on the SIX Swiss Exchange (ISIN number: registered shares CH0010570759, participation certificates CH0010570767).

These consolidated financial statements were approved for publication by the Board of Directors on March 9, 2015.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2014 are:

Country	Domicile	Subsidiary	Business activity	Percentage of ownership	Currency	Capital in million
Switzerland	Kilchberg	Chocoladefabriken Lindt & Sprüngli (Schweiz) AG	P & D	100	CHF	10.0
		Indestro AG [1]	M	100	CHF	0.1
		Lindt & Sprüngli (International) AG [1]	M	100	CHF	0.2
		Lindt & Sprüngli Financière AG [1]	M	100	CHF	5.0
Germany	Aachen	Chocoladefabriken Lindt & Sprüngli GmbH [1]	P & D	100	EUR	1.0
France	Paris	Lindt & Sprüngli SAS	P & D	100	EUR	13.0
Italy	Induno	Lindt & Sprüngli SpA [1]	P & D	100	EUR	5.2
	Luserna	Caffarel SpA	P & D	100	EUR	2.2
Great Britain	London	Lindt & Sprüngli (UK) Ltd. [1]	D	100	GBP	1.5
USA	Stratham, NH	Lindt & Sprüngli (USA) Inc. [1]	P & D	100	USD	1.0
	San Leandro, CA	Ghirardelli Chocolate Company	P & D	100	USD	0.1
	Kansas City, MO	Russell Stover Candies, LLC. [2]	P & D	100	USD	0.1
Spain	Barcelona	Lindt & Sprüngli (España) SA	D	100	EUR	3.0
Austria	Vienna	Lindt & Sprüngli (Austria) Ges.m.b.H. [1]	P & D	100	EUR	4.5
Poland	Warsaw	Lindt & Sprüngli (Poland) Sp. z o.o. [1]	D	100	PLN	17.0
Canada	Toronto	Lindt & Sprüngli (Canada) Inc. [1]	D	100	CAD	2.8
Australia	Sydney	Lindt & Sprüngli (Australia) Pty. Ltd. [1]	D	100	AUD	1.0
Mexico	Mexico City	Lindt & Sprüngli de México SA de CV [1]	D	100	MXN	248.1
Sweden	Stockholm	Lindt & Sprüngli (Nordic) AB [1]	D	100	SEK	0.5
Czech Republic	Prague	Lindt & Sprüngli (Czechia) s.r.o. [1]	D	100	CZK	0.2
Japan	Tokyo	Lindt & Sprüngli Japan Co., Ltd.	D	100	JPY	1,227.0
South Africa	Capetown	Lindt & Sprüngli (South Africa) (Pty) Ltd. [1]	D	100	ZAR	100.0
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd. [1]	D	100	HKD	180.5
China	Shanghai	Lindt & Sprüngli (China) Ltd.	D	100	CNY	144.5
Russia	Moscow	Lindt & Sprüngli (Russia) LLC [1]	D	100	RUB	10.0
Brazil	São Paulo	Lindt & Sprüngli (Brazil) Holding Ltda. [3]	D	100	BRL	9.0
		Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. [3,4]	D	51	BRL	8.0

D – Distribution, P – Production, M – Management

1) Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.
2) Acquired in 2014. See note 32.
3) Newly founded in 2014.
4) The Joint Venture with the CRMPAR Holding S.A. is a subsidiary with substantial non-controlling interests and is therefore fully consolidated according to IFRS 10 “Consolidated Financial Statements”. The non-controlling interests are CHF 1.6 million. These are not material for the Group.

2. ACCOUNTING PRINCIPLES

BASIS OF PREPARATION — The consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG ("Lindt & Sprüngli Group" or "Group") were prepared in accordance with International Financial Reporting Standards (IFRS).

With the exception of the marketable securities, financial assets and the derivative financial instruments, which are recognized at fair value, the consolidated financial statements are based on historical costs.

When preparing the financial statements, Management makes estimates and assumptions that have an impact on the assets and liabilities presented in the annual report, the disclosure of contingent assets and liabilities and the disclosure of income and expenses in the reporting period. The actual results may differ from these estimates.

NEW IFRS STANDARDS AND INTERPRETATIONS

New and amended IFRS and interpretations (effective as of January 1, 2014 and thereafter) — The Lindt & Sprüngli Group has applied the following new IFRS standards and interpretations in 2014:

- Amendment to IAS 32 – "Financial instruments: Presentation" on offsetting of financial assets and financial liabilities;
- Amendment to IAS 39 – "Financial instruments: Recognition and measurements" on the novation of derivatives and the continuation of hedge accounting; and
- Revised version of IFRIC 21 – "Leavies" sets out the accounting for an obligation to pay a levy.

None of the new or amended IFRS and interpretations had a significant impact on the Lindt & Sprüngli Group's financial position or performance.

New and amended IFRS and interpretations that are required in future periods

The following standards, amendments and interpretations have already been published and are required in future periods, but have not been early adopted by the Lindt & Sprüngli Group:

- IFRS 9 – "Financial Instruments" addresses classification, measurement, and recognition of financial assets and financial liabilities. The new standard will fully replace IAS 39 – "Financial instruments: Recognition and measurements" in 2018; and
- IFRS 15 – "Revenue from contracts with customers" will replace IAS 11 – "Construction Contracts" and IAS 18 – "Revenue" and related interpretations in 2017.

None of these standards are expected to have a significant effect on the consolidated financial statements of the Lindt & Sprüngli Group.

CONSOLIDATION METHOD — The consolidated financial statements include the accounts of the parent company and all the entities it controls (subsidiaries) up to December 31 of each year. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns trhough its power over the entity.

Non-controlling interests are shown as a component of equity on the balance sheet and the share of the profit attributable to non-controlling interests is shown as a component of profit for the year in the income statement.

Newly acquired companies are consolidated from the effective date of control using the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are recognised in the balance sheet at fair value. Acquisition costs exceeding the Group's share of the fair value of the identifiable net assets are recognised as goodwill. Transaction costs are recognised as an expense in the period in which they are incurred.

FOREIGN CURRENCY TRANSLATION — The consolidated financial statements are presented in Swiss francs, which is the parent company's functional and reporting currency. In order to hedge against currency risks, the Group engages in currency forwards and options trading. The methods of recognizing and measuring these derivative financial instruments in the Balance Sheet are explained below.

Foreign exchange differences arising from the translation of loans that are held as net investments in a foreign operation are recognized separately in other comprehensive income. The repayment of these loans is not considered as a divestment (partial or full). As a consequence, the respective accumulated currency translation differences are not recycled from other comprehensive income to the income statement.

Foreign exchange rates — The Group applied the following exchange rates:

		Balance Sheet year-end rates		Income Statement average rates	
CHF		**2014**	2013	**2014**	2013
Euro zone	1 EUR	1.20	1.23	1.21	1.23
USA	1 USD	0.99	0.89	0.94	0.92
Great Britain	1 GBP	1.54	1.47	1.51	1.45
Canada	1 CAD	0.85	0.84	0.84	0.89
Australia	1 AUD	0.81	0.79	0.82	0.89
Poland	100 PLN	28.10	29.55	28.94	29.39
Mexico	100 MXN	6.73	6.80	6.87	7.19
Sweden	100 SEK	12.79	13.88	13.32	14.20
Czech Republic	100 CZK	4.34	4.48	4.40	4.71
Japan	100 JPY	0.83	0.85	0.86	0.95
South Africa	100 ZAR	8.55	8.49	8.45	9.59
Hong Kong	100 HKD	12.76	11.48	11.80	11.95
China	100 CNY	15.96	14.71	15.50	14.94
Russia	100 RUB	1.72	2.70	2.29	2.78
Brazil	100 BRL	36.84	–	37.30	–

PROPERTY, PLANT, AND EQUIPMENT — Property, plant, and equipment are valued at historical cost, less accumulated depreciation. The assets are depreciated using the straight-line method over the period of their expected useful economic life. Depreciation on assets other than land is calculated using the straight-line method to write down their cost to their residual values. The following useful lives have been applied:

- Buildings (incl. installations): 5 – 40 years
- Machinery: 10 – 15 years
- Other fixed assets: 3 – 8 years

Land is not depreciated. Profits and losses from disposals are recorded in the Income Statement.

INTANGIBLE ASSETS

Goodwill — Goodwill is the excess of the costs of acquisition over the Group's interest in the fair value of the net assets acquired. Goodwill is not amortized, but is tested for impairment at each balance sheet date instead.

Other intangible assets — "EDP Software" and "customer relationships" are recognized at cost and amortized on a straight line basis over their economic life from the initial date on which the Group can use them. "EDP Software" is amortized over a period of three to five years, "customer relationships" over a period of 10 to 20 years. The economic life of the intangible asset is regularly reviewed. "Brands and intellectual property rights" are not amortized but tested for impairment at each balance sheet date instead. All identifiable intangible assets (such as "brands and intellectual property rights" and "customer relationships") acquired in the course of a business combination are initially recognized at fair value.

IMPAIRMENT — The Group records the difference between the realizable value and the book value of fixed assets, goodwill or intangible assets as impairment. The valuation is made for an individual asset or, if this is not possible, on a group of assets to which separate sources of cash flows are allocated. In order to establish the future benefits, the expected future cash flows are discounted. Assets with undefined utilization periods as for example goodwill or intangible assets, and which are not in use yet, are not depreciated and are subject to a yearly impairment test. Depreciable assets are tested for their recoverability, if there are signs, that the book value is no longer realizable.

LEASING — The Lindt & Sprüngli Group distinguishes between lease liabilities resulting from finance and operating leases.

INVENTORIES — Inventories are valued at the lower of cost and net realizable value. Costs include all direct material and production costs, as well as overhead, which are incurred in order to bring inventories to their current location and condition. Costs are calculated using the FIFO method. Net realizable value equals the estimated selling price in the ordinary course of business less cost of goods produced and applicable variable selling and distribution expenses.

CASH AND CASH EQUIVALENTS — Cash and cash equivalents includes cash on hand, cash in bank, other short-term highly liquid investments with an original maturity period of up to ninety days.

FINANCIAL ASSETS — The Group recognizes, measures, impairs (if required), presents and discloses financial assets as required by IAS 39 – "Financial Instruments: Recognition and Measurement", IAS 32 – "Financial Instruments: Presentation" and IFRS 7 – "Financial Instruments: Disclosures". Loans and receivables are categorized as short-term assets, unless their remaining post-balance sheet date life exceeds twelve months. Within the reporting period the majority of loans and receivables have been accounted for as short-term commitments; they were included in the balance sheet items "Accounts receivable" and "Other receivables". Value adjustments are made to outstanding receivables for which repayment is considered doubtful. Purchases and sales of financial assets are recorded on trade-date – the date on which the Group has committed to buy or sell the asset. Investments in financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried "at fair value through profit or loss". The derecognition of a financial investment occurs at the moment when the right to receive future cash flows from the investment expires or has been transferred to a third party and the Group has transferred substantially all risks and benefits of ownership. Financial investments categorized as "available-for-sale" and "at fair value through profit or loss" are valued at fair value. "Loans and receivables" and "held-to-maturity" investments are valued at amortized cost using the effective interest method. Realized and unrealized profits and losses arising from changes in the fair value of financial investments categorized as "fair value through profit or loss" are reflected in the income statement in the reporting period in which they occur.

The fair value of listed investments is defined by using the current paid or, if not available, bid price. If the market for a financial asset is not active and / or the security is unlisted, the Group can determine the fair value by using valuation procedures. These are based on recent arm's length transactions, reference to similar financial instruments, the discounting of the future cash flows and the application of the option pricing models.

"Available-for-sale financial assets" which have a market value of more than 40% below their original costs or are, for a sustained 18-month period, below their original costs are considered as impaired and the accumulated fair value adjustment in equity will be recognized in the income statement. Impairment losses recognized in the income statement for an investment in an equity instrument classified as "available for sale" shall not be reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as "available for sale" increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss shall be reversed in the income statement.

