LUXOTTICA GROUP SPA
Form SC TO-I
May 15, 2009

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE TO

TENDER OFFER STATEMENT UNDER
SECTION 14(d)(1) or 13(e)(1) OF THE SECURITIES EXCHANGE ACT OF 1934

LUXOTTICA GROUP S.p.A.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Ordinary Shares, 0.06 Par Value Per Share,

Granted Pursuant to the Luxottica Group S.p.A. 2001 Stock Option Plan

and the Luxottica Group S.p.A. 2006 Stock Option Plan
(Title of Class of Securities)

55068R202
(CUSIP Number of Class of Securities)

Michael A. Boxer, Esq.

Senior Vice President & General Counsel

Luxottica U.S. Holdings Corp.

44 Harbor Park Drive

Port Washington, New York 11050

(516) 484-3800
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Filing Person)

Copies to:

Deutsche Bank Trust Company Americas

60 Wall Street

New York, New York 10005

(212) 250-9100

David A. Sakowitz, Esq.

Winston & Strawn LLP

200 Park Avenue

New York, New York 10166

(212) 294-6700

CALCULATION OF FILING FEE

Transaction valuation*	**Amount of filing fee**
$77,231,000	$4,309.49

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* Calculated solely for purposes of determining the filing fee. This amount assumes that eligible options to purchase 3,740,000 ordinary shares will be tendered for cancellation pursuant to this offer. The aggregate value of such options was calculated based on the average of the high and low prices reported for the Company s American Depositary Shares (ADSs) on the New York Stock Exchange Composite Tape on May 13, 2009. Each ADS represents one ordinary share, par value 0.06 per share, of Luxottica Group S.p.A. The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals $55.80 per $1,000,000 (prorated for amounts less than US$1 million) of the transaction value. Accordingly, the filing fee is calculated by multiplying the aggregate transaction valuation by 0.00005580.

o Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.	Filing party: Not applicable.
Form or Registration No.: Not applicable.	Date filed: Not applicable.

o Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

o	third party tender offer subject to Rule 14d-1.
x	issuer tender offer subject to Rule 13e-4.
o	going-private transaction subject to Rule 13e-3.
o	amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: o

ITEM 1. Summary Term Sheet.

The information set forth under Summary Term Sheet in the document entitled Offer to Reassign Share Options, dated May 15, 2009 (as amended from time to time, the Offer to Reassign), attached hereto as Exhibit (a)(1), is incorporated herein by reference.

ITEM 2. Subject Company Information.

(a) ***Name and Address***.

The name of the issuer is Luxottica Group S.p.A., an Italian corporation (together with its subsidiaries, the Company or Luxottica), and the address and telephone number of its principal executive offices is Via C. Cantù 2, 20123 Milan, Italy, +39 02 863341. The information set forth in the Offer to Reassign under Section 9 (Information About Luxottica; Summary Financial Information) is incorporated herein by reference.

(b) ***Securities***.

This Tender Offer Statement on Schedule TO relates to the solicitation by the Company of elections to have canceled outstanding options (the Options) to purchase the Company s ordinary shares that were granted to employees of the Company who are resident in the United States (U.S. employees): either (a)(1) in February 2006 (such options, the 2006 Options) pursuant to the Luxottica Group S.p.A. 2001 Stock Option Plan (the 2001 Option Plan) or (2) in March 2007 (such options, the 2007 Options) pursuant to the Luxottica Group S.p.A. 2006 Stock Option Plan (the 2006 Option Plan), in order to receive new options that will be granted under and subject to the 2001 Option Plan (the New Options); or (b) in July 2006 under performance grants pursuant to the 2006 Option Plan (such options, the 2006 Performance Options), in order to receive new options that will be granted under and subject to the 2006 Option Plan (the New Performance Options), with the New Options and New Performance Options to be granted upon the terms and subject to the conditions described in the Offer to Reassign. This solicitation (the Offer) excludes options held by option holders who are not employees of the Company on the date the Offer expires and the new options are granted. In the aggregate, there are 3,740,000 ordinary shares underlying the Options that are subject to this Offer, of which there are 395,000 underlying the 2006 Options, 445,000 underlying the 2007 Options and 2,900,000 underlying the 2006 Performance Options. In the case of the 2006 Options and the 2007 Options, the Company will reassign to the option holder New Options to purchase the same number of ordinary shares underlying the eligible options surrendered, subject to the terms and conditions of the Offer to Reassign. In the case of the 2006 Performance Options, the Company will reassign to the holder New Performance Options to purchase 0.5 ordinary shares for each one ordinary share underlying the eligible options surrendered, subject to the terms and conditions of the Offer to Reassign. The information set forth in the Offer to Reassign under Summary Term Sheet, Section 1 (Number of Options; Expiration Date), Section 5 (Acceptance of Options for Cancellation and Grant of New Options) and Section 8 (Source and Amount of Consideration; Terms of New Options) is incorporated herein by reference.

