iBio, Inc.
Form S-1
June 07, 2010

As filed with the Securities and Exchange Commission on June 7, 2010

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1

REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

IBIO, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**2834**	**26-2797813**
(State of Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

9 Innovation Way, Suite 100, Newark, Delaware 19711
(Address of Principal Executive Offices, including Zip Code)

Robert B. Kay
Chief Executive Officer
9 Innovation Way, Suite 100
Newark, Delaware 19711
(302) 355-0650
(Name, Address and Telephone Number of Agent for Service)

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with copies to:

Andrew Abramowitz, Esq.
Andrew Abramowitz, PLLC
565 Fifth Avenue

9th Floor
New York, New York 10017
(212) 972-8883 (fax)

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company x

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered [1]	Proposed Maximum Offering Per Price Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, Par Value $0.001			$ 10,000,000[2]	$ 713.00
Common Stock, Par Value $0.001	3,000,000	$ 1.11[3]	$ 3,330,000	$ 237.43

(1) In addition to the shares set forth in the table, pursuant to Rule 416 (a) under the Securities Act of 1933, as amended, this registration statement also covers an indeterminable number of shares of common stock that may be issuable as a result of stock splits, stock dividends and anti-dilution provisions.

(2) Calculated pursuant to Rule 457(o) on the basis of the maximum aggregate offering price of all of the securities to be registered.

(3) Estimated pursuant to Rule 457(c) solely for the purposes of calculating amount of the registration fee; computed, pursuant to Rule 457(c), upon the basis of the average of the high and low prices of the common stock as quoted on the OTC Bulletin Board on June 3, 2010.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become

effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY STATEMENT

This registration statement contains two forms of prospectus, as set forth below.

Public Offering Prospectus. A prospectus to be used for the direct public offering by the registrant of up to $10,000,000 of shares of common stock (the Public Offering Prospectus).

Selling Stockholder Prospectus. A prospectus to be used in connection with the potential resale by certain selling stockholders of (i) 4,615,385 shares of our common stock sold to investors in a private offering in September 2009; (ii) 2,345,752 shares of our common stock sold to investors, plus an additional 2,345,752 shares of common stock issuable upon exercise of warrants, sold to investors in a private offering in August 2008; and (iii) 3,000,000 shares of common stock underlying stock options held by private investors to purchase shares currently held by E. Gerald Kay and Carl DeSantis, two of our significant stockholders (the Selling Stockholder Prospectus).

The Public Offering Prospectus and the Selling Stockholder Prospectus will be identical in all respects except for the following principal points:

they contain different front covers;

they contain different Use of Proceeds sections;

they contain different Plan of Distribution sections;

a Shares Registered for Resale section is included in the Selling Stockholder Prospectus;

a Selling Stockholders section is included in the Selling Stockholder Prospectus; and

they contain different back covers.

The registrant has included in this registration statement, after the financial statements, a set of alternate pages to reflect the foregoing differences between the Selling Stockholder Prospectus and the Public Offering Prospectus.

Pursuant to Rule 429 of the Securities Act of 1933, the Selling Stockholder Prospectus which is a part of this registration statement is a combined prospectus and includes all of the information currently required in a prospectus relating to the securities covered by Registration Statement No. 333-162424, for which all filing fees have been previously paid, as well as 3,000,000 shares of common stock not currently covered by a registration statement. This registration statement also constitutes a Post-Effective Amendment to Registration Statement No. 333-162424.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 7, 2010

PROSPECTUS

Shares

COMMON STOCK

We are offering up to shares of our common stock.

There may be one or more closings of the offering.

Our common stock is presently quoted on the OTC Bulletin Board, under the symbol IBPM. On June 3, 2010, the last reported sale price of our common stock on the OTC Bulletin Board was $1.07.

Investing in the offered securities involves risks, including those set forth in the Risk Factors section of this prospectus beginning on page 2 as well as those set forth in any prospectus supplement.

	Per Share	Total
Offering Price per Share	$	$
Placement Agent s Fees	$	$
Offering Proceeds before Expenses	$	$

has agreed to act as our placement agent in connection with this offering. In addition, may engage one or more sub-placement agents or selected dealers. The placement agent is not purchasing the securities offered by us, and is not required to sell any specific number or dollar amount of shares, but will assist us in this offering on a best efforts basis. We have agreed to pay the placement agent a cash fee equal to 7% of the gross proceeds of the offering of units by us, as well as placement agent warrants to purchase shares of our common stock equal to 7% of the aggregate number of shares of common stock sold in the offering. The placement agent warrants will have a term of five years from a closing of the sale of shares and will otherwise comply with FINRA Rule 5110. We estimate the total expenses of this offering, excluding the placement agent fees, will be approximately $. Because there is no minimum offering amount required as a condition to closing in this offering, the actual public offering amount, placement agent fees, and proceeds to us, if any, are not presently determinable and may be substantially less than the total maximum offering amounts set forth above. See Plan of Distribution beginning on page 38 of this prospectus for more information on this offering and the placement agent arrangements.

This offering will terminate on , unless the offering is fully subscribed before that date or we decide to terminate the offering prior to that date. In either event, the offering may be closed without further notice to you. All costs associated with the registration will be borne by us.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2010.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. In this prospectus, the Company, iBio , we, us and our refer to iBio, Inc.

SUMMARY PROSPECTUS

This summary highlights selected information contained elsewhere in this prospectus and may not contain all the information that you need to consider in making your investment decision. Before making a decision to purchase our common stock, you should read the entire prospectus carefully, including the Risk Factors and Forward-Looking Statements sections and our consolidated financial statements and the notes to those financial statements.