PROVISIONS — Provisions are recognized when the Group has a legal or constructive obligation arising from a past event, where it is likely that there will be an outflow of resources and a reasonable estimate can be made thereof.

DIVIDENDS — In accordance with Swiss law and the Company's Articles of Association, dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting and subsequently paid.

FINANCIAL LIABILITIES — Financial liabilities are recognized initially when the Group commits to a contract and records the amount of the proceeds (net of transaction costs) received. Borrowings are then valued at amortized cost using the effective interest method. The amortized cost consists of a financial obligation at its initial recording, minus repayment, plus or minus accumulated amortization (the difference possible between the original amount and the amount due at maturity). Gains or losses
are recognized in the income statement as a result of amortization or when a borrowing is written off. A borrowing is written off when it is repaid, abandoned or when it expires.

EMPLOYEE BENEFITS — The expense and defined benefit obligations for the significant defined benefit plans and other long-term employee benefits in accordance with IAS 19 (revised) are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. This method takes into account years of service up to the reporting period and requires the Group to make estimates about demographic variables (such as mortality, turnover) and financial variables (such as future salary increase) that will affect the final cost of the benefits.
The cost of defined benefit plans has three components:

- service cost recognized in profit and loss;
- net-interest expense or income recognized in profit and loss; and
- remeasurement recognized in other comprehensive income.

Service cost includes current service cost, past service cost and gains or losses on settlements. Past service cost is recognized in the period the plan amendment occurs. Curtailment gains and losses are accounted for as past service cost. Contributions from plan participants' or a third party reduce the service cost and are therefore deducted if they are based on the formal terms of the plan or arise from a constructive obligation.

Net interest cost is equal to the discount rate multiplied with the net defined benefit liability (asset) taking into account changes during the year. Remeasurements of the net defined benefit liability (asset) include actuarial gains and losses on the defined benefit obligation from:

- changes in assumptions and experience adjustments;
- return on plan assets excluding the interest income on the plan assets that is included in the net interest; and
- changes in the effect of the asset ceiling (if applicable) excluding amounts included in the net interest.

Remeasurements recorded in other comprehensive income are not recycled.

The Group presents both components of the defined benefit costs in the line item "Employee benefits expense" in its Consolidated Income Statement. Remeasurements are recognized in the OCI. The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

For the other long-term employee benefits the present value of the defined benefit obligation is recognized at the balance sheet date. Changes of the present value are recorded as personnel expenses in the Income Statement.

REVENUE RECOGNITION — Revenue consists of delivery of goods and services to third parties net of value-added taxes and minus price reductions and all payments to trade partners with the exception of payments for distinctly and clearly identifiable services, rendered by trade partners, which could also be rendered by third parties at comparable costs. Revenue is to be recorded in the income statement once the risks and rewards of the goods are transferred to the buyer. For returns of goods or other types of payments regarding the sales, adequate accruals are recorded.

Interest income is recognized on an accrual basis, taking into consideration the outstanding sums lent and the actual interest rate to be applied.

Dividend income resulting from financial investments is recorded upon legal entitlement to payment of the share owner.

OPERATING EXPENSES — Operating expenses include marketing, distribution and administrative expenses.

BORROWING COSTS — Interest expenses incurred from borrowings used to finance the construction of fixed assets are capitalized for the period in which it takes to build the asset for its intended purpose. All other borrowing costs are immediately expensed in the income statement.

TAXES — Taxes are based on the yearly profit and include non-refundable taxes at source levied on the amounts received or paid for dividends, interest and licence fees. These taxes are levied according to a country's directives.

Deferred income taxes are accounted for according to the Balance-Sheet-Liability Method, on temporary differences arising between the tax and IFRS bases of assets and liabilities. In order to calculate the deferred income taxes, the legal tax rate in use at the time or the future tax rate announced is applied.

Deferred tax assets are recorded to the extent that it is probable that future taxable profit is likely to be achieved against which the temporary differences can be offset.

Deferred taxes also arise due to temporary differences from investments in subsidiaries and associated companies. Deferred taxes are not recognized if the following two conditions are met; the parent company is able to manage the timing of the release of temporary differences and, it is probable that the temporary differences are not going to be reversed in the near future.

RESEARCH AND DEVELOPMENT COSTS — Development costs for new products are capitalized if the relevant criteria for capitalization are met. There are no capitalized development costs in these consolidated financial statements.

SHARE-BASED PAYMENTS — The Group grants several employees options on officially listed participation certificates. These options have a blocking period of three to five years and a maximum maturity of seven years. The options expire once the employee leaves the company. Cash settlements are not allowed. The disbursement of these equity instruments is valued at fair value at grant date. The fair value determined at grant date is recorded in a straight-line method over the vesting period. This is based on the estimated number of participation certificates, which entitles a holder to additional benefits. The fair value was defined with the help of the binomial model used to determine the price of the options. The anticipated maturity period included the conditions of the employee option plan, such as the blocking period and the non-transferability.

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES — Derivative financial instruments are recorded when the contract is entered into and valued at fair value. The treatment of recognizing the resulting profit or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivative financial instruments as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (securing the cash flow).

At the beginning of the business transaction, the Group documents the relationship between the hedge and the hedged items, as well as its risk management targets and strategies for undertaking the various hedging transactions. Furthermore, the Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in fair value of derivatives which are designated and qualify as cash flow hedges is accounted for in equity. Profit and loss from the ineffective portion of the value adjustment are recognized immediately in the income statement.

Amounts accumulated in equity are recognized in the income statement in the same reporting period when the hedged item affects profit and loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS — When preparing the consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. Actual values may differ from these estimates. Estimates and assumptions significantly affect the following areas:

- Pension plans: The calculation of the recognized assets and liabilities from defined benefit plans is based on statistical and actuarial calculations performed by actuaries. The present value of defined benefit liabilities in particular is heavily dependent on assumptions such as the discount rate used to calculate the present value of future pension liabilities, future salary increases and changes in employee benefits. In addition, the Group's independent actuaries use statistical data such as probability of withdrawals of members from the plan and life expectancy in their assumptions.
- When testing goodwill and other intangible assets with indefinite useful life, parameters such as future discounted cash flows, discount rates and the underlying growth rates are based on estimates and assumptions.
- The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining deferred tax assets and deferred tax liabilities or current income tax accruals. There are many transactions and calculations for which the determination of the applicable tax rate and the expected current income tax position.

In the course of restructuring the pension fund schemes within the Lindt & Sprüngli Group in 2013, two non-profit funds were founded. According to IFRS 10 – "Consolidated financial statements" it is not required to consolidate these two funds because amongst other things, the Lindt & Sprüngli Group is not exposed to variable returns.

3. RISK MANAGEMENT

Due to its global activity, the Group is exposed to a number of risks: strategic, operational, and financial. Within the scope of the annual risk management process, the individual risk positions are classified into these three categories, where they are assessed, limited, and assigned to authorities.

In view of the existing and inevitable strategic and operating risks of the core business, Management's objective is to minimize the impact of the financial risks on the operating and net profit for the reporting period.

FINANCIAL RISK MANAGEMENT — The Group is exposed to financial risks. The financial instruments are divided, in accordance with IFRS 7, into the following categories: market risks (exchange rates, interest rates, and commodities), credit risks, and liquidity risks. The central treasury department (Corporate Treasury) is responsible for the coordination of risk management and works closely with the operational Group companies. The decentralized Group structure gives strong autonomy to the individual operational Group companies, particularly with regard to the management of exchange rate and commodity risks. The risk policies issued by the Audit Committee serve as guidelines for the entire risk management. Centralized systems, specifically for the regular recording and consolidation of the Group-wide foreign exchange and commodity positions, as well as regular internal reporting, ensure that the risk positions can be consolidated and managed in a timely manner despite the Group's decentralized management system. The Group only engages in derivative financial instruments in order to manage existing or future transactions of operating and / or financial assets and liabilities.

Market risks

Exchange rate risks — The Group's reporting currency is the Swiss franc, which is exposed to fluctuations in foreign exchange rates, primarily with respect to the euro, the various dollar currencies, and pound sterling. Foreign exchange rate risk is not generated from sales, since the operational Group companies invoice in their local functional currencies. On the other hand, the Group is exposed to exchange rate risk on trade payables for goods and services. These transactions are hedged to a great extent using forward currency contracts. The operational Group companies transact all currency instruments with Corporate Treasury, which hedges net positions by means of financial instruments with credit-worthy financial institutions (short-term rating A1 / P1).

Since the operational Group companies transact the majority of their transactions in their own functional currencies and any remaining non-functional currency-based transactions are hedged with currency forward contracts, the exchange rate risk at balance sheet date is not material. The changes, in exchange rates, include the fair value of the currency forward contracts since entering into the contract and are recognized in accordance with IAS 39.

Interest rate risks — Corporate Treasury monitors and minimizes interest rate risks from a mismatch of quality, maturity period, and currency of the liquid funds on a continuous basis. Corporate Treasury may use derivative financial instruments in order to manage the interest rate risk of balance sheet assets and liabilities, and future cash flows. As of December 31, 2014 and 31 December, 2013, there were no such transactions.

The most material financial assets as of December 31, 2014 and 2013 are not interest-bearing. These include predominantly cash and cash equivalents in Swiss franc. The acquisition of Russell Stover Candies, LLC caused a reduction of liquid funds and minimized the interest rate risks of the financial assets of the Lindt & Sprüngli Group. Instead, the majority of the interest rate risk related to the financial liabilities of the Lindt & Sprüngli Group has been covered with the issuance of fix rate bonds. The sensitivities on the other positions are not material.

Commodity price risks — The Group's products are manufactured with raw materials (commodities) that are subject to strong price fluctuations due to climatic conditions, seasonal conditions, seasonal demand, and market speculation. In order to mitigate the price and quality risks of the expected future net demand, the manufacturing Group companies enter into contracts with suppliers for the future physical delivery of the raw materials. In exceptional market conditions, commodity futures are also used; however, they are only processed centrally by Corporate Treasury. The commodity futures of cocoa beans of a necessary quality are always traded for physical-delivery agreements. The number of outstanding commodity futures is dependent on the expected production volumes and price development and so can be at various levels throughout the year. Based on the existing contract volume as of December 31, 2014 and 2013, no material sensitivities exist on these positions. The changes in commodity prices include the fair value of the futures since entering into the agreement and are recognized in accordance with IAS 39.

Credit risks

Credit risks occur when a counterparty, such as a supplier, a client or a financial institute is unable to fulfil its contractual duties. This risk is minimized since the operational Group companies have implemented standard processes for defining lending limits for clients and suppliers and monitor adherence to these processes on an ongoing basis. Due to the geographical spread of the turnover and the large number of clients, the Group's concentration of risk is limited. Financial credit risks are limited by investing (liquid funds and / or derivative financial instruments) with various lending institutions holding a short-term A1 / P1-rating only. The maximum risk of loss of balance sheet assets is limited to the carrying values of those assets, as reflected in the notes to the financial statements (including derivative financial instruments).

Liquidity risks

Liquidity risk exists when the Group or a Group company does not settle or meet its financial obligations (untimely repayment of financial debt, payment of interest). The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity as well as an investment policy coordinated by Corporate Treasury. Liquidity, which the Group defines as the net liquidity position (cash and cash equivalents, marketable securities less bank borrowings), is continually monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2014, the net financial position amounted to CHF – 844.2 million (net liquidity of CHF 724 million in 2013). For extraordinary financing needs, adequate credit lines with financial institutes have been arranged.

