

LUXOTTICA GROUP SPA
Form 6-K
March 14, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

March 14, 2008

COMMISSION FILE NO. 1 - 10421

LUXOTTICA GROUP S.p.A.

VIA C. CANTÙ 2, MILAN, 20123 ITALY

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of
Form 20-F or Form 40-F. Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(7): o

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Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes o No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Set forth below is the text of a press release issued on March 13, 2008.

Luxottica's cash dividend for FY 2007 set to increase by a further 17%

- The Group posts record 492 million in consolidated net income for the year -

Milan, Italy March 13, 2008The Board of Directors of **Luxottica Group S.p.A. (NYSE: LUX; MTA: LUX)** a global leader in the design, manufacturing and distribution of premium fashion and luxury eyewear, convened today in Milan by chairman Leonardo Del Vecchio, approved consolidated results in accordance with both International Financial Reporting Standards (IFRS) and U.S. Generally Accepted Accounting Principles (U.S. GAAP) for the twelve-month period ended December 31, 2007 and resolved to propose a 17 percent increase in the cash dividend to be paid for fiscal year 2007 to 0.49 per ordinary share, as compared to 2006. The dividend payment will be submitted to shareholders for approval at the Group's upcoming Ordinary Shareholders Meeting to be held in May.

At the Ordinary Meeting, the Board of Directors will also submit to shareholders for approval, in accordance with Italian law, Luxottica Group S.p.A.'s unconsolidated statutory financial statements for fiscal year 2007 in accordance with IFRS.

Luxottica Group consolidated sales results and other key figures for the respective periods were already announced on January 29 and February 7 of this year. Other financial highlights for the three- and twelve-month periods ended December 31, 2007, in accordance with U.S. GAAP, are listed below. A detailed balance sheet, income statements and other financial tables for both periods are also attached to this release for perspective.

Fiscal year 2007(1)

- **Consolidated sales:** 4,966 million (+6.2%) (+12.5% excluding effect of exchange rates), including 87 million of Oakley sales (6 weeks)
- **Sales by Division (excluding Oakley):**
 - Retail sales: 3,234 million (-1.8%) (+5.6% excluding effect of exchange rates);
 - Total wholesale sales: 1,993 million (+16.2%) (+20.2% excluding effect of exchange rates)
- **Consolidated operating income: 833 million (+10.2%)** Operating margin: 16.8%
- **Operating income by Division (excluding Oakley)**
 - Retail operating income: 362 million (-16.2%); Retail operating margin: 11.2%

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- Wholesale operating income: 528 million (+18.4%); Wholesale operating margin: 26.5%
 - **Consolidated net income⁽²⁾: 492 million (+14.3%)**; Net margin: 9.9%
 - **Earnings per share: 1.08 (US\$1.48 per ADSEPS pre trademark amortization 1.17 (US\$1.60))**
-

Fourth quarter of 2007(1)

- **Consolidated sales:** 1,189 million (+7.0%) (+16.1% excluding effect of exchange rates), including 87 million of Oakley sales (6 weeks)
- **Sales by Division (excluding Oakley):**
 - Retail sales: 714 million (-7.2%) (+2.8% excluding effect of exchange rates);
 - Total wholesale sales: 478 million (+15.6%) (+21.7% excluding effect of exchange rates)
- **Consolidated operating income: 152 million (-8.0%)** Operating margin: 12.8%
- **Operating income by Division (excluding Oakley)**
 - Retail operating income: 59 million (-31.7%); Retail operating margin: 8.2%
 - Wholesale operating income: 110 million (+5.5%); Wholesale operating margin: 23.0%
- **Consolidated net income: 97 million (-4.0%)⁽³⁾; Net margin: 8.1%**
 - **Earnings per share: 0.21 (US\$0.31 per ADSEPS pre trademark amortization 0.24 (US\$0,35))**

Andrea Guerra, chief executive officer of Luxottica Group, commented: We are extremely pleased with our performance in 2007, as we were able to post record results for the year in terms of sales, operating margin and net income despite the increasingly challenging macroeconomic environment. Additionally, as demonstrated by our year-over-year improvement in consolidated net income of approximately 15 percent, we remain focused on generating value for our shareholders. The Board will propose a 17 percent year-over-year increase in the cash dividend to be paid for fiscal 2007, reflecting a payout ratio of 45 percent.