Our Company

iBio, Inc. is a biotechnology company focused on commercializing its proprietary technology, the iBioLaunch platform, for the production of biologics including vaccines and therapeutic proteins. Our strategy is to utilize our technology for development and manufacture of our own product candidates and to work with both corporate and government clients to reduce their costs during product development and meet their needs for low cost, high quality biologics manufacturing systems. Our near-term focus is to establish business arrangements for use of our technology by licensees for the development and production of products for the prevention and treatment of various infectious diseases. Vaccine candidates presently being advanced on our proprietary platform are applicable to newly emerging strains of H1N1 swine-like influenza and H5N1 for avian influenza.

In order to attract appropriate licensees and increase the value of our share of such intended contractual arrangements, we engaged the Center for Molecular Biology of Fraunhofer USA, Inc., or FhCMB, in 2004 to perform research and development activities to apply the platform to create our first product candidate. We selected a plant-based influenza vaccine for human use as the product candidate to exemplify the value of the platform. Based on research conducted by FhCMB, our proprietary technology is applicable to the production of vaccines for any strain of influenza including the newly-emerged strains of H1N1 swine-like influenza.

In connection with the research and development agreement, FhCMB agreed to use its best efforts to obtain grants from governmental and non-governmental entities to fund additional development of our proprietary plant-based technology. Consequently, in addition to the funding we have provided, FhCMB has received funding from the Bill & Melinda Gates Foundation for development of an experimental vaccine for H5N1 avian influenza based upon our proprietary technology.

We expect at least one of these vaccine candidates to begin Phase 1 clinical trials during the calendar year 2010.

Our Corporate Information

We are a Delaware corporation. Our principal executive/administrative offices are located at 9 Innovation Way, Suite 100, Newark, Delaware 19711, and our telephone number is (302) 355-0650. Our website address is http://www.ibioinc.com. Information on or accessed through our website is not incorporated into this prospectus and is not a part of this prospectus. Our common stock is quoted on the OTC Bulletin Board under the symbol IBPM.

The Offering

Securities offered	Up to shares.
Offering price	$ per share
Common stock outstanding before the offering	28,272,655 shares.
Common stock outstanding after the offering	shares.
Proceeds to us	We expect to use the proceeds received from the offering to fund our research and development activities and for general working capital needs.
Risk factors	See Risk Factors beginning on page 2 and the other information in this prospectus for a discussion of the factors you should consider before you decide to invest in the common stock.

RISK FACTORS

Our past experience may not be indicative of future performance, and as noted elsewhere in this prospectus, we have included forward-looking statements about our business, plans and prospects that are subject to change. Forward-looking statements are particularly located in, but not limited to, the sections Business and Management s Discussion and Analysis of Financial Condition and Results of Operations. In addition to the other risks or uncertainties contained in this prospectus, the following risks may affect our operating results, financial condition and cash flows. If any of these risks occur, either alone or in combination with other factors, our business, financial condition or operating results could be adversely affected. Moreover, readers should note this is not an exhaustive list of the risks we face; some risks are unknown or not quantifiable, and other risks that we currently perceive as immaterial may ultimately prove more significant than expected. Statements about plans, predictions or expectations should not be construed to be assurances of performance or promises to take a given course of action.

Risks Relating to our Business

Our plant-based technology platform has not previously been used by others to successfully develop commercial products, and if we are not able to establish licenses of the platform, we may not generate sufficient license revenues to fulfill our business plan.

If we are unable to convince others to adopt the use of the platform in addition to or instead of other methods to produce vaccines and therapeutic proteins, we will not generate the revenues presently contemplated by our business plan to support our continuing operations.

Our product candidates are in the preclinical stage of development, and if we or our licensees are not able to successfully develop and commercialize them, we may not generate sufficient revenues to fulfill our business plan.

We have internal product candidates and believe our technology to be applicable to the product candidates of other companies, none of which has entered human clinical trials and for none of which an investigational new drug application (IND) based on the use of our technology has been filed with the FDA. Our success in establishing licenses to our platform will substantially depend on our or our clients successful completion of clinical trials and obtaining required regulatory approvals for our product candidates alone or with other persons. If the studies described above or any further studies fail, if we do not obtain required regulatory approvals, or if we fail to commercialize any of our product candidates alone or with licensees, we may be unable to generate sufficient revenues to attain profitability or continue our business operations, and our reputation in the industry and in the investment community would likely be significantly damaged, each of which would cause our stock price to decline and your holdings of our stock to lose most, if not all, of their value.

Our licensees will not be able to commercialize product candidates based on our platform technology if preclinical studies do not produce successful results or clinical trials do not demonstrate safety and efficacy in humans.

Preclinical and clinical testing is expensive, difficult to design and implement, can take many years to complete and has an uncertain outcome. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and interim results of a clinical trial do not necessarily predict final results. Our licensees may experience numerous unforeseen events during, or as a result of, preclinical testing and the clinical trial process that could delay or prevent the commercialization of product candidates based on our technology, including the following:

- Our licensee s preclinical or clinical trials may produce negative or inconclusive results, which may require additional preclinical testing or clinical trials or the abandonment of projects that we expect to be promising. For example, promising animal data may be obtained about the immunogenicity of a vaccine candidate and then human tests may result in no or inadequate immune responses. In addition, unexpected safety concerns may be encountered that would require further testing even if the vaccine candidate produced a very significant immune response in human subjects.

- Initial clinical results may not be supported by further or more extensive clinical trials. For example, a licensee may obtain data that suggest a desirable immune response from a vaccine candidate in a small human study, but then when tests are conducted on larger numbers of people, the same extent of immune response may not occur. If the immune response generated by a vaccine is too low, or occurs in too few treated individuals, then the vaccine will have no commercial value.