The tables below present relevant maturity groupings as at December 31, 2014 and 2013, of the contractual maturity date:

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2014 Total
Bond	0.1	5.3	260.9	775.0	1,041.3
Loans	–	–	1.2	0.1	1.3
Accounts payable	184.9	5.2	–	–	190.1
Other accounts payable	39.0	1.2	–	–	40.2
Derivative assets	–4.4	–8.7	–0.5	–	–13.6
Derivative liabilities	9.5	2.7	20.6	–	32.8
Bank and other borrowings	17.8	0.4	–	–	18.2
Total contractually fixed payments	**246.9**	**6.1**	**282.2**	**775.1**	**1,310.3**

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2013 Total
Loans	–	–	0.9	0.1	1.0
Other long-term borrowings	–	–	2.9	8.0	10.9
Accounts payable	177.9	3.6	–	–	181.5
Other accounts payable	39.1	1.4	0.1	–	40.6
Derivative assets	–5.0	–11.3	–	–	–16.3
Derivative liabilities	1.4	1.2	1.0	–	3.6
Bank and other borrowings	3.8	2.2	–	–	6.0
Total contractually fixed payments	**217.3**	**–2.9**	**4.9**	**8.1**	**227.3**

4. CAPITAL MANAGEMENT

The goal of the Group with regards to capital management is to support the business with a sustainable and risk adjusted capital basis and to achieve an accurate return on the invested capital. The Group assesses the capital structure on an ongoing basis and makes adjustments in view of the business activities and the changing economical environment.

The Group monitors its capital based on the ratio of shareholders' equity in percentage to total assets, which was 53.8 % as of December 31, 2014 (67.9 % in 2013).

The goals and procedures as of December 31, 2014, related to capital management have not been changed compared to the previous year.

5. SEGMENT INFORMATION: ACCORDING TO GEOGRAPHIC SEGMENTS

The management of the Group is organized by means of companies of individual countries. For the definition of business segments to be disclosed, the Group has aggregated companies of individual countries on the basis of similar economic structures (foreign exchange risks, growth perspectives, element of an economic area), similar products and trade landscapes, and economic attributes (gross profit margins).
The three segments to be disclosed are:

- Business segment "Europe", consisting of the European companies and business units.
- Business segment "NAFTA", consisting of the companies in the USA, Canada, and Mexico.
- Business segment "All other segments", consisting of the companies in Australia, Japan, South Africa, Hong Kong, China and Brazil as well as the business units distributors and duty-free.

The Group considers the operating result as the segment result. Transactions between segments are valued and recorded in accordance with the cost-plus method.

SEGMENT INCOME

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	2014	2013	2014	2013	2014	2013	**2014**	2013
Sales	2,003.1	1,870.5	1,259.4	876.2	393.8	359.9	3,656.3	3,106.6
Less sales between segments	258.9	216.2	12.0	7.9	–	–	270.9	224.1
Third party sales	**1,744.2**	**1,654.3**	**1,247.4**	**868.3**	**393.8**	**359.9**	**3,385.4**	**2,882.5**
Operating profit	259.4	249.4	165.6	109.4	49.3	45.3	474.3	404.1
Net financial result							–1.8	–2.8
Income before taxes							**472.5**	**401.3**
Taxes							–129.9	–98.3
Net income							**342.6**	**303.0**

The following countries achieved the highest sales Group-wide in 2014:
- USA CHF 1,080.2 million (CHF 709.1 million in 2013)
- Germany CHF 518.9 million (CHF 501.1 million in 2013)
- France CHF 380.6 million (CHF 362.9 million in 2013)

BALANCE SHEET AND OTHER INFORMATION

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	2014	2013	2014	2013	2014	2013	**2014**	2013
Assets [1]	3,401.2	3,193.9	2,015.4	554.5	164.9	132.3	5,581.5	3,880.7
Liabilities [1]	2,120.8	989.7	344.6	152.3	114.4	104.0	2,579.8	1,246.0
Investments	151.2	154.8	58.3	32.2	25.1	4.4	234.6	191.4
Depreciation and amortization	76.4	70.9	31.1	25.0	2.4	2.6	109.9	98.5
Impairment	3.5	0.1	0.1	0.3	0.2	0.3	3.8	0.7

1) Positions in assets of CHF –7.6 million (CHF 4.7 million in 2013) and in liabilities of CHF 52.3 million (CHF 60.1 million in 2013) which cannot be clearly allocated to a particular segment are disclosed in the category "All other segments".

The following countries held the greatest portion of fixed and intangible assets Group-wide in 2014:
- USA CHF 1,279.2 million (CHF 214.6 million in 2013)
- Germany CHF 263.9 million (CHF 227.7 million in 2013)
- Switzerland CHF 169.6 million (CHF 165.1 million in 2013)
- Italy CHF 123.8 million (CHF 128.5 million in 2013)

6. FINANCIAL INSTRUMENTS, FAIR VALUE, AND HIERARCHY LEVELS

The following table shows the carrying values and fair values of financial instruments recognized in the consolidated balance sheet, analyzed by categories and hierarchy levels at year-end:

		2014		2013	
CHF million	Level [1]	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS					
Fair value through profit or loss					
Derivatives	1	3.3	3.3	7.9	7.9
Derivatives	2	10.2	10.2	8.4	8.4
Marketable securities and short-term financial assets	1/2	0.2	0.2	11.1	11.1
Total fair value through profit or loss		**13.7**	**13.7**	**27.4**	**27.4**
Held to maturity					
Deposit	2	–	–	100.0	100.0
Total held to maturity		**–**	**–**	**100.0**	**100.0**
Available for sale					
Investments third parties	3	2.3	2.3	2.3	2.3
Total available for sale		**2.3**	**2.3**	**2.3**	**2.3**
Total cash and cash equivalents, loans and receivables [2]		**1,160.7**	**1,160.7**	**1,303.1**	**1,353.6**
Total financial assets		**1,176.7**	**1,176.7**	**1,432.8**	**1,483.3**
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Derivatives	1	1.0	1.0	–	–
Derivatives	2	31.8	31.8	3.6	3.6
Total fair value through profit or loss		**32.8**	**32.8**	**3.6**	**3.6**
Bonds	1	996.6	996.6	–	–
Loans [3]		1.3	1.3	1.0	1.0
Other non-current liabilities		11.2	11.2	10.9	10.9
Accounts payable		190.1	190.1	181.5	181.5
Other accounts payable		41.8	41.8	40.6	40.6
Bank and other borrowings [3]		18.3	18.3	6.0	6.0
Total loans and payables [3]		**1,259.3**	**1,259.3**	**240.0**	**240.0**
Total financial liabilities		**1,292.1**	**1,292.1**	**243.6**	**243.6**

1) Level 1 – The fair value measurement of same financial instruments is based on quoted prices in active markets.
Level 2 – The fair value measurement of same financial instruments is based on observable market data, other than quoted prices in Level 1.
Level 3 – Valuation technique using non-observable data.
For financial instruments with a short term maturity date it is expected that the carrying amounts are a reasonable approximation of the respective fair values.
2) Contains cash and cash equivalents, accounts receivable, other receivables, and loans to third parties.
3) See note 17.

7. PROPERTY, PLANT, AND EQUIPMENT

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2014 Total
Acquisition costs as at January 1, 2014	**742.8**	**967.4**	**182.2**	**135.2**	**2,027.6**
Additions	49.8	80.0	15.1	78.7	223.6
Retirements	–0.8	–5.2	–2.3	–	–8.3
Transfers	53.5	44.0	3.4	–101.3	–0.4
Acquisition of subsidiary (note 32)	65.3	18.3	8.2	1.4	93.2
Currency translation	17.1	13.4	0.8	2.7	34.0
Acquisition costs as at December 31, 2014	**927.7**	**1,117.8**	**207.4**	**116.7**	**2,369.6**
Accumulated depreciation as at January 1, 2014	**382.0**	**645.7**	**146.6**	**–**	**1,174.3**
Additions	31.0	54.6	15.2	–	100.9
Impairments	3.5	0.1	0.2	–	3.8
Retirements	–0.7	–4.5	–2.1	–	–7.3
Transfers	–	–	–	–	–
Currency translation	4.3	5.4	0.3	–	10.0
Accumulated depreciation as at December 31, 2014	**420.1**	**701.3**	**160.1**	**–**	**1,281.5**
Net fixed assets as at December 31, 2014	**507.6**	**416.5**	**47.3**	**116.7**	**1,088.1**

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2013 Total
Acquisition costs as at January 1, 2013	**706.6**	**928.8**	**166.8**	**65.9**	**1,868.1**
Additions	29.9	34.7	14.6	98.1	177.4
Retirements	–4.0	–9.9	–1.8	–	–15.7
Transfers	13.3	12.7	2.5	–28.6	–0.1
Currency translation	–3.0	1.1	0.1	–0.2	–2.0
Acquisition costs as at December 31, 2013	**742.8**	**967.4**	**182.2**	**135.2**	**2,027.6**
Accumulated depreciation as at January 1, 2013	**359.9**	**602.7**	**134.1**	**–**	**1,096.7**
Additions	27.9	50.1	14.1	–	92.1
Impairments	0.2	0.5	–	–	0.7
Retirements	–3.8	–9.8	–1.7	–	–15.3
Transfers	–0.6	0.6	–0.1	–	–0.1
Currency translation	–1.6	1.6	0.2	–	0.2
Accumulated depreciation as at December 31, 2013	**382.0**	**645.7**	**146.6**	**–**	**1,174.3**
Net fixed assets as at December 31, 2013	**360.8**	**321.7**	**35.6**	**135.2**	**853.3**

Advance payments of CHF 50.6 million (CHF 35.8 million in 2013) are included in the position construction in progress. The insurance value of property, plant, and equipment amounts to CHF 3,026.6 million (CHF 2,240.9 million in 2013). No mortgages exist on land and buildings.

The impairment charge of CHF 3.8 million (CHF 0.7 million in 2013) consists of writedowns of land and buildings of CHF 3.5 million (CHF 0.2 million in 2013) and of machinery and other fixed assets of CHF 0.3 million (CHF 0.5 million in 2013).

The net book value of capitalized assets, under financial lease, amounted to CHF 1.4 million (CHF 1.8 million in 2013). Operating lease commitments are not capitalized.

8. INTANGIBLE ASSETS

CHF million	EDP software and consultancy	Brands and intellectual property rights	Customer relationships	Goodwill	Other Intangible Assets	2014 Total
Acquisition costs as at January 1, 2014	**70.4**	**–**	**–**	**–**	**5.3**	**75.7**
Additions	8.1	–	–	–	2.9	11.0
Retirements	–1.7	–	–	–	–	–1.7
Transfers	0.4	–	–	–	–	0.4
Acquisition of subsidiary (note 32)	–	459.9	121.5	716.1	–	1,297.5
Currency translation	0.8	–0.1	10.8	63.6	–0.1	75.0
Acquisition costs as at December 31, 2014	**78.0**	**459.8**	**132.3**	**779.7**	**8.0**	**1,457.9**
Accumulated depreciation as at January 1, 2014	**55.1**	**–**	**–**	**–**	**–**	**55.1**
Additions	6.1	–	2.8	–	0.1	9.0
Retirements	–1.7	–	–	–	–	–1.7
Currency translation	0.8	–	0.2	–	–	1.0
Accumulated depreciation as at December 31, 2014	**60.3**	**–**	**3.0**	**–**	**0.1**	**63.4**
Net intangible assets as at December 31, 2014	**17.7**	**459.8**	**129.3**	**779.7**	**7.9**	**1,394.5**

CHF million	EDP software and consultancy	Brands and intellectual property rights	Customer relationships	Goodwill	Other Intangible Assets	2013 Total
Acquisition costs as at January 1, 2013	**63.2**	**–**	**–**	**–**	**–**	**63.2**
Additions	8.8	–	–	–	5.3	14.0
Retirements	–0.7	–	–	–	–	–0.7
Transfers	0.1	–	–	–	–	0.1
Currency translation	–0.8	–	–	–	–	–0.8
Acquisition costs as at December 31, 2013	**70.4**	**–**	**–**	**–**	**5.3**	**75.7**
Accumulated depreciation as at January 1, 2013	**50.0**	**–**	**–**	**–**	**–**	**50.0**
Additions	6.4	–	–	–	–	6.4
Retirements	–0.7	–	–	–	–	–0.7
Transfers	0.1	–	–	–	–	0.1
Currency translation	–0.7	–	–	–	–	–0.7
Accumulated depreciation as at December 31, 2013	**55.1**	**–**	**–**	**–**	**–**	**55.1**
Net intangible assets as at December 31, 2013	**15.3**	**–**	**–**	**–**	**5.3**	**20.6**

Research and development expenditures amounted to CHF 9.5 million (CHF 8.3 million in 2013) and are expensed as incurred.