Within the existing environment, key elements of our ability to continue to grow were once again the strength of our business model, the importance of the ongoing program of investment, the extremely well-articulated brand and retail portfolios, as well as the increasing geographical diversification and penetration.

With respect to North America, we are especially pleased with the performance of our overall business in that market, which posted a six percent growth in sales in U.S. Dollars for the year. In particular, the performance of the retail division in that market was satisfactory, especially when compared with that of other comparable leading retailers in that market.

Today we are fully focused on delivering results at the operating level and on the integration of the Oakley business. During the first two months of the current year, our wholesale business is showing growth in all markets worldwide, while the retail business remains steady overall. With respect to the Oakley business, we continue to be extremely pleased with the speed at which we are completing many strategic projects. Going forward, we are expecting that this business will contribute the most during the second and third quarters of the year, when it has historically enjoyed its strongest positive seasonality.

Luxottica Group's consolidated net outstanding debt on December 31, 2007, was 2,872 million, reflecting a consolidated net debt to pro-forma EBITDA ratio⁽³⁾ of 2.5x.

Proposed dividend for fiscal year 2007

The Board of Directors today also scheduled the Company's Ordinary Shareholders Meeting and Extraordinary Shareholders Meeting for May 13, 2008, on first call, and for May 14, 2008, on second call.

At the Ordinary Meeting, the Board of Directors will propose to shareholders a 17 percent increase in the cash dividend to be paid for fiscal year 2007 to 0.49 per ordinary share. This will represent a dividend payout ratio of 45 percent, in line with that for fiscal year 2006. Last year, shareholders approved the payment of a cash dividend of 0.42 per ordinary share or ADS.

Other Board resolutions

The Board of Directors also resolved today to submit to the Ordinary Shareholders Meeting of the Company a proposal to authorize a program to repurchase and dispose of up to 18,500,000 of Luxottica's ordinary shares, representing 4.00 percent of the Company's issued and outstanding share capital. Included in the authorization requested are 6,434,786 of the Company's ordinary shares held by Arnette Optics Illusions Inc., a company controlled by Luxottica Group.

The authorization requested at the Ordinary Shareholders Meeting of the Company is intended to provide the Company with treasury shares in order to efficiently manage the Company's capital and to implement the performance share plan to be granted to the Group's top managers, under the terms described more fully below.

The maximum and minimum price of the share purchases will be equal to the market price of Luxottica's ordinary shares on the Milan Stock Exchange's Mercato Telematico Azionario (MTA) on the day preceding the relevant purchase, respectively increased or decreased by 10 percent.

The authorization to purchase ordinary shares is required for a period of 18 months beginning on the date that the Ordinary Shareholders Meeting approves the relevant resolution.

The Board of Directors also resolved today to submit to the Ordinary Shareholders Meeting a proposal to approve a share incentive plan (the 2008 Performance Shares Plan) for the Group's top managers to be identified by the Company's Board of Directors.

The plan is intended to strengthen the loyalty of the Group's key employees and to recognize their contributions to the success of the Group on a medium- to long-term basis.

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The beneficiaries of the plan will be granted the right to receive ordinary shares of the Company, without consideration, at the end of a three-year vesting period and subject to achievement of certain Group performance targets, to be determined by the Company's Board of Directors.

The plan will have a term of five years, during which the Board of Directors may resolve to issue different grants to the plan's beneficiaries. The plan covers a maximum of 6,500,000 ordinary shares of the Company. Each annual grant of performance shares will not exceed 2,000,000 ordinary shares.

In accordance with Section 2, art. 154 bis of Legislative Decree n. 58/1998 of the Italian Law, Enrico Cavatorta, Luxottica Group's chief financial officer, confirms that the financial data included in this press release corresponds to that included in the Company's accounting records.

Luxottica Group S.p.A.