Enrollment in our licensee s clinical trials may be slower than it projects, resulting in significant delays. The cost of conducting a clinical trial increases as the time required to enroll adequate numbers of human subjects to obtain meaningful results increases. Enrollment in a clinical trial can be a slower-than-anticipated process because of competition from other clinical trials, because the study is not of interest to qualified subjects, or because the stringency of requirements for enrollment limits the number of people who are eligible to participate in the clinical trial.

Our licensee might have to suspend or terminate clinical trials if the participating patients are being exposed to unacceptable health risks. Animal tests do not always adequately predict potential safety risks to human subjects. The risk of any candidate product is unknown until it is tested in human subjects, and if subjects experience adverse events during the clinical trial, the trial may have to be suspended and modified or terminated entirely.

Regulators or institutional review boards may suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements.

Any regulatory approval we or our licensees ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the product not commercially viable.

The effects of our licensee s product candidates may not be the desired effects or may include undesirable side effects. Significant clinical trial delays could allow our competitors to bring products to market before our licensees do and impair our ability to commercialize our technology platform or products or product candidates based on our technology. Poor clinical trial results or delays may make it impossible to license a product or so reduce its attractiveness to a licensing partner that we will be unable to successfully commercialize a product.

We will need substantial additional funding to execute our business plan and may be unable to raise capital when needed, which would force us to delay, reduce or eliminate our commercialization efforts.

We will need substantial additional funding and may be unable to raise capital when needed or may be unable to raise capital on attractive terms, which would force us to delay, reduce or eliminate our technology development programs or commercialization efforts.

We believe that our existing cash resources, along with our $3.0 million private placement of common stock that closed in September 2009 and support from FhCMB collaborators, as further described beginning on page 5, will be sufficient to meet our projected operating requirements only through the summer of 2010. Our future funding requirements will depend on many factors, including:

our ability to advance product candidates based on our technology into development with licensees;

the success of our anticipated commercial agreements with licensees;

our ability to establish and maintain additional development agreements or other alternative arrangements;

the timing of, and the costs involved in, obtaining regulatory approvals;

the cost of manufacturing activities;

the cost of commercialization activities, including marketing, sales and distribution;

the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims and other patent-related costs, including, if necessary, litigation costs and the results of such litigation; and

potential acquisition or in-licensing of other products or technologies.

If we are unsuccessful in raising additional capital or other alternative financing, we might have to defer or abandon our efforts to commercialize the intellectual property obtained from FhCMB and cease operations.

Our product development and commercialization involve a number of uncertainties, and we may never generate sufficient revenues from the sale of potential products to become profitable; therefore, we may raise funds which may be dilutive of our shareholders in the future.

We have generated no significant revenues to date. To generate revenue and to achieve profitability, we must successfully develop licenses for our platform and/or clinically test, market and sell our potential products. Even if we generate revenue and successfully achieve profitability, we cannot predict the level of that profitability or whether it will be sustainable. We expect that our operating results will fluctuate from period to period as a result of differences in when we incur expenses and receive revenues from sales of our potential products, business arrangements and other sources. Some of these fluctuations may be significant.

Until we can generate a sufficient amount of license and/or product revenue, if ever, we expect to finance future cash needs through public or private equity offerings, debt financings and corporate product or technology development agreements and licensing arrangements. If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Debt financing, if available, may involve restrictive covenants. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences that are not favorable to us or our stockholders. If we raise additional funds through development and licensing arrangements with third parties, it will be necessary to relinquish valuable rights to our technologies, research programs or product candidates or grant licenses on terms that may not be favorable to us.

Even if we or our potential licensees successfully complete clinical trials for our product candidates, there are no assurances that we will be able to submit, or obtain FDA approval of, a new drug application or biologics license application.

There can be no assurance that, if clinical trials for any of our product candidates are successfully completed, we will be able to submit a biologics license application (BLA), to the FDA or that any BLA we submit will be approved by the FDA in a timely manner, if at all. After completing clinical trials for a product candidate in humans, a dossier is prepared and submitted to the FDA as a BLA, and includes all preclinical and clinical trial data that clearly establish both short-term and long-term safety for a product candidate, and data that establishes the statistically significant efficacy of a product candidate, in order to allow the FDA to review such dossier and to consider a product candidate for approval for commercialization in the United States. If we are unable to submit a BLA with respect to any of our product candidates, or if any BLA we submit is not approved by the FDA, we will be unable to commercialize that product. The FDA can and does reject BLAs and requires additional clinical trials, even when product candidates perform well or achieve favorable results in large-scale Phase 3 clinical trials. If we or our licensees fail to commercialize any product candidates based on our technology, we may be unable to generate sufficient revenues to continue operations or attain profitability and our reputation in the industry and in the investment community would likely be damaged, each of which would cause our stock price to significantly decrease.

We face competition from many different sources, including pharmaceutical and biotechnology enterprises, academic institutions, government agencies and private and public research institutions, and such competition may adversely affect our ability to generate revenue from our products.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, clinical trials, regulatory approvals and marketing approved products than we do.

Other companies may prove to be significant competitors, particularly through arrangements with large and established companies, and this may reduce the value of our platform technology for the purposes of establishing license agreements. For example, Novavax is developing vaccines for influenza, based on the use of cultured insect cells. Its candidate products are more advanced in development than ours are and have already demonstrated positive results in human clinical trials. Similarly, Medicago has announced preclinical experiments to produce influenza vaccines in green plants. Other companies, such as Vical, are attempting to develop vaccines based on the use of nucleic acids rather than proteins. If these efforts are successful in clinical trials, nucleic acid based vaccine technology may compete effectively against our technology platform and may potentially prevent us from being able to obtain commercial agreements or partnerships.

There are currently approved therapies for the diseases and conditions addressed by our vaccine and antibody candidates that are undergoing clinical trials and for the diseases and conditions that are subjects of our preclinical development program. Our commercial opportunities will be reduced or eliminated if our competitors develop and commercialize products based on other technology platforms that are safer, more effective, have fewer side effects or are less expensive than any products that we or our licensees may develop.