(c) ***Trading Market and Price***.

The information set forth in the Offer to Reassign under Section 7 (Price Range of Ordinary Shares) is incorporated herein by reference.

ITEM 3. Identity and Background of Filing Person.

(a) ***Name and Address***.

The information set forth under Item 2(a) above and in Section 10 of the Offer to Reassign (Interests of Directors and Officers; Transactions and Arrangements Concerning the Options) is incorporated herein by reference. The Company is both the filing person and the subject company.

ITEM 4. Terms of the Transaction.

(a) ***Material Terms***.

The information set forth in the Offer to Reassign under Summary Term Sheet, Section 1 (Number of Options; Expiration Date), Section 3 (Procedures for Tendering Options), Section 4 (Change in Election), Section 5 (Acceptance of Options for Cancellation and Grant of New Options), Section 6 (Conditions of This Offer), Section 8 (Source and Amount of Consideration; Terms of New Options), Section 9 (Information About Luxottica; Summary Financial Information), Section 11 (Status of Options Acquired by Us in This Offer; Accounting

Consequences of This Offer), Section 12 (Legal Matters; Regulatory Approvals), Section 13 (Material U.S. Federal Income Tax Consequences) and Section 14 (Extension of This Offer; Termination; Amendment) is incorporated herein by reference.

(b) ***Purchases***.

The information set forth in the Offer to Reassign under Section 10 (Interests of Directors and Officers; Transactions and Arrangements Concerning the Options) is incorporated herein by reference.

ITEM 5. Past Contacts, Transactions, Negotiations and Agreements.

(e) ***Agreements Involving the Subject Company s Securities***.

The information set forth in the Offer to Reassign under Section 10 (Interests of Directors and Officers; Transactions and Arrangements Concerning the Options) is incorporated herein by reference.

ITEM 6. Purposes of the Transaction and Plans or Proposals.

(a) ***Purposes***.

The Offer is being conducted for compensatory purposes as described in the Offer to Reassign. The information set forth in the Offer to Reassign under Section 2 (Purpose of This Offer) is incorporated herein by reference.

(b) ***Use of Securities Acquired***.

The information set forth in the Offer to Reassign under Section 5 (Acceptance of Options for Cancellation and Grant of New Options) and Section 11 (Status of Options Acquired by Us in This Offer; Accounting Consequences of This Offer) is incorporated herein by reference.

(c) ***Plans***.

The information set forth in the Offer to Reassign under Section 2 (Purpose of This Offer) is incorporated herein by reference.

ITEM 7. Source and Amount of Funds or Other Consideration.

(a) ***Source of Funds***.

The information set forth in the Offer to Reassign under Section 8 (Source and Amount of Consideration; Terms of New Options) and Section 15 (Fees and Expenses) is incorporated herein by reference.

(b) ***Conditions***.

The information set forth in the Offer to Reassign under Section 6 (Conditions of This Offer) and Section 8 (Source and Amount of Consideration; Terms of New Options) is incorporated herein by reference.

(d) ***Borrowed Funds***.

Not applicable.

ITEM 8. Interest In Securities of the Subject Company.

(a) ***Securities Ownership***.

The information set forth in the Offer to Reassign under Section 10 (Interests of Directors and Officers; Transactions and Arrangements Concerning the Options) is incorporated herein by reference.

(b) ***Securities Transactions***.

The information set forth in the Offer to Reassign under Section 10 (Interests of Directors and Officers; Transactions and Arrangements Concerning the Options) is incorporated herein by reference.

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ITEM 9. Person/Assets, Retained, Employed, Compensated or Used.

(a) ***Solicitations or Recommendations***.

Not applicable.

ITEM 10. Financial Statements.

(a) ***Financial Information***.

(1) Set forth below are audited financial statements for the two fiscal years ended December 31, 2007 and 2006, as contained in the Company s most recent Annual Report on Form 20-F for its fiscal year ended December 31, 2007, filed with the Securities and Exchange Commission on June 26, 2008:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

LUXOTTICA GROUP S.p.A.