Luxottica Group is a global leader in eyewear, with over 6,000 optical and sun retail stores in North America, Asia-Pacific, China, South Africa and Europe and a strong brand portfolio that includes Ray-Ban, the best selling sun and prescription eyewear brand in the world, as well as, among others, license brands Bvlgari, Burberry, Chanel, Dolce & Gabbana, Donna Karan, Polo Ralph Lauren, Prada, Salvatore Ferragamo and Versace, and key house brands Oakley, Oliver Peoples, Vogue, Persol, Arnette and REVO. In addition to a global wholesale network that touches 130 countries, the Group manages leading retail brands such as LensCrafters, Pearle Vision and Sunglass Icon, in North America, OPSM and Laubman & Pank in Asia-Pacific, and Sunglass Hut globally. The Group's products are designed and manufactured in six Italy-based high-quality manufacturing plants and in the only two China-based plants wholly-owned by a premium eyewear manufacturer. For fiscal year 2007, Luxottica Group (NYSE: LUX; MTA: LUX) posted consolidated net sales of \$5 billion. Additional information on the Group is available at www.luxottica.com.

Safe Harbor Statement

Certain statements in this press release may constitute forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, the ability to successfully integrate Oakley's operations, the ability to realize expected synergies from the merger with Oakley, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to predict future economic conditions and changes in consumer preferences, the ability to achieve and manage growth, the ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, the ability to effectively integrate other recently acquired businesses, as well as other political, economic and technological factors and other risks and uncertainties described in our filings with the U.S. Securities and Exchange Commission. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

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TABLES TO FOLLOW

(1) All comparisons, including percentage changes, are between the three- and twelve-month periods ended December 31, 2007 and 2006.

(2) Includes a non-recurring gain related to the sale of a real estate property in Milan, Italy in May 2007. The impact of the sale was a gain of approx. 20 million before taxes or approx. 13 million after taxes (equivalent to EPS of 0.02).

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(3) The ratio of net debt to EBITDA is a non-U.S. GAAP measure. For additional disclosure regarding net debt to EBITDA, please refer to the tables accompanying this press release.

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

KEY FIGURES IN THOUSANDS OF EURO ⁽³⁾

| | 2007 | 2006 | % Change |
|---|------------------|------------------|--------------|
| NET SALES | 1,188,500 | 1,110,553 | 7.0% |
| NET INCOME FROM CONTINUING OPERATIONS ⁽⁴⁾ | 96,726 | 100,743 | -4.0% |
| NET INCOME | 96,726 | 95,689 | 1.1% |
| BASIC EARNINGS PER SHARE (ADS) ⁽²⁾ : | | | |
| FROM CONTINUING OPERATIONS ⁽⁴⁾ | 0.21 | 0.22 | -4.5% |
| EPS PRE-TRADEMARK AMORTIZATION: | | | |
| FROM CONTINUING OPERATIONS ⁽⁴⁾ | 0.24 | 0.25 | -4.0% |

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS ^{(1) (3)}

| | 2007 | 2006 | % Change |
|---|------------------|------------------|--------------|
| NET SALES | 1,721,662 | 1,431,391 | 20.3% |
| NET INCOME FROM CONTINUING OPERATIONS ⁽⁴⁾ | 140,118 | 129,847 | 7.9% |
| NET INCOME | 140,118 | 123,333 | 13.6% |
| BASIC EARNINGS PER SHARE (ADS) ⁽²⁾ : | | | |
| FROM CONTINUING OPERATIONS ⁽⁴⁾ | 0.31 | 0.29 | 7.3% |
| EPS PRE-TRADEMARK AMORTIZATION: | | | |
| FROM CONTINUING OPERATIONS ⁽⁴⁾ | 0.35 | 0.32 | 9.4% |

Notes:

| | 2007 | 2006 |
|---|-------------|-------------|
| (1) Average exchange rate (in U.S. Dollars per Euro) | 1.4486 | 1.2889 |
| (2) Weighted average number of outstanding shares | 456,047,831 | 453,587,473 |
| (3) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively | | |

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(4) Results of Things Remembered, a former specialty gift business that was sold in September 2006, are reclassified as discontinued operations and are not included as cash flows from continuing operations for 2006