Finally, these third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies and technology licenses complementary to our programs or advantageous to our business.

We will depend significantly on arrangements with third parties to develop and commercialize our product candidates.

A key element of our business strategy is to establish arrangements with licensees to develop and commercialize product candidates. We and FhCMB currently are working within our business structure, which includes non-commercial arrangements as described above, to apply further our plant-based platform technology. Delays, withdrawals or other adverse changes to the current participants in our business structure might adversely affect our ability to develop and commercialize our product candidates.

We expect to rely upon our future business arrangements for support in advancing certain of our drug candidates and intend to rely on additional work under current and future arrangements during our efforts to commercialize our product candidates. Our contractors may be conducting multiple product development efforts within the same disease areas that are the subjects of their agreements with us. Our agreements might not preclude them from pursuing development efforts using a different approach from that which is the subject of our agreement with them. Any of our drug candidates, therefore, may be subject to competition with a drug candidate under development by a contractor.

The success of our business arrangements will depend heavily on the efforts and activities of the organizations which are party to these arrangements. Our future contractual arrangements may provide significant discretion in determining the efforts and resources available to these programs. The risks that we face in connection with these arrangements, and that we anticipate being subject to in future arrangements, include the following:

- Future agreements may be for fixed terms and subject to termination under various circumstances, including, in some cases, on short notice without cause.
- Our future licensees may develop and commercialize, either alone or with others, products and services that are similar to or competitive with the products that are the subject of the agreement with us.
- Our future licensees may underfund or not commit sufficient resources to the testing, marketing, distribution or other development of our products.
- Our future licensees may not properly maintain or defend our intellectual property rights, or they may utilize our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our proprietary information or expose us to potential liability.
- Our future licensees may change the focus of their development and commercialization efforts. Pharmaceutical and biotechnology companies historically have re-evaluated their priorities from time to time, including following mergers and consolidations, which have been common in recent years in these industries. The ability of our product candidates and products to reach their potential could be limited if our licensees or customers decrease or fail to increase spending relating to such products.

Business arrangements with pharmaceutical companies and other third parties often are terminated or allowed to expire by the other party. Such terminations or expirations would adversely affect us financially and could harm our business reputation.

We may not be successful in establishing additional arrangements with third parties, which could adversely affect our ability to discover, develop and commercialize products.

We engaged FhCMB to perform research and development activities to apply our platform technology to create product candidates. We currently do not have other similar agreements with third parties. If we are able to obtain such agreements, however, these arrangements may not be scientifically or commercially successful. If we are unable to reach new agreements with suitable third parties, we may fail to meet our business objectives for the affected product or program. We face significant competition in seeking appropriate companies with which to create additional similar business structures. Moreover, these arrangements are complex to negotiate and time-consuming to document. We may not be successful in our efforts to establish additional alternative arrangements. The terms of any additional arrangements that we establish may not be favorable to us. Moreover, these arrangements may not be successful.

If third parties on whom we or our licensees will rely for clinical trials do not perform as contractually required or as we expect, we may not be able to obtain regulatory approval for or commercialize our product candidates, and our business may suffer.

We do not have the ability to independently conduct the clinical trials required to obtain regulatory approval for our products. We have not yet contracted with any third parties to conduct our clinical trials. We will depend on licensees or on independent clinical investigators, contract research organizations and other third party service providers to conduct the clinical trials of our product candidates and expect to continue to do so. We will rely heavily on these parties for successful execution of our clinical trials but will not control many aspects of their activities. For example, the investigators may not be our employees. However, we will be responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Third parties may not complete activities on schedule, or may not conduct our clinical trials in accordance with regulatory requirements or our stated protocols. The failure of these third parties to carry out their obligations could delay or prevent the development, approval and commercialization of our product candidates.

We face substantial uncertainty in our ability to protect our patents and proprietary technology.

Our ability to commercialize our products will depend, in part, on our ability to obtain patents, to enforce those patents and preserve trade secrets, and to operate without infringing on the proprietary rights of others. The patent positions of biotechnology companies like us are highly uncertain and involve complex legal and factual questions. We currently hold four issued U.S. patents for methods of expressing genes in plants, inducing gene silencing in plants, producing foreign nucleic acids and proteins in plants, and producing pharmaceutically active proteins in plants. We have 12 U.S. applications pending and more than 50 applications pending in Europe, Canada, Australia, China, India, Brazil, Japan, Hong Kong, South Africa and New Zealand for the intellectual property developed by FhCMB. There can be no assurance that:

- patent applications owned by or licensed to us will result in issued patents;
- patent protection will be secured for any particular technology;
- any patents that have been or may be issued to us will be valid or enforceable;
- any patents will provide meaningful protection to us;
- others will not be able to design around the patents; or
- our patents will provide a competitive advantage or have commercial application.

The failure to obtain and maintain adequate patent protection would have a material adverse effect on us and may adversely affect our ability to enter into, or affect the terms of, any arrangement for the marketing of any product. Please see Business Intellectual Property for more information.

We cannot assure you that our patents will not be challenged by others.

There can be no assurance that patents owned by or licensed to us will not be challenged by others. We currently hold one issued U.S. patent for methods of inducing gene silencing in plants and one U.S. patent application for which we have received a notice of allowance, describing systems for expression of vaccine antigens in plants. Please see Business Intellectual Property for more information on our current patents and patent applications. We could incur substantial costs in proceedings, including interference proceedings before the United States Patent and Trademark Office and comparable proceedings before similar agencies in other countries in connection with any claims that may arise in the future. These proceedings could result in adverse decisions about the patentability of our or our licensors inventions and products, as well as about the enforceability, validity or scope of protection afforded by the patents. Any adverse decisions about the patentability of our product candidates could cause us to either lose rights to develop and commercialize our product candidates or to license such rights at substantial cost to us. In addition, even if we were successful in such proceedings, the cost and delay of such proceedings would most likely have a material adverse effect on our business.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information, may not adequately protect our intellectual property, and will not prevent third parties from independently discovering technology similar to or in competition with our intellectual property.