An impairment test of goodwill and other intangible assets with infinite life (i.e. “Brands and intellectual property rights”) relating to the acquisition of Russell Stover Candies, LLC (i.e. cash generating unit) in 2014 has been conducted. The recoverable amount was determined based on future discounted cash flows, planning assumptions over the next years plus a residual value. The calculation of the recoverable amount is mainly sensitive to sales growth, EBIT margin and discount rate. The gross margin is based on historical data and expected data for the Group and the industry.

As the assumptions applied for the purchase price allocation (see note 32) have basically not changed since the acquisition date, the same discount rate of 7.7% after taxes and essentially the same assumptions of a 5% sales growth in the next years and a terminal growth rate of 3% and the usual group wide operating profit margins were applied for the calculation of the recoverable amount.

The recoverable amount for goodwill and intangible assets with infinite life is higher than the carrying amount.

9. FINANCIAL ASSETS

CHF million	2014	2013
Pension fund assets [1]	1,208.5	1,016.9
Loans to third parties	4.9	–
Investments third parties (available for sale)	2.3	2.3
Total	**1,215.7**	**1,019.2**

1) See note 18.

10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The net value of deferred tax liabilities is as follows:

CHF million	2014	2013
At January 1	**279.7**	**16.3**
Deferred income tax expense	–8.8	–11.8
Tax charged to comprehensive income	40.5	274.4
Currency translation	–0.9	0.8
At December 31	**310.5**	**279.7**

Deferred tax assets and liabilities were generated from the following balance sheet positions:

CHF million	2014	2013
Deferred tax assets		
Property, plant, and equipment	13.9	4.7
Intangible assets	–	–
Pension assets and liabilities	37.3	17.5
Receivables	7.8	7.9
Inventories	22.4	12.4
Payables and accruals	68.7	38.7
Other	4.6	5.1
Deferred tax assets gross	**154.8**	**86.3**
Netting	–93.7	–64.4
Total	**61.1**	**21.9**
Deferred tax liabilities		
Property, plant, and equipment	43.6	42.5
Intangible assets	31.8	–
Pension assets and liabilities	362.5	304.9
Receivables	7.6	1.9
Inventories	4.5	4.3
Payables and accruals	14.5	11.0
Derivative assets and liabilities	0.3	0.8
Other	0.4	0.6
Deferred tax liabilities gross	**465.2**	**366.0**
Netting	–93.7	–64.4
Total	**371.6**	**301.6**
Net deferred tax	**310.5**	**279.7**

TAX LOSS CARRY-FORWARDS

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The expiration of tax loss carry-forwards are:

CHF million	2014	2013
Between one and five years	2.8	12.2
Between six and ten years	14.7	24.2
Over ten years	1.6	8.0
Total	**19.1**	**44.4**

Tax loss carry-forwards utilized in 2014 amounted to CHF 10.2 million (CHF 47.9 million in 2013).

11. INVENTORIES

CHF million	2014	2013
Raw material	99.9	73.9
Packaging material	110.0	82.6
Semi-finished and finished products	459.7	334.4
Value adjustment	–57.9	–36.1
Total	**611.7**	**454.8**

In 2014, CHF 3.0 million (CHF 1.7 million in 2013) of the value adjustment as at the end of 2013 have been released to the income statement.

12. ACCOUNTS RECEIVABLE

CHF million	2014	2013
Accounts receivable, gross	944.9	704.1
Value adjustment	–27.4	–20.4
Total	**917.5**	**683.7**
Value adjustment as at January 1	**–20.4**	**–21.2**
Addition	–13.1	–3.2
Utilization	4.4	3.0
Release	1.8	1.0
Currency translation	–0.1	–
Value adjustment as at December 31	**–27.4**	**–20.4**

The following table presents the aging of accounts receivable:

CHF million	2014	2013
Not yet past due	733.8	561.4
Past due 1–30 days	127.7	93.4
Past due 31–90 days	60.1	23.3
Past due over 91 days	23.3	26.0
Accounts receivable gross	**944.9**	**704.1**

Historically, the default rate for accounts receivable in the category “Not yet past due” was lower than 1%. Hence the default risk is considered to be low. Value adjustments are calculated based on the assessment of the default risk with regards to accounts receivable balances already past due.

The carrying amounts of accounts receivable are denominated in the following currencies:

CHF million	2014	2013
CHF	52.8	53.1
EUR	352.8	345.6
USD	304.1	105.8
GBP	59.3	47.1
Other currencies	148.5	132.1
Accounts receivable net	**917.5**	**683.7**

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RESERVES

At the balance sheet date, the fair value of derivative financial instruments was as follows:

	2014		2013	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives (cash flow hedges and raw material contracts)	13.5	5.2	16.2	2.8
Other derivatives	–	27.6	0.1	0.8
Total	**13.5**	**32.8**	**16.3**	**3.6**

The carrying amount (contract value) of the outstanding forward-currency and raw-material contracts as at December 31, 2014, is CHF 1,403.3 million (CHF 692.8 million in 2013). The majority of gains and losses recognized in the hedging reserve, as shown in the Consolidated Statement of Changes in Equity amounting to a net gain of CHF 8.8 million as of December 31, 2014 (net gains of CHF 10.5 million in 2013), will be released to material expenses in the income statement at various dates within the next 24 months. Other derivative instruments which have been executed in accordance with the risk policy and do not qualify for hedge accounting under the criteria of IAS 39 as well as the ineffective portion of designated derivative instruments, have been recognized immediately in the income statement.

14. MARKETABLE SECURITIES AND SHORT-TERM FINANCIAL ASSETS

CHF million	2014	2013
Fair-value-through-profit-or-loss financial assets	0.2	11.1
Held-to-maturity financial assets	–	100.0
Total	**0.2**	**111.1**

Fair-value-through-profit-or-loss financial assets (Held for trading)

CHF million	2014	2013
CHF equity securities	0.2	8.5
EUR equity securities	–	2.6
Total	**0.2**	**11.1**

The carrying amounts of the above financial assets are designated as “at fair-value-through-profit-or-loss” upon initial recognition. Changes in the fair values of these assets are recorded in the positions “Income from financial assets” and “Expenses from financial assets” in the income statement.

The fair value of all quoted securities is based on their currently paid or, if not available, bid prices in an active market.

Held-to-maturity financial assets
The "held-to-maturity financial asset", a CHF deposit of CHF 100.0 million, was repaid in full in 2014. In 2013, the deposit was valued at amortized cost.

15. CASH AND CASH EQUIVALENTS

CHF million	2014	2013
Cash at bank and in hand	171.1	614.4
Short-term bank deposits	0.7	5.0
Total	**171.8**	**619.4**

The effective interest rate on short-term bank deposits reflects the average interest rate of the money market as well as the development of the currencies invested with an original maturity period of up to three months.

16. SHARE AND PARTICIPATION CAPITAL

	Number of registered shares (RS) 1)	Number of participation certificates (PC) 2)	Registered shares (CHF million)	Participation certificates (CHF million)	Total (CHF million)
At January 1, 2013	**136,700**	**894,488**	**13.7**	**8.9**	**22.6**
Capital increase	–	53,076	–	0.5	0.5
Cancellation of shares	–589	–22,253	–0.1	–0.2	–0.3
At December 31, 2013	**136,111**	**925,311**	**13.6**	**9.3**	**22.9**
Capital increase	–	30,755	–	0.3	0.3
At December 31, 2014	**136,111**	**956,066**	**13.6**	**9.6**	**23.2**

1) At par value of CHF 100.–
2) At par value of CHF 10.–

The conditional capital has a total of 528,906 participation certificates (PC) (559,661 in 2013) with a par value of CHF 10.–. Of this total, 174,456 (205,211 in 2013) are reserved for employee stock option programs; the remaining 354,450 participation certificates (354,450 in 2013) are reserved for capital market transactions. There is no other authorized capital. In 2014, a total of 30,755 (53,076 in 2013) of the employee options were exercised at an average price of CHF 2,409.56 (CHF 2,454.23 in 2013). The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

17. FINANCIAL LIABILITIES

CHF million	2014	2013
Non-current		
CHF 250 million floating rate bond, 2014–2017	249.6	–
CHF 500 million 0.5% Bond, 2014–2020	498.9	–
CHF 250 million 1.0% Bond, 2014–2024	248.1	–
Loans	1.3	1.0
Current		
Bank and other borrowings	18.3	6.0
Total borrowings	**1,016.2**	**7.0**

In September 2014 Lindt & Sprüngli Group placed bonds of CHF 1 billion in order to finance the acquisition of Russell Stover Candies, LLC. The bonds consist of the following three tranches:

– CHF 250 million floating rate bond with a term of 3 years and a floating interest rate based on 3-month CHF LIBOR plus 0.18 % per annum. The interests are paid quarterly, starting January 8, 2015;
– CHF 500 million bond with a term of 6 years and a fixed coupon of 0.5 % per annum. The interest payments will be due on an annual basis, starting October 8, 2015; and
– CHF 250 million bond with a term of 10 years and a fixed coupon of 1.0 % per annum. The interest payments will be due on an annual basis, starting October 8, 2015.

The carrying amounts of the Group's financial liabilities are denominated in the following currencies:

CHF million	2014	2013
CHF	996.6	–
EUR	9.9	6.6
USD	8.2	–
Other currencies	1.5	0.4
Total	**1,016.2**	**7.0**

18. PENSION PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS

The Group operates in and outside of Switzerland different pension plans for employees that satisfy the participation criteria. Among these plans are defined contribution and defined benefit plans that cover most of the employees against retirement, disability and death.

18.1 DEFINED CONTRIBUTION PLANS

The Group offers to employees that satisfy the eligibility criteria defined contribution plans in different locations. The Group is obliged to pay a fixed percentage of the annual pay to these pension schemes. To some of these plans, the employees also have to make contributions. These are typically deducted by the employer from the monthly salary and paid to the pension fund. Apart from the payment of the contributions, the employer has no further obligation to these pension funds or to the employees.

In 2014 the employer contributions to Defined Contribution Plans amounted to CHF 8.5 million (CHF 7.5 million in 2013).

18.2 MULTI-EMPLOYER PLANS

The Group offers to employees that satisfy the eligibility criteria defined contribution plans in different locations. Some subsidiaries in the US are affiliated to a multi-employer plan. Based on the terms of the plan, the plan qualifies as a defined benefit plan. The Lindt & Sprüngli Group is in discussion with the trustees of the plan to obtain the information, that are required to recognize the plan as a defined benefit plan. At the time of the preparation of this disclosure note, the necessary information to estimate in a reasonable way the share of the Groups' defined benefit liability was not yet available. In particular, the plan was not yet able to provide the participation data for the former employees with vested rights and the pensioners relating to the Group that would have allowed estimating the defined benefit obligation. Based on this situation and as required by IAS 19, the plan is currently treated as a defined contribution plan. The Group is analyzing the situation on an ongoing basis. As soon as sufficient information is available to reasonably estimate the pension liability, the plan will be recognized as a defined benefit plan in the balance sheet. This change in accounting principle will be recognized in equity.

The employer contribution to this plan is calculated based on the working hours of the active employees. For each hour a fixed contribution is paid to the plan. This fixed amount is determined based on a collective agreement with the relevant unions.

In 2014 the employer contribution to the multi-employer plan amounts to CHF 1.5 million (CHF 1.1 million in 2013). In 2015 the employer contribution is estimated at CHF 1.8 million. The increase in 2015 compared to 2014 is related to the acquisition of Russell Stover Candies, LCC (12 months of contribution in 2015 compared to only four months in 2014).

The Group can be liable to the plan for other entities' obligations under the terms and conditions as the minimum funding requirements may lead to higher contributions. This is the case if another affiliated company gets insolvent.