We have audited the accompanying consolidated balance sheets of Luxottica Group S.p.A. (an Italian corporation) and subsidiaries (the Company") as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. Our audits also included the financial statement schedule listed in the Index at Item 18. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Luxottica Group S.p.A. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Notes 2 and 8 to the consolidated financial statements, effective January 1, 2007, the Company changed its method of accounting for uncertainty in income taxes to conform to Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 .

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 24, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

Milan, Italy

June 24, 2008

Deloitte & Touche S.p.A.
Via Tortona 25
20144 Milano
Italia

Tel: +39 02 833.22111
Fax: +39 02 833.22112
www.deloitte.it

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

LUXOTTICA GROUP S.p.A.

We have audited the internal control over financial reporting of Luxottica Group S.p.A and subsidiaries (the Company) as of December 31, 2007, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management s Report on Internal Control over Financial Reporting , management excluded from its assessment the internal control over financial reporting at Oakley Inc., D.O.C. Optics Corporation, and the 26 percent stake in RayBan Sun Optics India Ltd. (the Acquired Entities), which were acquired in November, February, and June 2007, respectively, and whose financial statements constitute approximately 29% of total assets, 3% of net sales and 1% of operating income of the consolidated financial statement amounts, as of and for the year ended December 31, 2007. Accordingly, our audit did not include the internal control over financial reporting at the Acquired Entities. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting . Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2007 of the Company and our report dated June 24, 2008 expressed an unqualified opinion on those financial statements and financial statements schedule, and included an explanatory paragraph relating to the Company s adoption of Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109 effective January 1, 2007.

Milan, Italy

June 24, 2008

LUXOTTICA GROUP S.p.A. and Subsidiaries

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2007 AND 2006 (*)

	2007 (US $/000) (1)	2007 (Euro/000)	2006 (Euro/000)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 442,317	302,894	339,122
Marketable securities	31,170	21,345	
Accounts receivable - net (Less allowance for doubtful accounts: 25.5 million in 2007 (US $ 37.3 million) and 22.7 million in 2006)	971,368	665,184	533,772
Sales and income taxes receivable	129,967	89,000	24,924
Inventories - net	839,696	575,016	400,895
Prepaid expenses and other	203,426	139,305	98,156
Deferred tax assets - net	172,101	117,853	96,595
Total current assets	2,790,045	1,910,597	1,493,464
PROPERTY, PLANT AND EQUIPMENT - net	1,544,679	1,057,782	787,201
OTHER ASSETS:			
Goodwill	3,799,467	2,601,840	1,694,614
Intangible assets - net	1,907,323	1,306,117	830,362
Investments	25,801	17,668	23,531
Other assets	285,298	195,370	94,501
Deferred tax assets	99,142	67,891	45,205
Total other assets	6,117,031	4,188,887	2,688,213
TOTAL ASSETS	$ 10,451,755	7,157,266	4,968,878

(1) Translated for convenience at the New York City Noon Buying Rate as determined in Note 1

(*) In accordance with US GAAP

See notes to the consolidated financial statements

		2007	2007	2006
		(US $/000) (1)	(Euro/000)	
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES:				
Bank overdrafts	$	665,295	455,588	168,358
Current portion of long-term debt		1,157,459	792,617	359,527
Accounts payable		618,338	423,432	349,598
Accrued expenses				
Payroll and related		194,194	132,983	145,005
Customers right of return		38,781	26,557	17,881
Other		450,850	308,738	229,713
Income taxes payable		28,205	19,314	155,195
Total current liabilities		3,153,123	2,159,229	1,425,277
LONG-TERM DEBT		2,813,301	1,926,523	959,735
LIABILITY FOR TERMINATION INDEMNITIES		83,107	56,911	60,635
DEFERRED TAX LIABILITIES - NET		362,704	248,377	95,124
OTHER LONG-TERM LIABILITIES		335,828	229,972	181,888
COMMITMENTS AND CONTINGENCIES				
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES		60,013	41,097	30,371
SHAREHOLDERS EQUITY:				
Capital stock par value 0.06 - 462,623,620 and 460,216,248 ordinary shares authorized and issued at December 31, 2007 and 2006, respectively; 456,188,834 and 453,781,462 shares outstanding at December 31, 2007 and 2006, respectively		40,534	27,757	27,613
Additional paid-in capital		405,887	277,947	203,016
Retained earnings		3,850,618	2,636,868	2,343,800
Accumulated other comprehensive loss, net of tax		(551,158)	(377,428)	(288,593)
Total		3,745,881	2,565,145	2,285,836
Less treasury shares at cost; 6,434,786 and 6,434,786 shares at December 31, 2007 and 2006, respectively		102,201	69,987	69,987
Total shareholders equity		3,643,680	2,495,158	2,215,849
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$	10,451,755	7,157,266	4,968,878