We rely on trade secrets and other unpatented proprietary information in our product development activities. To the extent we rely on trade secrets and unpatented know-how to maintain our competitive technological position, there can be no assurance that others may not independently develop the same or similar technologies. We seek to protect trade secrets and proprietary knowledge, in part, through confidentiality agreements with our employees, consultants, advisors, collaborators and contractors. Nevertheless, these agreements may not effectively prevent disclosure of our confidential information and may not provide us with an adequate remedy in the event of unauthorized disclosure of such information. If our employees, scientific consultants, advisors, collaborators or contractors develop inventions or processes independently that may be applicable to our technologies, product candidates or products, disputes may arise about ownership of proprietary rights to those inventions and processes. Such inventions and processes will not necessarily become our property, but may remain the property of those persons or their employers. Protracted and costly litigation could be necessary to enforce and determine the scope of our proprietary rights. If we fail to obtain or maintain trade secret protection for any reason, the competition we face could increase, reducing our potential revenues and adversely affecting our ability to attain or maintain profitability.

If we infringe or are alleged to infringe intellectual property rights of third parties, it will adversely affect our business.

Our research, development and commercialization activities, as well as any products candidates or products resulting from these activities, may infringe or be claimed to infringe patents or patent applications under which we do not hold licenses or other rights. Third parties may own or control these patents and patent applications in the United States and abroad. These third parties could bring claims against us or our customers, collaborators or licensees that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us or our collaborators, we or they could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit.

As a result of patent infringement claims, or in order to avoid potential claims, we or our customers, collaborators or licensees may choose to seek, or be required to seek, a license from the third party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we or our customers, collaborators or licensees were able to obtain a license, the rights may be nonexclusive, which would give our competitors access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations if, as a result of actual or threatened patent infringement claims, we or our customers, collaborators or licensees are unable to enter into licenses on acceptable terms. This could harm our business significantly.

There have been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical and biotechnology industries. In addition to infringement claims against us, we may become a party to other patent litigation and other proceedings, including interference proceedings declared by the United States Patent and Trademark Office and opposition proceedings in the European Patent Office, regarding intellectual property rights with respect to our products and technology. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

There is a substantial risk of product liability claims in our business. If we are unable to obtain sufficient insurance, a product liability claim against us could adversely affect our business.

Clinical trial and product liability insurance is volatile and may become increasingly expensive. As a result, we may be unable to obtain sufficient insurance or increase our existing coverage at a reasonable cost to protect us against losses that could have a material adverse effect on our business. An individual may bring a product liability claim against us if one of our products or product candidates causes, or is claimed to have caused, an injury or is found to be unsuitable for consumer use. Any product liability claim brought against us, with or without merit, could result in:

- liabilities that substantially exceed our product liability insurance, which we would then be required to pay from other sources, if available;
- an increase of our product liability insurance rates or the inability to maintain insurance coverage in the future on acceptable terms, or at all;
- withdrawal of clinical trial volunteers or patients;

damage to our reputation and the reputation of our products, resulting in lower sales of any future commercialized product which we may have;

regulatory investigations that could require costly recalls or product modifications;

litigation costs; or

the diversion of management s attention from managing our business.

Our inability to obtain adequate insurance coverage at an acceptable cost could prevent or inhibit the commercialization of our products. If third parties were to bring a successful product liability claim or series of claims against us for uninsured liabilities or in excess of insured liability limits, our business, financial condition and results of operations could be materially harmed.

The agreements we entered into with Integrated BioPharma in connection with the distribution could restrict our operations.

In connection with the August 2008 spin-off transaction that resulted in our becoming a separate, publicly-traded company, we and our former parent Integrated BioPharma, Inc. entered into a number of agreements that govern the spin-off and our future relationship. Each of these agreements were entered into in the context of our relationship to Integrated BioPharma as a subsidiary and our spin-off from Integrated BioPharma and, accordingly, the terms and provisions of these agreements may be less favorable to us than terms and provisions we could have obtained in arm s-length negotiations with unaffiliated third parties. These agreements commit us to take actions, observe commitments and accept terms and conditions that are or may be advantageous to Integrated BioPharma but are or may be disadvantageous to us. The terms of these agreements include obligations and restrictive provisions, including, but not limited to:

an agreement to indemnify Integrated BioPharma, its affiliates, and each of their respective directors, officers, employees, agents and representatives from certain liabilities arising out of any litigation we are involved in and all liabilities that arise from our breach of, or performance under, the agreements we are entering into with Integrated BioPharma in connection with the distribution and for any of our liabilities; and

an agreement with regard to tax matters between ourselves and Integrated BioPharma which restricts our ability to engage in certain strategic or capital raising transactions, until August 2010, of a scale not contemplated by the offering described in this prospectus.

Current economic conditions may cause a decline in business spending which could adversely affect our business and financial performance.

Our operating results are impacted by the health of the North American economies. Our business and financial performance, including collection of our accounts receivable, recoverability of assets including investments, may be adversely affected by current and future economic conditions, such as a reduction in the availability of credit, financial market volatility, recession, etc. Additionally, we may experience difficulties in scaling our operations to react to economic pressures in the U.S.

Our independent public accounting firm identified a material weakness in our internal control over financial reporting.