If the affiliation contract to the plan is terminated, the Group must pay a withdrawal liability. The withdrawal liability is calculated based on the total contributions of the afiliated employers and the employer contributions of the Group to the plan. Based on the latest available information of the multi-employer plan at December 31, 2012, the total withdrawal liability of the plan amounts to USD 4.9 billion. The Group's share of the withdrawal liability is at 0.9 % for 2014.

18.3 DEFINED BENEFIT PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS PLANS

The Group finances Defined Benefit Plans for the employees that satisfy the criteria to join such plans. The most significant Defined Benefit Plans are located in Switzerland, Germany, USA, France, and Italy.

In addition to these plans, the Group operates jubilee benefit plans and other plans with benefits depending on the past years of service. These plans qualify as other long-term employee benefits under IAS 19.

a) Employee benefits plans in Switzerland

The Group operates different pension schemes in Switzerland. They are either organized through a separate foundation or through an affiliation to a collective foundation of an insurance company. The foundations are governed by foundation boards. The foundation boards are made up by an equal number of employee and employer representatives. The members of the foundation board are obliged by the law and the plan rules to act in the interest of the member (active employees and pensioners) only. Since the decisions are taken by the foundation boards, the only influence of the group is through its representatives.

The main duties of the foundation boards include the decision about the plan rules including the level of the contributions, the organization and the investment strategy.

The benefits are mainly depending on the insured salary and the years of service. For some of the plans the benefits are depending on retirement savings account. At retirement age, the insured members can choose whether to take a pension for life, which includes a spouse's pension, or a lump sum. In addition to retirement benefits, the plan benefits also include disability and death benefits. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the rules or may withdraw funds early for the purchase of a residential property for their own use. On leaving the company, the retirement savings will be transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years.

In defining the benefits, the minimum requirements of the Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits. The interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2014, the rate was 1.75 % (1.5 % in 2013).

The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, the inflation risk if it results in a salary increase, the interest risk, the disability risk and the risk of longevity.

The employee and employer's contributions are set by the foundation board. The employer has to finance at least 50% of the total contributions. Contributions can also be financed through employer welfare fund or finance foundations of the employer. In the event of a shortfall, recapitalization contributions to eliminate the gap in coverage may be levied from both the employer and the employee.

Beside the pension schemes, there are employer foundations that have as a main task to finance the pension schemes. The board members of these foundations are appointed exclusively by the employer.

In March 2013, the Board of the foundation "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" has restructured the pension fund schemes within the Group. As a consequence assets from one of the pension funds have been transferred to an employer fund and two other nonprofit funds. The value of assets transferred to the two non-profit funds, which are no longer in the scope of IAS 19, amounted to CHF 286.0 million. Under IFRIC 14 the net assets of the employer fund had to be considered as an economic benefit of the employer and to be fully recognized as an asset in the consolidated balance sheet of the Group, resulting in an increase of financial assets and deferred tax liabilities of CHF 855.0 million in 2013 (before the transfer of the pension assets to the two non-profit funds).

b) Employee benefits plans in Germany

In Germany the group operates different company pension plans. These plans are based on different rules and agreements between the employer and employees. For certain management employees individual agreements are applied. The plan provides benefits in the event of retirement, disability and death. Depending on the plan rules, the benefits are either paid as pensions for life or as lump sums. The most significant plans are financed directly by the employer. Upon termination of the employment prior to retirement, the vested benefits remain preserved as required by the German pension law.

The plans are regulated by the German pension law (Betriebsrentengesetz). The most significant risks in these plans are the life expectancy risk, the salary increase risk, and the inflation risk that might result in pension adjustments.

c) Employee benefits plans in the US

In relation to the acquisition of Russell Stover Candies, LLC two defined benefit plans and one multi-employer plan (see note 18.2) have been assumed by the Group. The first defined benefit plan is a closed defined benefit plan. The old age benefits are calculated based on the years of service and a fixed USD amount. The benefits are typically provided as annual old age pensions for life. Next to the old age benefits, the plan provides death benefits. The plan is financed in full by the employer. Plan participant's contributions are not allowed. Due to the plan characteristics, the employer is exposed to different actuarial risks, in special to the risk of the development of the future life expectancy.

In the second defined benefit plan the employee receives a lump sum equal to the savings account at retirement. In addition to the savings account, the return on the investments chosen by the employee are reimbursed. The underlying assets are separated in a trust but do not qualify as defined benefit assets under IAS 19 as the assets are available to the creditors. Nevertheless, the trust reimburses the Company for the payments of the benefits. For this plan there is no actuarial risk, as long as the investments of the trust cover the investments chosen by the employees.

d) Other employee benefits plans

The other plans are located in France, Italy and Austria. These plans are based on the local legal requirements.

The last actuarial valuation was prepared at December 31, 2014 by independent actuaries. The market value of assets at December 31, 2014 was estimated based on the information available at the moment of preparing the results.

The main assumptions on which the actuarial calculations are based can be summarized as follows:

	Pension plans		Other long-term employee benefits	
	2014	2013	**2014**	2013
Discount rate	1.9%	2.6%	2.7%	3.3%
Future salary increases	1.5%	1.6%		
Future pension adjustments	0.5%	0.6%		

For the countries with material pension obligations the following assumptions about the life expectancy at age 65 were taken into account:

	2014			2013		
	Switzerland	Germany	USA	Switzerland	Germany	USA
Retirement in 20 years (age of 45 at balance sheet date)						
Men	23.16	21.52	20.40	23.09	21.39	–
Women	25.59	25.46	21.70	25.52	25.34	–
Retirement at balance sheet date (age of 65)						
Men	21.39	18.85	18.80	21.29	18.71	–
Women	23.86	22.92	22.92	23.76	22.79	–

The amounts recognized in the income statement and in the Other Comprehensive Income (OCI) can be summarized as follows:

	Pension plans		Other long-term employee benefits	
CHF million	**2014**	2013	**2014**	2013
Employee benefits expense				
Total service cost				
Current service cost	12.6	13.0	0.6	0.6
Past service cost und curailments	0.1	0.6	–	–
Net interest cost	–19.8	–10.4	0.2	0.3
Liability management cost	0.8	0.6	–	–
Actuarial gains and losses	–	–	0.6	–
Total defined benefit cost (+) / gain (–) of the period	**–6.3**	**3.8**	**1.4**	**0.9**
Valuation components accounted for in OCI				
Actuarial gains and losses				
Arising from changes in demographic assumptions	–	0.3	–	–
Arising from changes in financial assumptions	62.3	–22.9	–	–
Arising from experiences	–0.8	2.4	–	–
Return on plan assets (excl. amounts in net interest)	–193.2	–344.9	–	–
Return on reimbursment (excluding interest income)	0.3	–	–	–
Changes in asset ceiling	–	–851.5	–	–
Total defined benefit cost (+) / gain (–) recognized in OCI	**–131.4**	**–1,216.6**	–	–
Total defined benefit cost (+) / gain (–)	**–137.7**	**–1,212.8**	–	–

The changes in pension obligations, pension assets and the asset ceiling can be summarized as follows:

Changes in the present value of the defined benefit obligation

	Pension plans		Other long-term employee benefits	
CHF million	**2014**	2013	**2014**	2013
Defined benefit obligation as at January 1	**438.5**	**448.1**	**8.3**	**9.4**
Current service cost	12.6	13.0	0.6	0.7
Plan participants' contributions	4.9	3.9	–	–
Interest expense on the net present value of the obligation	11.4	10.0	0.2	0.3
Actuarial gains (–) / losses (+)	61.5	–21.0	0.6	–
Past service (gain) / loss	0.2	0.6	–	–
Liabilities assumed in business combinations	36.3	–	–	–
Benefits paid through pension assets	–13.9	–14.6	–	–
Benefits paid by employer	–9.0	–3.0	–1.5	–2.1
Currency exchange differences	–0.2	1.5	–0.1	–
Defined benefit obligation as at December 31	**542.3**	**438.5**	**8.1**	**8.3**

Changes in the fair value of plan assets

CHF million	Pension plans 2014	2013
Fair value of plan assets as at January 1	**1,344.8**	**1,272.9**
Plan participants' contributions	4.9	3.9
Contributions by employer	3.8	2.8
Interest income	31.0	24.0
Return on plan assets (excl. Interest income)	193.2	344.9
Transfer of assets	–	–288.5
Assets assumed in business combinations	14.7	–
Benefits paid through pension assets	–13.9	–14.6
Liability management cost	–0.7	–0.7
Currency translations	0.7	0.1
Fair value of plan assets as at December 31	**1,578.5**	**1,344.8**

Development of reimbursement rights [1)]

CHF million	2014
Reimbursement rights as at January 1	**–**
Employee contributions	–
Employer contributions	0.1
Interest income on reimbursements	0.2
Return on reimbursement (excluding interest income)	–0.3
Business combinations	17.9
Reimbursements to employer	–5.5
Currency translation	0.7
Reimbursement rights as at December 31	**13.1**

1) Relates exclusively to reimbursment rights of newly acquired company Russell Stover Candies, LLC.

Change in the asset ceiling

CHF million	Pension plans 2014	2013
Asset ceiling at January 1	**–**	**851.5**
Interest income recognized in OCI	–	3.5
Change in asset ceiling recognized in OCI	–	–855.0
Fair value of plan assets as at December 31	**–**	**–**

The net position of pension obligations in the balance sheet can be summarized as follows:

Amount recognized in the balance sheet

	Pension plans		Other long-term employee benefits	
CHF million	**2014**	2013	**2014**	2013
Present value of funded obligation	508.7	419.2	–	–
Fair value of plan assets	–1,578.5	–1,344.8	–	–
Underfunding (+) / Overfunding (–)	**–1,069.8**	**–925.6**	**–**	**–**
Present value of unfunded obligations	33.5	19.2	8.1	8.3
Net pension liability (+) / asset (–)	**–1,036.3**	**–906.4**	**8.1**	**8.3**
Thereof pension liabilities	172.2	110.5	8.1	8.3
Thereof pension assets [1]	–1,208.4	–1,016.9	–	–

1) See note 9.

The plan assets are mainly managed by the Swiss pension plans and employer funds. The foundation boards issue investment guidelines for the plan assets which include the tactical asset allocation and the benchmarks for comparing the results with a general investment universe. The pension plans are also subject to the legal requirements on diversification and safety laid down by the BVG. Investment in bonds have in general at least an A rating, investments in real estate are typically held directly by the plans.

The foundation boards of the pension funds regularly review whether the chosen investment strategy is appropriate in view of the the pension benefits to be provided and whether the risk capability is in line with the demographic structure. Compliance with the investment guidelines and the investment results of the investment advisors are reviewed by the foundation boards of the pension funds.

The investments in the employer foundation and primarily in the finance foundation are mainly invested in shares of the Group.

The pension assets mainly consist of the following categories of securities:

			2014			2013
CHF million	listed	not listed	Total	listed	not listed	Total
Equities	1,305.9	–	1,305.9	1,123.5	–	1,123.5
Bonds	103.3	–	103.3	65.0	–	65.0
Real estate	–	97.8	97.8	–	97.8	97.8
Qualified insurance policies	–	17.3	17.3	–	15.6	15.6
Liquidity	–	47.0	47.0	–	27.6	27.6
Other investement	–	7.2	7.2	–	15.3	15.3
Total	**1,409.2**	**169.3**	**1,578.5**	**1,188.5**	**156.3**	**1,344.8**

The plan assets include investments in the Group with a market value of CHF 1,168.4 million at December 31, 2014 (CHF 1,019.4 million at December 31, 2013). Moreover, the Group has occupied property from the pension funds with a market value of CHF 16.8 million at December 31, 2014 (CHF 13.8 million at December 31, 2013).

In 2014 the assets provided a return of CHF 227.7 million (CHF 368.9 million in 2013). In 2015 the expected employer contributions amount to CHF 2.9 million and the expected payments for pensions by the employer to CHF 2.8 million.

The following table provides a breakdown of the defined benefit obligations among active insured members, former members with vested benefits, and members receiving pensions:

		Pension plans
CHF million	2014	2013
Active employees	317.6	240.5
Vested terminations	11.8	6.3
Pensioners	212.9	191.7
Total	**542.3**	**438.5**

The average duration of the liabilities at December 31, 2014 is 17.8 years (16.4 years at December 31, 2013).