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED

DECEMBER 31, 2007 AND DECEMBER 31, 2006

KEY FIGURES IN THOUSANDS OF EURO ⁽³⁾

| | 2007 | 2006 | % Change |
|---|-----------|-----------|----------|
| NET SALES | 4,966,054 | 4,676,156 | 6.2% |
| NET INCOME FROM CONTINUING OPERATIONS ⁽⁴⁾ | 492,204 | 430,705 | 14.3% |
| NET INCOME | 492,204 | 424,286 | 16.0% |
| BASIC EARNINGS PER SHARE (ADS) ⁽²⁾ : | | | |
| FROM CONTINUING OPERATIONS ⁽⁴⁾ | 1.08 | 0.95 | 13.7% |
| EPS PRE-TRADEMARK AMORTIZATION: | | | |
| FROM CONTINUING OPERATIONS ⁽⁴⁾ | 1.17 | 1.04 | 12.5% |

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS ^{(1) (3)}

| | 2007 | 2006 | % Change |
|---|-----------|-----------|----------|
| NET SALES | 6,805,977 | 5,869,979 | 15.9% |
| NET INCOME FROM CONTINUING OPERATIONS ⁽⁴⁾ | 674,566 | 540,664 | 24.8% |
| NET INCOME | 674,566 | 532,605 | 26.7% |
| BASIC EARNINGS PER SHARE (ADS) ⁽²⁾ : | | | |
| FROM CONTINUING OPERATIONS ⁽⁴⁾ | 1.48 | 1.19 | 24.1% |
| PRE-TRADEMARK AMORTIZATION: | | | |
| FROM CONTINUING OPERATIONS ⁽⁴⁾ | 1.60 | 1.30 | 23.1% |

Notes:

- (1) Average exchange rate (in U.S. Dollars per Euro)
(2) Weighted average number of outstanding shares

| | 2007 | 2008 |
|--|-------------|-------------|
| | 1.3705 | 1.2553 |
| | 455,184,797 | 452,897,854 |

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(3) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively

(4) Results of Things Remembered, a former specialty gift business that was sold in September 2006, are reclassified as discontinued operations and are not included as cash flows from continuing operations for 2006

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT

FOR THE THREE-MONTH PERIODS ENDED

DECEMBER 31, 2007 AND DECEMBER 31, 2006

| In thousands of Euro ⁽¹⁾ | 4Q07 | % of sales | 4Q06 ^{(2) (3)} | % of sales | % Change |
|---|--------------------|---------------|-------------------------|---------------|--------------|
| NET SALES | 1,188,500 | 100.0% | 1,110,553 | 100.0% | 7.0% |
| COST OF SALES | (423,605) | | (397,119) | | |
| GROSS PROFIT | 764,895 | 64.4% | 713,434 | 64.2% | 7.2% |
| <i>OPERATING EXPENSES:</i> | | | | | |
| SELLING EXPENSES | (391,988) | | (368,966) | | |
| ROYALTIES | (33,009) | | (28,383) | | |
| ADVERTISING EXPENSES | (81,600) | | (62,611) | | |
| GENERAL AND ADMINISTRATIVE EXPENSES | (86,154) | | (71,061) | | |
| TRADEMARK AMORTIZATION | (20,463) | | (17,487) | | |
| TOTAL | (613,214) | | (548,509) | | |
| OPERATING INCOME | 151,681 | 12.8% | 164,925 | 14.9% | -8.0% |
| <i>OTHER INCOME (EXPENSE):</i> | | | | | |
| INTEREST EXPENSES | (30,313) | | (16,421) | | |
| INTEREST INCOME | 6,019 | | 3,676 | | |
| OTHER - NET | 16,109 | | (4,364) | | |
| OTHER INCOME (EXPENSES)-NET | (8,185) | | (17,109) | | |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 143,496 | 12.1% | 147,816 | 13.3% | -2.9% |
| PROVISION FOR INCOME TAXES | (44,314) | | (45,708) | | |
| INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES | 99,182 | | 102,108 | | |
| MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES | (2,455) | | (1,364) | | |
| NET INCOME FROM CONTINUING OPERATIONS ⁽²⁾ | 96,726 | 8.1% | 100,743 | 9.1% | -4.0% |
| DISCONTINUED OPERATIONS | | | (5,054) | | |
| NET INCOME | 96,726 | 8.1% | 95,689 | 8.6% | 1.1% |
| BASIC EARNINGS PER SHARE (ADS): | | | | | |
| FROM CONTINUING OPERATIONS ^{(1) (2)} | 0.21 | | 0.22 | | |
| TOTAL ⁽¹⁾ | 0.21 | | 0.21 | | |
| FULLY DILUTED EARNINGS PER SHARE (ADS): | | | | | |
| FROM CONTINUING OPERATIONS ^{(1) (2)} | 0.21 | | 0.22 | | |
| TOTAL ⁽¹⁾ | 0.21 | | 0.21 | | |
| WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES | | | | | |
| | 456,047,831 | | 453,587,473 | | |
| FULLY DILUTED AVERAGE NUMBER OF SHARES | 458,478,516 | | 457,044,068 | | |