(1) Translated for convenience at the New York City Noon Buying Rate as determined in Note 1

(*) In accordance with US GAAP

See notes to the consolidated financial statements

LUXOTTICA GROUP S.p.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005 (*)

		2007 (US $/000) (1)	2007	2006 (Euro/000)	2005
NET SALES	$	7,251,929	4,966,054	4,676,156	4,134,263
COST OF SALES		(2,300,876)	(1,575,618)	(1,487,700)	(1,373,073)
GROSS PROFIT		4,951,053	3,390,436	3,188,456	2,761,190
OPERATING EXPENSES:					
Selling and advertising		(3,021,770)	(2,069,280)	(1,948,466)	(1,755,536)
General and administrative		(712,397)	(487,843)	(484,002)	(424,253)
Total		(3,734,167)	(2,557,123)	(2,432,468)	(2,179,789)
INCOME FROM OPERATIONS		1,216,886	833,313	755,987	581,401
OTHER INCOME (EXPENSE):					
Interest income		24,952	17,087	9,804	5,650
Interest expense		(130,694)	(89,498)	(70,622)	(66,171)
Other - net		28,885	19,780	(16,992)	18,429
Other income (expense) - net		(76,857)	(52,631)	(77,810)	(42,092)
INCOME BEFORE PROVISION FOR INCOME TAXES		1,140,029	780,681	678,177	539,309
PROVISION FOR INCOME TAXES		(399,393)	(273,501)	(238,757)	(199,266)
INCOME BEFORE MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES		740,636	507,180	439,420	340,043
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES		(21,870)	(14,976)	(8,715)	(9,253)
NET INCOME FROM CONTINUING OPERATIONS		718,766	492,204	430,705	330,790
DISCONTINUED OPERATIONS, NET OF TAXES				(6,419)	11,504
NET INCOME	$	718,766	492,204	424,286	342,294
EARNINGS PER SHARE: BASIC					
Continuing Operations		1.58	1.08	0.95	0.73
Discontinued operations				(0.01)	0.03
Net Income		1.58	1.08	0.94	0.76
EARNINGS PER SHARE: DILUTED					
Continuing Operations		1.57	1.07	0.94	0.73
Discontinued operations				(0.01)	0.03
Net Income		1.57	1.07	0.93	0.76

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (thousands)				
Basic	455,185	455,185	452,898	450,179
Diluted	458,531	458,531	456,186	453,303

(1) Translated for convenience at the New York City Noon Buying Rate as determined in Note 1

(*) In accordance with US GAAP

See notes to the consolidated financial statements

LUXOTTICA GROUP S.p.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007 (*)

	Common Stock		Additional		Unearned	Other	Accumulated Other	Treasury	Total
	Shares	**Amount**	**Paid-in Capital**	**Retained Earnings**	**Stock-based Compensation**	**Comprehensive Income (Loss) Net of Tax**	**Comprehensive Income (Loss) Net of Tax**	**Shares Amount, at Cost**	**Shareholders' Equity**
BALANCES, JANUARY 1, 2005	455,205,473	27,312	47,167	1,812,073			(320,958)	(69,987)	1,495,607
Exercise of stock options	2,770,250	167	28,062						28,229
Translation adjustment						157,776	157,776		157,776
Aggregate stock based compensation			70,273		(70,273)				
Realized stock based compensation					21,706				21,706
Minimum pension, liability, net of taxes of Euro 1.6 million						2,534	2,534		2,534
Tax benefit on stock options			4,677						4,677
Change in fair value of derivative instruments, net of taxes of Euro 2.3 million						4,694	4,694		4,694
Dividends declared (Euro 0.23 per share)				(103,484)					(103,484)
Net Income (continuing operations)				330,790		330,790			330,790
Income from discontinued operations				11,504		11,504			11,504
Comprehensive income						507,298			
BALANCES, DECEMBER 31, 2005	457,975,723	27,479	150,179	2,050,883	(48,567)		(155,954)	(69,987)	1,954,033
Exercise of stock options	2,240,525	134	24,308						24,443
Translation adjustment						(126,853)	(126,853)		(126,853)
Effect of adoption of SFAS 123 R			(48,567)		48,567				0
Realized stock based compensation			47,969						47,969
Minimum pension, liability, net of taxes of Euro 0.4 million						(624)	(624)		(624)
Effect of adoption SFAS 158, net of taxes of Euro 5.5 million						(8,409)	(8,409)		(8,409)
Unrealized gain on available-for-sale securities, net of taxes of Euro 0.5 million						1,244	1,244		1,244
Diluted gain on business combinations, SAB 5-H gain			21,847						21,847
			7,279						7,279