The following table shows the impact of the change of the discount rate, salary increase, and pension indexation on the present value of the defined benefit obligation:

CHF million		2014		2013
Increase (+)/decrease (–) of assumptions by	+0.25%	–0.25%	+0.25%	–0.25%
Discount rate	–21.9	23.5	–16.6	17.9
Salary increase	8.8	–8.7	6.4	–6.4
Pension indexations	14.1	–13.2	11.3	–10.2

19. PROVISIONS

CHF million	Business risks	Other	Total
Provisions as at January 1, 2013	**44.4**	**11.8**	**56.2**
Addition	22.8	3.9	26.7
Utilization	–1.4	–0.9	–2.3
Release	–5.1	–0.5	–5.6
Currency translation	0.1	–	0.1
Provisions as at December 31, 2013	**60.8**	**14.3**	**75.1**
Addition	8.0	1.3	9.3
Utilization	–1.8	–1.3	–3.1
Release	–10.7	–2.3	–13.0
Acquisition of subsidiary (note 32)	3.7	4.8	8.5
Currency translation	0.3	0.3	0.6
Provisions as at December 31, 2014	**60.3**	**17.1**	**77.4**

Other provisions for business risks include unsettled claims, onerous contracts as well as legal and administrative proceedings, which arise during the normal course of business. Provisions are recognized at balance sheet date when a present legal or constructive obligation as a result of past events occurs and the expected outflow of resources can be reliably estimated. The timing of outflows is uncertain as it depends upon the outcome of the proceedings.

In Management's opinion, after taking appropriate legal and administrative advice, the outcome of these business risks will not give rise to any significant loss beyond the amounts provided at December 31, 2014.

20. ACCOUNTS PAYABLE

The carrying amounts of the Group's accounts payable to suppliers are denominated in the following currencies:

CHF million	2014	2013
CHF	7.8	11.9
EUR	108.2	116.5
USD	51.3	28.8
GBP	8.1	9.0
Other currencies	14.7	15.3
Total	**190.1**	**181.5**

21. ACCRUED LIABILITIES

CHF million	2014	2013
Trade	328.7	251.7
Salaries/wages and social costs	107.8	89.5
Other	145.6	132.0
Total	**582.1**	**473.2**

Trade-related accrued liabilities comprise year-end rebates, returns, markdowns on seasonal products, and other services provided by trade partners.

The line "Salaries / wages and social costs" is related to bonuses, overtime, and outstanding vacation days, whereas the position "Other" comprises accruals for third-party services rendered as well as commissions.

22. OTHER INCOME

CHF million	2014	2013
Fees from third parties	3.4	3.2
Insurance reimbursements	3.3	0.4
Other	11.5	10.0
Total	**18.2**	**13.6**

The position "Fees from third parties" comprises mainly the reimbursement of freight charges. The position "Other" includes mainly licence fees, rental income, and company-produced additions involving investments in fixed assets.

23. PERSONNEL EXPENSES

CHF million	2014	2013
Wages and salaries	518.1	462.5
Social benefits	118.2	114.2
Other	83.2	78.0
Total	**719.5**	**654.7**

For the year 2014, the Group employed an average of 10,712 people (8,949 in 2013).

24. NET FINANCIAL RESULT

CHF million	2014	2013
Interest income	1.2	1.1
Interest expense	–5.0	–3.1
Income (+)/expense (–) from financial assets		
Fair value through profit or loss	–0.4	–0.2
Other	2.4	–0.6
Total	**–1.8**	**–2.8**

25. TAXES

CHF million	2014	2013
Current taxes	133.8	106.4
Deferred taxes	–8.8	–11.8
Other taxes	4.9	3.6
Total	**129.9**	**98.3**

The tax on the Group's income before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

CHF million	2014	2013
Income before taxes	**472.5**	**401.3**
Expected tax [1]	**121.3**	**106.3**
Change in applicable tax rates on temporary differences	–	0.6
Utilization of unrecognized tax loss carry-forwards from prior years	–	–28.0
Adjustments related to prior years	–2.0	–1.6
Other	10.6	20.9
Total	**129.9**	**98.3**

1) Based on the average applicable tax rate (25.7% in 2014; 26.5% in 2013).

The tax for each component of other comprehensive income is:

	2014			2013		
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	–2.3	0.6	–1.7	17.2	–0.4	16.8
Defined benefit plan	131.4	–41.1	90.3	1,016.7	–360.0	656.7
Currency translation	80.8	–	80.8	–11.5	–	–11.5
Total	**209.9**	**–40.5**	**169.4**	**1,022.4**	**–360.4**	**662.0**

26. EARNINGS PER SHARE / PARTICIPATION CERTIFICATE

CHF million	2014	2013
Non-diluted earnings per share / 10 PC (CHF)	**1,503.5**	**1,339.3**
Net income (CHF million)	342.4	303.0
Weighted average number of registered shares / 10 participation certificates	227,739	226,237
Diluted earnings per share / 10 PC (CHF)	**1,459.9**	**1,313.9**
Net income (CHF million)	342.4	303.0
Weighted average number of registered shares / 10 participation certificates / outstanding options on 10 PC	234,529	230,612

27. DIVIDEND PER SHARE / PARTICIPATION CERTIFICATE

CHF	2014	2013
Dividend per share / 10 PC	725.00[1]	650.00

1) Proposal of the Board of Directors.

During the period January 1 to record date (April 29, 2015), the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock (registered shares and participation certificates) as well as the exercise of options, granted through the employee stock option plan.

28. SHARE-BASED PAYMENTS

Options on participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee stock option program. An option entitles an employee to a participation certificate at an exercise price, which consists of an average of the price of the five days preceding the issue date. The options have a blocking period during the vesting period of three to five years and if not exercised, they expire after seven years. Changes in outstanding options can be viewed in the table below:

	2014		2013	
	Number of options	Weighted average exercise price (CHF / PC)	Number of options	Weighted average exercise price (CHF / PC)
Outstanding options as at January 1	**157,509**	**2,576.27**	**179,647**	**2,437.21**
New option rights	19,550	4,062.00	33,450	3,123.00
Exercised rights	–30,755	2,409.56	–53,076	2,454.23
Cancelled rights	–1,879	2,897.40	–2,512	2,490.76
Outstanding options as at December 31	**144,425**	**2,808.70** [1]	**157,509**	**2,576.27**
of which exercisable at December 31	26,082	2,126.13	23,458	2,502.58
Average remaining time to expiration (in days)	796		622	

1) The exercise price varies between CHF 1,543 to CHF 4,062.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 15.2 million (CHF 16.5 million in 2013). The assumptions used to calculate the expenses for the grants 2011 to 2014 are listed in the following table:

Date of issue	13.1.2014	11.1.2013	7.2.2012	18.3.2011
Number of issued options	19,550	33,450	35,725	36,180
of which in bracket A (blocking period three years)	6,787	11,649	12,450	12,617
of which in bracket B (blocking period four years)	6,883	11,758	12,556	12,705
of which in bracket C (blocking period five years)	5,880	10,043	10,719	10,858
Issuing price in CHF	4,062	3,123	2,679	2,523
Price of participation certificates on date of issue in CHF	4,036	3,159	2,711	2,580
Value of options on issuing date				
bracket A (blocking period three years) in CHF	633.56	568.13	491.66	524.31
bracket B (blocking period four years) in CHF	691.87	587.76	509.70	557.09
bracket C (blocking period five years) in CHF	735.21	592.07	533.03	587.88
Maximum life span (in years)	7	7	7	7
Form of compensation	PC from conditional capital			
Expected life span (in years)	5–6	5–6	5–6	5–6
Expected rate of retirement per year	2.3%	2.4%	2.5%	2.5%
Expected volatility	22.1%	22.9%	23.8%	24.3%
Expected dividend yield	1.49%	1.45%	1.39%	1.32%
Risk-free interest rate	0.66–0.92%	0.46–0.57%	0.48–0.63%	1.48–1.70%
Model	Binomial model			

29. CONTINGENCIES

The Group had no guarantees in favor of third parties either at December 31, 2014 or December 31, 2013.

30. COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is:

CHF million	2014	2013
Property, plant, and equipment	43.2	117.7

The future lease payments under operating lease commitments are:

CHF million	2014	2013
Up to one year	50.8	41.1
Between one and five years	125.5	108.7
Over five years	59.6	49.3
Total	**235.9**	**199.1**

Leasing commitments are related to the rental of retail stores, warehouse and office space, vehicles and IT hardware.

31. TRANSACTIONS WITH RELATED PARTIES

A family member of a member of the Board of Directors has a majority share in a company, to which products were sold at arm's length for the value of CHF 18.7 million (CHF 18.1 million in 2013) and with which rental income of CHF 0.3 million (CHF 0.3 million in 2013) and license fee income of CHF 0.6 million (CHF 0.5 million in 2013) were generated. Receivables outstanding against this company were CHF 12.5 million (CHF 12.0 million in 2013) at the balance sheet date.

750 registered shares were bought from the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" in 2014 (750 in 2013) at a price of CHF 56,034.– (CHF 45,118.– in 2013) per share (including stamp duty), which corresponds to the five-day average of the closing prices of the share at the SIX Swiss Exchange for the period December 12 to 18, 2014.

As of December 31, 2014, a loan of CHF 4.9 million (CHF 1.5 million in 2013) was outstanding against the "Lindt Chocolate Competence Foundation". All conditions of this loan are agreed at arm's length.

REMUNERATION OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

Considering a resignation and a new entry in 2014 the Group consisted of 7 non-executive and executive directors (6 in 2013). The number of executive officers is 8 in 2014 (8 in 2013). The compensation paid to non-executive directors and executive officers is shown below:

CHF million	**2014**	2013 (Market Value) 1)	2013 (tax value)
Fixed cash compensation 2)	6,449	6,389	6,305
Variable bonus component 3)	5,410	4,760	4,760
Other compensation 4)	1,380	844	844
Options 1)	6,060	8,727	4,566
Registered shares	2,450	3,602	2,691
Total	**21,749**	**24,322**	**19,166**

1) The valuation of Option grants on Lindt & Sprüngli participation certificates is based on the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 28). Whereas until 2013 the tax value resulting from the allowance of the blocking period has been deducted, no tax deduction is considered from 2014 onwards. The prior year has been restated for comparison.
2) Total gross cash compensation and allowances for Officers and Directors including pension benefits paid by employer (excluding social charges paid by employer) for the Officers.
3) Accrual at year end for expected pay-out in April of following year (excluding social charges paid by employer).
4) Employees part of social charges (AHV) related to exercising of options and grant of registered shares, paid by employer.

Apart from the payments mentioned above, no payments were made on a private basis or via consulting companies to either an executive or non-executive member of the Board or a member of Group Management or Extended Group Management. As of December 31, 2014, there were no loans, advances or credits due to the Group or any of its subsidiaries by any of the members of the Board, the Group Management or the Extended Group Management.

32. BUSINESS COMBINATIONS

On September 8, 2014 the Lindt & Sprüngli Group acquired Russell Stover Candies, LLC, a traditional US family business and the leading manufacturer of pralines and seasonal candies in the US, headquartered in Kansas City, Missouri. This biggest and most important strategic acquisition in the company's history will give Lindt & Sprüngli an established presence throughout the USA with its LINDT, GHIRARDELLI, RUSSELL STOVER, WHITMAN'S and PANGBURN'S brands. The addition of the Russell Stover and Whitman's brands perfectly complements Lindt & Sprüngli's existing chocolate portfolio and will make the company the Number 3 North American chocolate manufacturer. Since the acquisition date, Russell Stover Candies, LLC is fully consolidated in the financial statements of the Group.