Notes:

- (1) Except earnings per share (ADS), which are expressed in Euro
- (2) Results of Things Remembered, a former specialty gift business that was sold in September 2006, are reclassified as discontinued operations and are not included as cash flows from continuing operations for 2006
- (3) Certain amounts of 2006 have been reclassified to conform to 2007 presentation

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED

DECEMBER 31, 2007 AND DECEMBER 31, 2006

| In thousands of Euro ⁽¹⁾ | 2007 | % of sales | 2006 ^{(2) (3)} | % of sales | % Change |
|---|--------------------|---------------|-------------------------|---------------|--------------|
| NET SALES | 4,966,054 | 100.0% | 4,676,156 | 100.0% | 6.2% |
| COST OF SALES | (1,575,618) | | (1,487,700) | | |
| GROSS PROFIT | 3,390,436 | 68.3% | 3,188,456 | 68.2% | 6.3% |
| <i>OPERATING EXPENSES:</i> | | | | | |
| SELLING EXPENSES | (1,591,438) | | (1,525,760) | | |
| ROYALTIES | (129,644) | | (104,579) | | |
| ADVERTISING EXPENSES | (348,198) | | (318,128) | | |
| GENERAL AND ADMINISTRATIVE EXPENSES | (423,878) | | (422,696) | | |
| TRADEMARK AMORTIZATION | (63,965) | | (61,306) | | |
| TOTAL | (2,557,123) | | (2,432,468) | | |
| OPERATING INCOME | 833,313 | 16.8% | 755,987 | 16.2% | 10.2% |
| <i>OTHER INCOME (EXPENSE):</i> | | | | | |
| INTEREST EXPENSES | (89,498) | | (70,622) | | |
| INTEREST INCOME | 17,087 | | 9,804 | | |
| OTHER - NET | 19,780 | | (16,992) | | |
| OTHER INCOME (EXPENSES)-NET | (52,631) | | (77,810) | | |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 780,681 | 15.7% | 678,177 | 14.5% | 15.1% |
| PROVISION FOR INCOME TAXES | (273,501) | | (238,757) | | |
| INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES | 507,180 | | 439,420 | | |
| MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES | (14,976) | | (8,715) | | |
| NET INCOME FROM CONTINUING OPERATIONS ⁽²⁾ | 492,204 | 9.9% | 430,705 | 9.2% | 14.3% |
| DISCONTINUED OPERATIONS | | | (6,419) | | |
| NET INCOME | 492,204 | 9.9% | 424,286 | 9.1% | 16.0% |
| BASIC EARNINGS PER SHARE (ADS): | | | | | |
| FROM CONTINUING OPERATIONS ^{(1) (2)} | 1.08 | | 0.95 | | |
| TOTAL ⁽¹⁾ | 1.08 | | 0.94 | | |
| FULLY DILUTED EARNINGS PER SHARE (ADS): | | | | | |
| FROM CONTINUING OPERATIONS ^{(1) (2)} | 1.07 | | 0.94 | | |
| TOTAL ⁽¹⁾ | 1.07 | | 0.93 | | |
| WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES | | | | | |
| | 455,184,797 | | 452,897,854 | | |
| FULLY DILUTED AVERAGE NUMBER OF SHARES | 458,530,609 | | 456,185,650 | | |

Notes:

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- (1) Except earnings per share (ADS), which are expressed in Euro
- (2) Results of Things Remembered, a former specialty gift business that was sold in September 2006, are reclassified as discontinued operations and are not included as cash flows from continuing operations for 2006
- (3) Certain amounts of 2006 have been reclassified to conform to 2007 presentation

LUXOTTICA GROUP

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2007 AND DECEMBER 31, 2006

| In thousands of Euro | December 31, 2007 | December 31, 2006 |
|--|-------------------|-------------------|
| <i>CURRENT ASSETS:</i> | | |
| CASH | 302,894 | 339,122 |
| MARKETABLE SECURITIES | 21,345 | |
| ACCOUNTS RECEIVABLE | 665,184 | 533,772 |
| SALES AND INCOME TAXES RECEIVABLE | 89,000 | 24,924 |
| INVENTORIES | 575,016 | 400,895 |
| PREPAID EXPENSES AND OTHER | 139,305 | 98,156 |
| DEFERRED TAX ASSETS - CURRENT | 117,853 | 96,595 |
| TOTAL CURRENT ASSETS | 1,910,597 | 1,493,464 |
| PROPERTY, PLANT AND EQUIPMENT - NET | 1,057,782 | 787,201 |
| <i>OTHER ASSETS</i> | | |
| INTANGIBLE ASSETS - NET | 3,907,957 | 2,524,976 |
| INVESTMENTS | 17,668 | 23,531 |
| OTHER ASSETS | 194,329 | 93,588 |
| SALES AND INCOME TAXES RECEIVABLE | 1,042 | 913 |
| DEFERRED TAX ASSETS - NON-CURRENT | 67,891 | 45,205 |
| TOTAL OTHER ASSETS | 4,188,887 | 2,688,213 |
| TOTAL | 7,157,266 | 4,968,878 |
| <i>CURRENT LIABILITIES:</i> | | |
| BANK OVERDRAFTS | 455,588 | 168,358 |
| CURRENT PORTION OF LONG-TERM DEBT | 792,617 | 359,527 |
| ACCOUNTS PAYABLE | 423,432 | 349,598 |
| ACCRUED EXPENSES AND OTHER | 441,721 | 374,718 |
| ACCRUAL FOR CUSTOMERS' RIGHT OF RETURN | 26,557 | 17,881 |
| INCOME TAXES PAYABLE | 19,314 | 155,195 |
| TOTAL CURRENT LIABILITIES | 2,159,229 | 1,425,277 |
| <i>LONG-TERM LIABILITIES:</i> | | |
| LONG-TERM DEBT | 1,926,523 | 959,735 |
| LIABILITY FOR TERMINATION INDEMNITIES | 56,911 | 60,635 |
| DEFERRED TAX LIABILITIES - NON-CURRENT | 248,377 | 95,124 |
| OTHER | 229,972 | 181,888 |
| TOTAL LONG-TERM LIABILITIES | 2,461,782 | 1,297,381 |
| <i>COMMITMENTS AND CONTINGENCIES:</i> | | |
| MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES | 41,097 | 30,371 |

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SHAREHOLDERS EQUITY:

| | | | |
|---|-------------|------------------|------------------|
| 462,623,620 ORDINARY SHARES AUTHORIZED AND ISSUED | 456,188,834 | | |
| SHARES OUTSTANDING | | 27,757 | 27,613 |
| NET INCOME | | 492,204 | 424,286 |
| RETAINED EARNINGS | | 1,975,196 | 1,763,950 |
| TOTAL SHAREHOLDERS EQUITY | | 2,495,158 | 2,215,849 |
| TOTAL | | 7,157,266 | 4,968,878 |

Note:

(1) Certain amounts of 2006 have been reclassified to conform to 2007 presentation