Our independent public accounting firm, J.H. Cohn LLP (JHC), communicated to our audit committee on February 10, 2010 that a material weakness existed in our internal control over financial reporting. This weakness was comprised of financial accounting and disclosure deficiencies and financial reporting deficiencies for non-routine, complex transactions. This weakness resulted in additions and corrections to disclosures in our Form 10-Q prior to filing and in us not implementing the guidance in ASC 815-40, Derivative and Hedging Contracts in an Entity s Own Equity in a timely manner, which required the restatement of our financial statements as of and for the quarter ended September 30, 2009. Upon receipt of the communication from JHC, management took immediate action to prospectively remediate this weakness by establishing an in-depth independent internal review that did not previously exist. Failure in the remediation of this weakness could diminish our ability to meet our financial reporting obligations in an accurate and timely manner.

Risks Relating to our Common Stock

We may need additional capital in the future which may not be available on commercially acceptable terms, if at all.

We have limited financial resources and incurred net losses during the fiscal years ended June 30, 2009 and June 30, 2008 and for the nine months ended March 31, 2010. We may need to obtain additional debt or equity funding to finance our working capital needs. If we are unable to identify a source of capital on acceptable terms, or at all, our business, financial condition and liquidity will be negatively affected.

Our future results may vary significantly in the future which may adversely affect the price of our common stock.

It is possible that our operating results may vary significantly in the future and that period-to-period comparisons of our operating results are not necessarily meaningful indicators of the future. You should not rely on the results of one quarter as an indication of our future performance. It is also possible that in some future quarters, our operating results will fall below our expectations or the expectations of market analysts and investors. If we do not meet these expectations, the price of our common stock may decline significantly.

Our common stock is considered a penny stock and may be difficult to sell.

The SEC has adopted regulations which generally define penny stock to be an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to specific exemptions. As the market price of our common stock has been less than $5.00 per share, our common stock is considered a penny stock according to SEC rules. This designation requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of investors to sell their shares. In addition, since our common stock is currently traded on the OTC Bulletin Board, investors may find it difficult to obtain accurate quotations for our common stock and may experience a lack of buyers to purchase such stock or a lack of market makers to support the stock price.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable.

Provisions of our certificate of incorporation, bylaws and provisions of applicable Delaware law may discourage, delay or prevent a merger or other change in control that a stockholder may consider favorable. Pursuant to our certificate of incorporation, our board of directors may issue additional shares of common or preferred stock. Any additional issuance of common stock could have the effect of impeding or discouraging the acquisition of control of us by means of a merger, tender offer, proxy contest or otherwise, including a transaction in which our stockholders would receive a premium over the market price for their shares, and thereby protects the continuity of our management. Specifically, if in the due exercise of his/her or its fiduciary obligations, the board of directors were to determine that a takeover proposal was not in our best interest, shares could be issued by our board of directors without stockholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover by:

- diluting the voting or other rights of the proposed acquirer or insurgent stockholder group,
- putting a substantial voting block in institutional or other hands that might undertake to support the incumbent board of directors, or
- effecting an acquisition that might complicate or preclude the takeover.

Our certificate of incorporation also allows our board of directors to fix the number of directors in the by-laws. Cumulative voting in the election of directors is specifically denied in our certificate of incorporation. The effect of these provisions may be to delay or prevent a tender offer or takeover attempt that a stockholder may determine to be in his, her or its best interest, including attempts that might result in a premium over the market price for the shares held by the stockholders.

We also are subject to Section 203 of the Delaware General Corporation Law. In general, these provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless the transaction in which the person became an interested stockholder is approved in a manner presented in Section 203 of the Delaware General Corporation Law. Generally, a business combination is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder. In general, an interested stockholder is a person who, together with affiliates and associates, owns, or within three years, did own, 15% or more of a corporation s voting stock. This statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

We do not anticipate paying cash dividends for the foreseeable future, and therefore investors should not buy our stock if they wish to receive cash dividends.

We have never declared or paid any cash dividends or distributions on our capital stock. We currently intend to retain our future earnings to support operations and to finance expansion and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

A significant number of our shares will be eligible for sale and their sale or potential sale may depress the market price of our common stock.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock. This prospectus covers shares of our common stock, including shares of our common stock underlying currently outstanding warrants, which, if such warrants were exercised, would represent approximately % of our outstanding shares of our common stock. As additional shares of our common stock become available for resale in the public market pursuant to this offering, and otherwise, the supply of our common stock will increase, which could decrease its price. Some or all of the shares of common stock may be offered from time to time in the open market pursuant to Rule 144, and these sales may have a depressive effect on the market for our shares of common stock. Subject to certain restrictions, a person who has held restricted shares for a period of six months may sell common stock into the market.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts but rather are plans and predictions based on current expectations, estimates and projections about our industry, our beliefs and assumptions. We use words such as anticipate, expect, intend, plan, believe, seek, estimate and variations of these words and similar e to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in the section above entitled Risk Factors. You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of common stock in this offering, assuming gross proceeds of $ million (which is the amount of gross proceeds received if the offering is fully subscribed), will be approximately $ million, after deducting the placement agent fees and estimated expenses of this offering. We may not be successful in selling any or all of the securities offered hereby. Because there is no minimum offering amount required as a condition to closing in this offering, we may sell less than all of the securities offered hereby, which may significantly reduce the amount of proceeds received by us.

We expect to use any proceeds received from the offering:

- application of our technology to therapeutic protein product candidates;
- application of our technology to vaccine product candidates; and
- for general working capital needs.

Even if we sell all of the common stock subject to this offering on favorable terms, of which there can be no assurance, we will still need to obtain additional financing in the future in order to fully fund our product candidates through the regulatory approval process. We may seek such additional financing through public or private equity or debt offerings or other sources, including collaborative or other arrangements with corporate partners, and through government grants and contracts.

We will have significant discretion in the use of any net proceeds. Investors will be relying on the judgment of our management regarding the application of the proceeds of any sale of the common stock.