In the course of the asset deal and based on the provisional purchase price allocation the Lindt & Sprüngli Group identified net assets of CHF 783.5 million for the cash settled consideration of CHF 1,499.6 million (CHF 1,148.6 million including the present value of future tax savings):

CHF million	2014
Property, plant, and equipment	93.2
Brands and intellectual property rights	459.9
Customer relationships	121.5
Inventories	155.3
Accounts receivables	22.7
Cash and cash equivalents	24.9
Other current assets	21.5
Pension liabilities	–21.7
Provisions	–8.5
Accounts payable	–44.9
Accrued liabilities	–40.5
Fair Value of acquired net assets	**783.5**
Goodwill	716.1
Total	**1,499.6**

The fair values of the identifiable intangible assets consist of "brands and intellectual property rights" and "customer relationships". The goodwill resulting from the acquisition amounts to CHF 716.1 million and mainly represents a control premium and the synergies that can be expected from integrating the acquired company into the Lindt & Sprüngli Group's existing business.

"Goodwill", "brands and intellectual property rights" and "customer relationships" were recognized in the tax accounts and can be depreciated over their taxable useful life on a straight line basis. The present value of these tax deductible depreciation is estimated at CHF 351.0 million and represents future tax savings. Directly attributable transaction costs of CHF 7.2 million are reported as part of the "operating expenses".

As communicated in the course of the acquisition, annual sales of Russell Stover Candies, LLC amount to USD 500 million. During the four months since acquisition until December 31, 2014 the Company accounted for sales of CHF 252.1 million and contributed to the consolidated operating result on a group-wide common basis, considering seasonal fluctuations and the purchase price allocation conducted in inventories.

33. RISK MANAGEMENT DISCLOSURES REQUIRED BY SWISS LAW

The identification and assessment of strategic, operational and financial risks is coordinated by the Group's CFO. Once a year a comprehensive risk inventory, including assessment of risk exposure and likelihood, is established. Financial risks, including raw materials, are quantified based on respective volatilities. The Audit Committee and the Board of Directors are informed on a regular basis about the nature and assessment of risks and measures taken to mitigate them. Corporate functions such as Controlling, Treasury, Tax, Legal, Human Resources, Operations, Marketing, and Sales review continuously the effectiveness of the risk management at subsidiary and Group level.

34. EVENTS AFTER THE BALANCE SHEET DATE

The consolidated financial statements were approved for publication by the Board of Directors on March 9, 2015. The approval of the consolidated financial statements by the shareholders will take place at the Annual General Meeting.

On January 15, 2015, the Swiss National Bank announced its discontinuation of the minimum exchange rate of 1.20 for the Swiss franc against the Euro. This has led among others to an appreciation of the Swiss franc against the Euro.

The translation of Group companies and associated companies with different functional currencies may have an effect on the consolidated financial statement and correspondingly on the cumulative exchange rate differences recognized in equity.

At the time of approval of the financial statement, the discontinuation of the minimum exchange rate and the resulting value development of the Swiss franc had no impact on the 2014 financial statements.

No events have occurred up to March 9, 2015, which would necessitate adjustments to the carrying values of the Group's assets or liabilities, or which require additional disclosure.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the general meeting of
Chocoladefabriken Lindt & Sprüngli AG, Kilchberg

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 64 to 103), for the year ended December 31, 2014.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements for the year ended December 31, 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

pwc PricewaterhouseCoopers AG

Bruno Häfliger	**Richard Müller**
Audit expert	Audit expert
Auditor in charge	

Zurich, March 9, 2015

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BALANCE SHEET

CHF thousand	Note	December 31, 2014	December 31, 2013
ASSETS			
Investments		861,209	484,740
Intangible assets		501,210	41,409
Loans to subsidiaries		430,000	–
Total non-current assets		**1,792,419**	**526,149**
Receivables			
from third parties		6,819	3,421
from subsidiaries		12,608	14,859
Accrued income			
from third parties		–	11
from subsidiaries		18,779	12,049
Loans to subsidiaries		90,000	–
Financial investments		–	110,825
Treasury stock	4	144,905	89,134
Treasury stock (share buy-back program)	4	54,615	6,465
Cash and cash equivalents		58,642	413,673
Total current assets		**386,368**	**650,437**
Total assets		**2,178,787**	**1,176,586**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		13,611	13,611
Participation capital	5	9,561	9,253
Legal reserves			
General legal reserve		76,040	76,040
Reserve from capital contribution	6	86,187	138,733
Reserve for treasury stock		159,847	71,305
Special reserve	6	469,799	389,344
Retained earnings		247,805	224,003
Total shareholders' equity		**1,062,850**	**922,289**
Bonds	3	1,000,000	–
Total non-current liabilities		**1,000,000**	**–**
Accounts payable to subsidiaries		94,167	235,577
Tax liabilities		14,678	11,388
Accrued liabilities			
to third parties		3,802	2,357
to subsidiaries		2,545	4,597
Other liabilities		745	378
Total current liabilities		**115,937**	**254,297**
Total liabilities and shareholders' equity		**2,178,787**	**1,176,586**

INCOME STATEMENT

CHF thousand	2014	2013
Dividends and other income from subsidiaries	250,064	207,968
Other income	721	99
Total operating income	**250,785**	**208,067**
Administrative and miscellaneous overhead costs	–24,436	–20,226
Value adjustments on investments	–1,561	–
Operating profit	**224,788**	**187,841**
Income from financial assets	30,052	23,706
Expense from financial assets	–20,217	–9,829
Income before taxes	**234,623**	**201,718**
Taxes	–19,209	–14,989
Net income	**215,414**	**186,729**

NOTES TO THE FINANCIAL STATEMENTS

1. LIABILITIES ARISING FROM GUARANTEES AND PLEDGES IN FAVOR OF THIRD PARTIES

Contingent liabilities as at December 31, 2014, amounted to CHF 198.9 million (CHF 178.6 million in 2013). This figure comprises guarantees given to counterparties providing credit lines for borrowings and hedging to subsidiaries.

The companies, Chocoladefabriken Lindt & Sprüngli AG, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Lindt & Sprüngli Financière AG, Lindt & Sprüngli (International) AG, and Indestro AG together form a Swiss-VAT group. According to Art. 15, paragraph 1, item c of the Swiss Value Added Tax Law and Art. 22, paragraphs 1 and 2 of the Swiss Value Added Tax Ordinance, all members participating in VAT-group taxation are jointly liable for all taxes owed by the VAT group (including interest), which arose during their period of membership.

2. INVESTMENTS

The investments in subsidiaries are listed on page 69 of the notes to the consolidated financial statements.

3. BONDS

In September 2014 the Company placed bonds of CHF 1 billion in order to finance the acquisition of Russell Stover Candies, LLC. The bonds consist of the following three tranches:

- CHF 250 million floating rate bond with a term of 3 years and a floating interest rate based on 3-month CHF LIBOR plus 0.18% per annum. The interests are paid quarterly, starting January 8, 2015;
- CHF 500 million bond with a term of 6 years and a fixed coupon of 0.5% per annum. The interest payments will be due on an annual basis, starting October 8, 2015; and
- CHF 250 million bond with a term of 10 years and a fixed coupon of 1.0% per annum. The interest payments will be due on an annual basis, starting October 8, 2015.

CHF million	Interest rate	Term	Notional amount
Floating rate bond	variable	2014–2017	250.0
Straight bond	0.5%	2014–2020	500.0
Straight bond	1.0%	2014–2024	250.0
Total			**1,000.0**

4. ACQUISITION AND SALE OF TREASURY STOCK (REGISTERED SHARES [RS] AND PARTICIPATION CERTIFICATES [PC])

	2014		2013	
Inventory of treasury stock	RS	PC	RS	PC
Inventory as at January 1	**1,853**	**1,682**	**1,696**	**22,253**
Additions	750	–	870	–
Retirements	–68	–	–124	–
Share buy-back program [1]	23	11,048	–	1,682
Cancellation of shares	–	–	–589	–22,253
Inventory as at December 31	**2,558**	**12,730**	**1,853**	**1,682**
Average cost of additions (in CHF)	56,034	–	43,913	–
Average sales price of retirements (in CHF)	50,538	–	37,199	–
Average cost of share buy-back program (in CHF)	50,076	4,254	–	3,843
Average cost of cancellation of shares (in CHF)	–	–	33,008	2,910

1) Own treasury stock (Share buy-back program) is valued at historical costs.

5. CONDITIONAL AND APPROVED CAPITAL

As of December 31, 2014, the conditional capital had a total of 528,906 participation certificates (559,661 participation certificates in 2013) with a par value of CHF 10.–. Of this total, 174,456 (205,211 in 2013) are reserved for employee stock option programs and the remaining 354,450 (354,450 in 2013) for capital market transactions. In the year under review, a total of 30,755 employee stock options (53,076 employee stock options in 2013) were exercised at an average price of CHF 2,409.56 (CHF 2,454.23 in 2013).

6. RESERVES

	Reserves from Capital Contribution				Special Reserves
CHF thousand	Requested	Approved	Not approved [1]	Total	Total
Balance as at January 1, 2013	**–**	**122,223**	**7,498**	**129,721**	**282,421**
Reserve from retained earnings	–	–	–	–	150,000
Additions during the year	128,061	–	1,668	129,729	–1,668
Treasury stock	–	–	–	–	–35,226
Share buy-back program	–	–	–	–	–6,465
Cancellation of shares	–	–	–	–	281
Proposed dividend distribution	–	–120,990	–	–120,990	–
Undistributed dividends on own registered shares and participation certificates	–	2,109	–	2,109	–
Options exercised from January 1 to April 24, 2013	–	–1,834	–	–1,834	–
Balance as at December 31, 2013	**128,061**	**1,508**	**9,166**	**138,735**	**389,343**
Reserve from retained earnings	–	–	–	–	170,000
Additions during the year	72,794	–	1,002	73,796	–1,002
FTA approval March 17, 2014					
Approved reserves from capital contribution	–128,061	128,061	–	–	–
Treasury stock	–	–	–	–	–40,392
Share buy-back program	–	–	–	–	–48,150
Proposed dividend distribution	–	–126,896	–	–126,896	–
Undistributed dividends on own registered shares and participation certificates	–	1,421	–	1,421	–
Options exercised from January 1 to April 30, 2014	–	–869	–	–869	–
Balance as at December 31, 2014	**72,794**	**3,225**	**10,168**	**86,187**	**469,799**

1) The Swiss tax administration (FTA) has not yet approved the capital transaction costs of TCHF 10,168 as reserves from capital contribution. This practice may be changed in the future.

7. MANDATORY DISCLOSURE OF INTEREST POSITIONS PURSUANT TO ART. 663C CO (SWISS CODE OF OBLIGATION)

As of December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders (in accordance with Art. 663c CO and the articles of association), which own voting shares of more than 4%: "Fonds für Pensionsergänzungen of Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtung der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft", "Lindt Cocoa Foundation" and "Lindt Chocolate Competence Foundation". As a group they held 20.3% of the voting rights of the Company (20.9% in 2013).

The participation of the Board of Directors, Group Management and Extended Group Management as at December 31, 2014, according to Art. 663c CO is as follows:

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2014	2013	**2014**	2013	**2014**	2013
E. Tanner	Chairman and CEO	3,103	3,039	6,943	8,967	19,750	17,750
A. Bulgheroni	Member of the Board	1,000	1,000	–	–	5,900	5,900
Dr K. Widmer [1]	Member of the Board	–	35	–	–	–	–
Dkfm E. Gürtler	Member of the Board	–	–	–	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,090	–	–	–	–
Dr F. P. Oesch	Member of the Board	13	17	–	–	–	–
P. Schadeberg-Herrmann	Member of the Board	131	–	–	–	–	–
U. Sommer	Group Management	12	12	140	1,449	7,450	9,369
Dr D. Weisskopf	Group Management	7	5	2,400	1,800	9,650	10,550
A. Pfluger	Group Management	5	5	30	30	5,188	8,213
R. Fallegger	Group Management	5	5	1,969	1,612	6,035	5,985
K. Kitzmantel	Extended Group Management	5	5	100	100	4,338	4,938
A. Lechner	Extended Group Management	6	6	53	53	5,650	6,900
T. Linemayr	Extended Group Management	4	4	77	77	5,500	5,350
Total		**5,383**	**5,223**	**11,712**	**14,088**	**69,461**	**74,955**

1) Mr. Dr K. Widmer left the Lindt & Sprüngli Group in 2014, therefore no participation is reported for 2014.