Excess tax benefit on stock options								
Change in fair value of derivative instruments, net of taxes of Euro 1.8 million					2,003	2,003		2,003
Dividends declared (Euro 0.29 per share)				(131,369)				(131,369)
Net Income (continuing operations)				430,705	430,705			430,705
Loss from discontinued operations				(6,419)	(6,419)			(6,419)
Comprehensive income					291,647			
BALANCES, DECEMBER 31, 2006	460,216,248	27,613	203,016	2,343,800		(288,593)	(69,987)	2,215,849
Exercise of stock options	2,407,372	144	26,498					26,642
Translation adjustment					(90,881)	(90,881)		(90,881)
Effect of adoption of FIN 48				(8,060)				(8,060)
Realized stock based compensation			42,121					42,121
Adjustement to pension liability, net of taxes of Euro 3.9 million					9,688	9,688		9,688
Unrealized gain on available-for-sale securities, net of taxes of Euro 0.9 million					(1,579)	(1,579)		(1,579)
Excess tax benefit on stock options			6,313					6,313
Change in fair value of derivative instruments, net of taxes of Euro 4.6 million					(6,062)	(6,062)		(6,062)
Dividends declared (Euro 0.42 per share)				(191,077)				(191,077)
Net Income				492,204	492,204			492,204
Comprehensive income					403,369			
BALANCES, DECEMBER 31, 2007	462,623,620	27,757	277,947	2,636,868		(377,428)	(69,987)	2,495,158
Comprehensive income (1)					$ 589,040			
BALANCES, DECEMBER 31, 2007 (1) (US $/000) (1)	462,623,620	$ 40,534	$ 405,887	$ 3,850,618		$ (551,158)	$ (102,201)	$ 3,643,680

(1) Translated for convenience at the New York City Noon Buying Rate as determined in Note 1

(*) In accordance with US GAAP

See notes to the consolidated financial statements

LUXOTTICA GROUP S.p.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005 (*)

		2007 (US $/000)(1)	2007	2006 (Euro/000)	2005
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income from continuing operations	$	718,766	492,204	430,705	330,790
Adjustments to reconcile net income to net cash provided by operating activitities:					
Minority interest in income of consolidated subsidiaries		21,870	14,976	8,715	9,253
Non cash stock-based compensation		61,510	42,121	47,969	21,706
Excess tax benefits from stock-based compensation		(9,218)	(6,313)	(7,279)	
Depreciation and amortization		339,977	232,813	220,797	184,652
Benefit for deferred income taxes		(65,768)	(45,037)	(72,509)	(91,297)
Loss (Gain) on disposals of fixed assets - net		(28,238)	(19,337)	4,930	6,559
Termination indemnities matured during the year - net		(5,249)	(3,595)	4,369	3,723
Changes in operating assets and liabilities, net of acquisition of businesses:					
Accounts receivable		(81,349)	(55,707)	(83,107)	(33,634)
Prepaid expenses and other		(322,327)	(220,727)	8,568	(56,767)
Inventories		(61,209)	(41,916)	(27,658)	66,491
Accounts payable		65,695	44,988	76,021	49,615
Accrued expenses and other		(13,776)	(9,433)	(25,243)	(17,544)
Accrual for customers right of return		14,391	9,855	11,121	5,448
Income taxes payable		(134,556)	(92,142)	5,875	126,708
Total adjustments		(218,247)	(149,454)	172,569	274,914
Cash provided by operating activities from continuing operations	$	500,519	342,750	603,274	605,704

	2007 (US $/000) (1)	2007	2006 (Euro/000)	2005
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property, plant and equipment:				
Additions	(488,863)	(334,769)	(272,180)	(220,016)
Disposals	43,371	29,700	21,563	1,022
Increase in investments			(5,872)	
Purchases of businesses net of cash acquired	(2,177,433)	(1,491,086)	(134,114)	(86,966)
Sale of investment in Pearle Europe				144,000
Sale of Things Remembered			128,007	
Additions of intangible assets	(5,671)	(3,883)	(1,140)	(4,479)
Cash used in investing activities of continuing operations	**(2,628,596)**	**(1,800,038)**	**(263,737)**	**(166,439**