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED

DECEMBER 31, 2007 AND DECEMBER 31, 2006

- SEGMENTAL INFORMATION -

| In thousands of Euro | Manufacturing and Wholesale | Retail | Oakley ⁽²⁾ | Inter-Segment Transactions and Corporate Adj. ⁽³⁾ | Consolidated |
|---------------------------------|-----------------------------------|--------------|-----------------------|--|--------------|
| 2007 | | | | | |
| Net Sales | 1,992,740 | 3,233,802 | 86,964 | (347,452) | 4,966,054 |
| Operating Income | 527,991 | 361,809 | 3,717 | (60,204) | 833,313 |
| <i>% of sales</i> | <i>26.5%</i> | <i>11.2%</i> | <i>4.3%</i> | <i>17.3%</i> | <i>16.8%</i> |
| Capital Expenditures | 112,973 | 213,292 | 8,503 | | 334,769 |
| Depreciation & Amortization | 68,981 | 118,100 | 7,682 | 38,050 | 232,813 |
| Assets | 2,321,204 | 1,425,950 | 1,937,292 | 1,472,820 | 7,157,266 |
| 2006 ⁽¹⁾ | | | | | |
| Net Sales | 1,715,369 | 3,294,160 | | (333,374) | 4,676,156 |
| Operating Income | 445,843 | 431,546 | | (121,403) | 755,987 |
| <i>% of sales</i> | <i>26.0%</i> | <i>13.1%</i> | | <i>36.4%</i> | <i>16.2%</i> |
| Capital Expenditures | 108,117 | 164,063 | | | 272,180 |
| Depreciation & Amortization | 57,331 | 122,403 | | 41,063 | 220,797 |
| Assets | 1,853,144 | 1,343,481 | | 1,772,252 | 4,968,878 |
| 2006 As adjusted ⁽⁴⁾ | | | | | |
| Net Sales | 1,715,369 | 3,294,160 | 76,557 | (336,444) | 4,749,642 |
| Operating income | 445,843 | 431,546 | 192 | (123,897) | 753,685 |
| <i>% of sales</i> | <i>26.0%</i> | <i>13.1%</i> | <i>0.3%</i> | <i>36.8%</i> | <i>15.9%</i> |
| Depreciation & Amortization | 57,331 | 122,403 | 8,494 | 41,063 | 229,291 |

Notes :

(1) Results of Things Remembered, Inc., a former subsidiary that was sold in September 2006, are classified as discontinued operations and are not included in results of operations of 2006.

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- (2) It includes Oakley results of operation for the six weeks period from acquisition date (Nov. 14, 2007), one-off charges and relevant trademark amortization
- (3) It includes a non-recurring gain related to the sale of a real estate property in May 2007. The impact of the sales was a gain of approx. 20 million before taxes or approx. 13 million after taxes, equivalent to 0.02 at EPS level.
- (4) These consolidated adjusted amounts are a non-GAAP measurement. The company has included this measurement to give comparative information for the two periods discussed, aligning the consolidation periods of Oakley for both years 2006 and 2007. They reflect the consolidation of Oakley results for the last six weeks of 2006 (as it is in 2007) and same trademark amortization as in 2007. This information does not purport to be indicative of the actual result that would have been achieved had the Oakley acquisition been completed as of November 14, 2006.

LUXOTTICA GROUP

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT

PREPARED IN ACCORDANCE WITH US GAAP AND IAS / IFRS FOR THE YEAR ENDED DECEMBER 31, 2007,

PURSUANT TO CONSOB REGULATION N. 27021 OF APRIL 7, 2000 AND IN ACCORDANCE WITH CONSOB

COMMUNICATION DME/5015175 DATED MARCH 10, 2005

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2007

| In thousands of Euro (1) | US GAAP 2007 | IFRS 2 | IFRS 3 | IAS 12 | IAS 19 | IAS 38 | IAS 39 | FIN 48 | Total | IAS / IFRS 2007 |
|-----------------------------|------------------|--------|----------------|--------|--------|--------|--------|--------|----------------|-----------------------|
| | | | | | | | | | | |
| NET SALES | 4,966,054 | | | | | | | | | 4,966,054 |
| COST OF SALES | (1,575,618) | | (2,046) | | | | | | (2,046) | (1,577,664) |
| GROSS PROFIT | 3,390,436 | | (2,046) | | | | | | (2,046) | 3,388,390 |
| <i>OPERATING</i> | | | | | | | | | | |
| <i>EXPENSES:</i> | | | | | | | | | | |
| SELLING EXPENSES | (1,591,438) | | (1,230) | | | | | | | |