All other disclosures relating to the remuneration of the Board of Directos, Group Management and Extended Group Management required by Art. 663B^{bis} CO are provided in the Compensation Report.

8. RISK MANAGEMENT DISCLOSURES

Chocoladefabriken Lindt & Sprüngli AG is fully integrated into the Group-wide risk assessment process of the Lindt & Sprüngli Group. This Group risk assessment process also addresses the nature and scope of business activities and the specific risks of Chocoladefabriken Lindt & Sprüngli AG refer to the notes of the consolidated financial statements.

9. ACCOUNTING REGULATION

Chocoladefabriken Lindt & Sprüngli AG has not early adopted the new provisions on accounting and financial reporting of the Swiss Code of Obligations. The new accounting law must be applied from January 1, 2015 onwards.

PROPOSAL FOR THE DISTRIBUTION OF AVAILABLE RETAINED EARNINGS

CHF	**December 31, 2014**	December 31, 2013
Balance brought forward	32,281,871	37,238,992
Net income	215,413,866	186,729,478
Other	109,174 [1)]	34,401
Available retained earnings	**247,804,911**	**224,002,871**
Shares and participation certificates as per bylaws of CHF 23,171,760 as at December 31, 2014 (CHF 22,864,210 in 2013)		
5% statutory dividend	–	–1,143,211
400% (90% in 2013) dividend	–92,687,040 [2)]	–20,577,789
Allocations to special reserves	–120,000,000	–170,000,000
Balance carried forward	**35,117,871**	**32,281,871**
Allocation of requested capital contribution reserve to free reserves	75,308,220 [2)]	126,896,366
Withholding tax exempt distribution CHF 325.– per dividend-bearing share/CHF 32.50 per participation certificate (CHF 555.– per dividend-bearing share/CHF 55.50 per participation certificate in 2013)	–75,308,220 [2)]	–126,896,366

1) Includes dividends not distributed on treasury stock held (CHF 243,191), dividends distributed on options exercised during the period January 1 to April 30, 2014 (CHF –148,742) and unclaimed, expired dividends (CHF 14,725)
2) Number of registered shares and participation certificates, status as at December 31, 2014. During the period from January 1 until record date (April 29, 2015), the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock as well as the exercise of options, granted through the employee stock option plan. Consequently the allocation of the approved capital contribution reserve to free reserves will be adjusted accordingly.

For 2014 the Board of Directors proposes a total dividend of CHF 725.– per registered share and CHF 72.50 per participation certificate.

CHF 325.– per registered share and CHF 32.50 per participation certificate are distributed out of the approved capital contribution reserve (agio) and CHF 400.– per registered share and CHF 40.– per participation certificate are distributed out of retained earnings.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

To the general meeting of
Chocoladefabriken Lindt & Sprüngli AG, Kilchberg

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet, income statement and notes (pages 106 to 111), for the year ended December 31, 2014.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended December 31, 2014 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Häfliger	**Richard Müller**
Audit expert	Audit expert
Auditor in charge	

Zurich, March 9, 2015

GROUP FINANCIAL KEY DATA – FIVE-YEAR REVIEW

		2014	2013	2012	2011	2010
INCOME STATEMENT						
Sales	CHF million	3,385.4	2,882.5	2,669.5	2,488.6	2,579.3
EBITDA	CHF million	588.0	503.3	435.9	421.9	423.3
in % of sales	%	17.4	17.5	16.3	17.0	16.4
EBIT	CHF million	474.3	404.1	330.1	328.7	325.3
in % of sales	%	14.0	14.0	12.4	13.2	12.6
Net income	CHF million	342.6	303.0	244.9	246.5	241.9
in % of sales	%	10.1	10.5	9.2	9.9	9.4
in % of average shareholders' equity	%	12.2	14.0	14.9	15.0	14.7
Operating cash flow	CHF million	308.2	419.1	381.2	345.4	363.7
in % of sales	%	9.1	14.5	14.3	13.9	14.1
Depreciation, amortization, and impairment	CHF million	113.7	99.2	105.8	93.2	98.0
BALANCE SHEET						
Total assets	CHF million	5,581.5	3,880.7	2,640.9	2,516.0	2,524.7
Current assets	CHF million	1,822.1	1,965.7	1,714.2	1,643.5	1,672.7
in % of total assets	%	32.6	50.7	64.9	65.3	66.3
Non-current assets	CHF million	3,759.4	1,915.0	926.7	872.5	852.0
in % of total assets	%	67.4	49.3	35.1	34.7	33.7
Non-current liabilities	CHF million	1,638.4	507.4	259.5	214.2	209.6
in % of total assets	%	29.3	13.1	9.8	8.5	8.3
Shareholders' equity	CHF million	3,001.7	2,634.7	1,694.4	1,619.1	1,672.5
in % of total assets	%	53.8	67.9	64.2	64.4	66.2
Investments in PPE/intangible assets	CHF million	234.6	191.4	144.6	104.2	88.6
in % of operating cash flow	%	76.1	45.7	38.0	30.2	24.4
EMPLOYEES						
Average number of employees		10,712	8,949	8,157	7,779	7,572
Sales per employee	TCHF	316.0	322.1	327.3	319.9	340.6

DATA PER SHARE / PARTICIPATION CERTIFICATE – FIVE-YEAR REVIEW

		2014	2013	2012	2011	2010
SHARE						
Registered shares at CHF 100.– par [1]	Number	136,111	136,111	136,700	140,000	140,000
Participation certificates at CHF 10.– par [2]	Number	956,066	925,311	894,488	926,179	901,799
Non-diluted earnings per share / 10 PC [3]	CHF	1,504	1,339	1,079	1,084	1,061
Operating cash flow per share / 10 PC	CHF	1,330	1,833	1,686	1,485	1,580
Shareholders' equity per share / 10 PC [4]	CHF	12,954	11,523	7,492	6,960	7,266
Payout ratio	%	49.1	49.0	53.1	47.2	42.8
REGISTERED SHARE						
Year-end price	CHF	57,160	48,100	34,515	31,390	30,100
High of the year	CHF	59,140	48,890	36,265	33,850	31,150
Low of the year	CHF	48,100	34,650	30,385	25,500	24,350
Dividend	CHF	725.00 [5]	650.00	575.00	500.00	450.00
P/E ratio [6]	Factor	38.01	35.92	31.99	28.96	28.37
PARTICIPATION CERTIFICATE						
Year-end price	CHF	4,932	4,021	2,980	2,794	2,826
High of the year	CHF	5,095	4,036	3,050	2,891	2,925
Low of the year	CHF	4,013	3,002	2,650	1,955	2,124
Dividend	CHF	72.50 [5]	65.00	57.50	50.00	45.00
P/E ratio [6]	Factor	32.79	30.03	27.62	25.77	26.64
Market capitalization [6]	CHF million	12,495.4	10,267.6	7,383.8	6,982.3	6,762.5
in % of shareholders' equity [4]	%	416.3	389.7	435.8	431.2	404.3

1) ISIN number CH0010570759, security number 1057075.
2) ISIN number CH0010570767, security number 1057076.
3) Based on weighted average number of registered shares / 10 participation certificates.
4) Year-end shareholders' equity.
5) Proposal of the Board of Directors.
6) Based on year-end prices of registered shares and participation certificates.

ADDRESSES OF THE LINDT & SPRÜNGLI GROUP

For 170 years, Lindt & Sprüngli confirms its reputation as one of the most innovative and creative companies in the Premium chocolate market. Quality chocolate from Lindt & Sprüngli is distributed via own subsidiary companies and representative offices as well as countless independent distributors around the globe. The main markets are Switzerland, Germany, France, Italy, Great Britain, Spain, and other European countries, as well as North America, Canada and Australia. The LINDT brand with its extensive and innovative global and local range of finest quality chocolate is present in around 120 countries worldwide.

GLOBAL PRESENCE

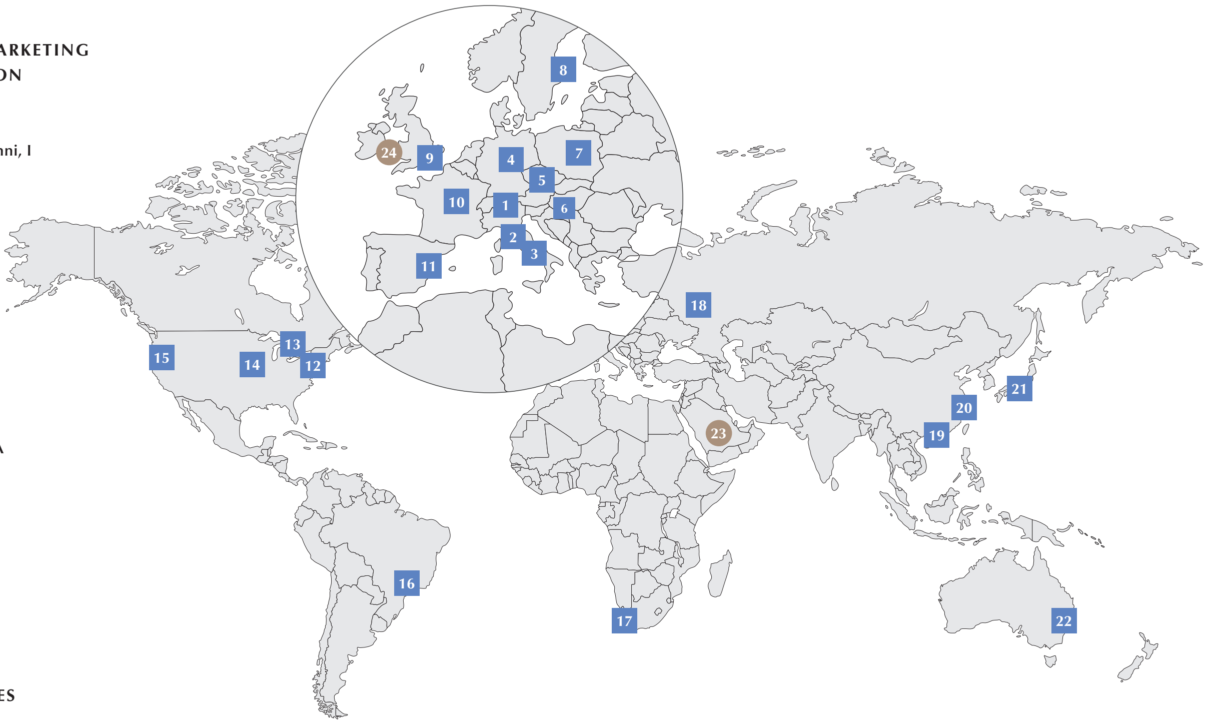
WE MAKE THE WORLD A SWEETER PLACE

PRODUCTION, MARKETING AND DISTRIBUTION

1 Kilchberg, CH
2 Induna Olona, I
3 Luserna S. Giovanni, I
4 Aachen, D
5 Prague, CZ
6 Vienna, A
7 Warsaw, PL
8 Stockholm, S
9 London, GB
10 Paris, F
11 Barcelona, E
12 Stratham, USA
13 Toronto, CA
14 Kansas City, USA
15 San Leandro, USA
16 Sao Paulo, BR
17 Cape Town, ZA
18 Moscow, RU
19 Hong Kong, CN
20 Shanghai, CN
21 Tokyo, JP
22 Sydney, AU

REGIONAL OFFICES

23 Dubai, UAE
24 Dublin, IRL



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INFORMATION

AGENDA

April 23, 2015	117th Annual Shareholders' Meeting
April 30, 2015	Payment of dividend
July 14, 2015	Half-year sales 2015
August 18, 2015	Half-year report 2015
mid January, 2016	Net sales 2015
mid March, 2016	Full-year results 2015
April 21, 2016	118th Annual Shareholders' Meeting

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