We anticipate that the net proceeds obtained from this offering will be used to fund the following initiatives in order of priority (in thousands):

Vaccine applications of our technology	$
Therapeutic protein applications of our technology	$
Other research and development programs	$
General working capital purposes	$
Maximum net proceeds of the offering	$

We expect to make our investment in the first two initiatives through research payments to FhCMB. In accordance with our agreement with FhCMB, FhCMB is required to expend an additional amount at least equal to the amounts paid by us for the same purposes.

We may invest the net proceeds received from this offering temporarily until we use them for their stated purpose.

DILUTION

Our reported net tangible book value as of March 31, 2010 was $, or $ per share of common stock, based upon shares outstanding as of that date. Net tangible book value per share is determined by dividing such number of outstanding shares of common stock into our net tangible book value, which is our total tangible assets less total liabilities. After giving effect to the sale of the shares of common stock offered in this offering at the offering price of $ per share, at March 31, 2010, after deducting placement agent fees and other estimated offering expenses payable by us, our net tangible book value at March 31, 2010 would have been approximately , or $ per share. This represents an immediate increase in net tangible book value of approximately $ per share to our existing stockholders, and an immediate dilution of $ per share to investors purchasing shares in the offering.

The following table illustrates the per share dilution to investors purchasing units in the offering:

Public offering price per share	$
Net tangible book value per share as of March 31, 2010	$

Translation adjustment					15,748	15,748		15,748
Non-cash stock-based compensation			12,869					12,869
Minimum pension liability, net of taxes					1,064	1,064		1,064
Change in fair value of derivative instruments, net of taxes					(9,237)	(9,237)		(9,237)
Unrealized gain on available-for-sale securities, net of taxes					(33)	(33)		(33)
Dividends declared				(223,617)				(223,617)
Net income				340,897	340,897			340,897
Comprehensive income					348,439			
BALANCES, September 30, 2008	463,189,833	27,791	296,155	2,754,148		(369,886)	(69,987)	2,638,221
Comprehensive income					$490,637			
(Thousands of US dollars)(1)								
BALANCES, September 30, 2008	463,189,833	$ 39,133	$417,016	$3,878,116		$(520,836)	$(98,549)	$3,714,879
(Thousands of US dollars)(1)								

(1) Translated at the Noon Buying Rate of Euro 1.00 = U.S. $1.4081 on September 30, 2008 (see Note 5).

See Condensed Notes to Consolidated Financial Statements

STATEMENTS OF CONSOLIDATED CASH FLOWS U.S. GAAP
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007 (UNAUDITED)

	2008 (Thousands of US dollars)(1)	2008 (Thousands of Euro)	2007(2) (Thousands of Euro)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 480,017	€ 340,897	€ 395,278
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Minority interests in income of consolidated subsidiaries	18,142	12,884	12,521
Non-cash stock-based compensation	18,121	12,869	36,392
Depreciation and amortization	276,420	196,307	168,786
Benefit from deferred income taxes	(17,787)	(12,632)	(44,841)
Net (gain)/loss on assets sales and other	14,696	10,437	(16,717)
Termination indemnities matured during the period net	(115)	(82)	(1,858)
Changes in operating assets and liabilities, net of acquisitions of businesses:			
Accounts receivable	26,493	18,815	(49,087)
Prepaid expenses and other	67,476	47,920	(138,146)
Inventories	(36,999)	(26,276)	(15,608)
Accounts payable	(151,740)	(107,762)	(35,409)
Accrued expenses and other	(74,491)	(52,902)	(31,361)
Accrual for customers' right of return	5,730	4,069	8,337
Income taxes payable	34,003	24,148	(43,672)
Total adjustments	179,948	127,795	(150,664)
Net cash provided by operating activities	$ 659,965	€ 468,692	€ 244,614

(1) Translated at the Noon Buying Rate of Euro 1.00 = U.S. $1.4081 on September 30, 2008 (see Note 5).

(2) Includes a non-recurring gain related to the sale of real estate property in Q2 2007. The impact of the sale was a gain of approximately Euro 20 million before taxes and approximately Euro 13 million after taxes.

See Condensed Notes to Consolidated Financial Statements

STATEMENTS OF CONSOLIDATED CASH FLOWS U.S. GAAP
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007 (UNAUDITED)

	2008 (Thousands of US dollars)(1)	2008	2007(2)
		(Thousands of Euro)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property, plant and equipment:			
Additions	$ (275,139)	€ (195,397)	€ (198,269)
Disposals			28,600
Proceeds from sale of activities, net	8,095	5,749	
Purchases of businesses, net of cash acquired	(11,375)	(8,078)	(116,216)
Increase in intangible assets	(19,432)	(13,800)	(1,676)
Net cash used in investing activities	(297,849)	(211,526)	(287,560)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term debt:			
Proceeds	1,135,982	806,748	486,088
Repayments	(1,170,834)	(831,499)	(529,233)
Increase in overdraft balances	(10,902)	(7,742)	217,412
Exercise of stock options	7,567	5,374	23,743
Dividends	(314,875)	(223,617)	(191,077)
Net cash (used in)/provided by financing activities	(353,061)	(250,736)	6,933
CHANGE IN CASH AND CASH EQUIVALENTS OF CONTINUING OPERATIONS	9,054	6,430	(36,013)

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		426,506		302,894		339,122
Effect of exchange rate changes on cash and cash equivalents		(6,020)		(4,275)		(1,254)
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	429,539	€	305,049	€	301,854
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:						
Cash paid during the period for interest	$	117,375	€	83,357	€	49,446
Cash paid during the period for income taxes	$	212,224	€	150,716	€	309,075

(1) Translated at the Noon Buying Rate of Euro 1.00 = U.S. $1.4081 on September 30, 2008 (see Note 5).

(2) Includes a non-recurring gain related to the sale of real estate property in Q2 2007. The impact of the sale was a gain of approximately Euro 20 million before taxes and approximately Euro 13 million after taxes.

See Condensed Notes to Consolidated Financial Statements

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying consolidated balance sheet as of September 30, 2008 and the related statements of consolidated income and cash flows for the nine months ended September 30, 2008 and 2007, and the statement of consolidated shareholders' equity for the nine months ended September 30, 2008 of Luxottica Group S.p.A. (the "Company", and together with its subsidiaries the "Group") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and are derived from unaudited financial statements. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to fairly present the financial position, results of operations and cash flows as of September 30, 2008 and 2007 and for the nine months ended September 30, 2008 and 2007, have been made.

The interim consolidated financial statements should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2007. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accounting policies have been consistently applied by the Group and are consistent with those applied in the Group's annual report on Form 20-F for its fiscal year ended December 31, 2007. The results of operations for the nine months ended September 30, 2008 are not necessarily indicative of the operating results for the full year.

The December 31, 2007 balance sheet was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. However, the Group believes that the disclosures are adequate to make the information presented not misleading.

2. INVENTORIES

Inventories consisted of the following (in thousands of Euro):

		September 30, 2008		December 31, 2007
Raw materials	€	121,799	€	117,191
Work in process		52,906		52,132
Finished goods		488,220		492,839
Less: inventory obsolescence reserves		(52,373)		(87,146)
Total	€	610,552	€	575,016

3. EARNINGS PER SHARE

Earnings per share are computed by dividing net income by the number of weighted average shares outstanding during the period. Basic earnings per share are based on the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are based on the weighted average number of ordinary shares and ordinary share equivalents (options) outstanding during the period.

4. STOCK OPTION AND PERFORMANCE PLANS

Options to purchase an aggregate of 23,778,900 ordinary shares of the Group were outstanding at September 30, 2008. Outstanding options granted under the Group's Stock Option Plans (10,428,900

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

4. STOCK OPTION AND PERFORMANCE PLANS (Continued)

ordinary shares) become exercisable in either three equal annual installments, two equal installments in the second and third years of the three-year vesting period or 100 percent vesting on the third anniversary of the date of grant. All options expire on or before March 14, 2017. During the first nine months of 2008, 566,213 options were exercised.

Performance-based options granted in 2004 under the 2004 Stock Option Plan (1,000,000 ordinary shares) became exercisable on January 31, 2007. During the first nine months of 2008, 20,000 options from this grant were exercised.

On September 14, 2004, the Group announced that its majority shareholder, Mr. Leonardo Del Vecchio, had allocated shares held through La Leonardo Finanziaria S.r.l. (subsequently merged into Delfin S.a.r.l.), a holding company of the Del Vecchio family, representing at that time 2.11 percent (or 9.6 million shares) of the Group's authorized and issued share capital, to a stock option plan for top management of the Group. The stock options to be issued under the stock option plan vested upon the meeting of certain economic objectives as of June 30, 2006 and, as such, the holders of these options became entitled to exercise such options beginning on that date until their termination in 2014. During the first nine months of 2008, no options from this grant were exercised.

Performance-based options from two grants in July 2006 under the 2006 Stock Option Plan (grants of 9,500,000 and 3,500,000 ordinary shares, respectively) vest and become exercisable only if certain economic objectives are met. During the first nine months of 2008, 100,000 options were forfeited.

In May 2008, a Performance Shares Plan for top managers within the Group as identified by the Board of Directors of the Group (the "Board") (the "2008 PSP") was adopted. The 2008 PSP is intended to strengthen the loyalty of the Group's key employees and to recognize their contribution to the Group's success on a medium-to long-term basis. The beneficiaries of the 2008 PSP are granted the right to receive ordinary shares, without consideration, at the end of the three-year vesting period, and subject to achievement of certain Group performance targets to be determined by the Board. The 2008 PSP has a term of five years, during which time the Board may resolve to issue different grants to the 2008 PSP's beneficiaries. The 2008 PSP covers a maximum of 6,500,000 ordinary shares. Each annual grant will not exceed 2,000,000 ordinary shares. On May 13, 2008, the Board granted 1,203,600 rights to receive ordinary shares.

5. U.S. DOLLAR CONVENIENCE TRANSLATION

The consolidated financial statements presented in Euro as of and for the nine months ended September 30, 2008 are also translated into U.S. dollars, solely for the convenience of the readers of these financial statements, at the noon buying rate of Euro 1.00 = U.S. $1.4081 as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") at September 30, 2008. Such translations should not be construed as representations that Euro amounts could be converted into U.S. dollars at that or any other rate.

6. INCOME TAXES

As of January 1, 2007, the Group adopted Financial Accounting Interpretation ("FIN No. 48"), "Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109". FIN 48 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

6. INCOME TAXES (Continued)

litigation processes, based on the technical merits. In addition, it provides additional requirements regarding measurement, de-recognition, disclosure, interest and penalties and classification. FIN 48 is applied to all existing tax positions for all open tax periods as of the date of adoption. The cumulative effect of adoption of FIN 48 of Euro 8.1 million was recorded as a reduction to retained earnings on the date of adoption.

The aggregate unrecognized tax benefit as of September 30, 2008 is Euro 53.3 million (Euro 56.6 million as of December 31, 2007). The Group does not anticipate the unrecognized tax benefits to change significantly in the twelve-month period ending September 30, 2009.

The Group recognizes interest accrued related to unrecognized tax benefits and penalties as income tax expense. The Group's accrual for penalties and interest related to the uncertain tax benefits noted above, during the nine-month period ended September 30, 2008 and 2007, were immaterial. As of September 30, 2008, the Group has recognized a liability for penalties of approximately Euro 5.0 million (Euro 4.9 million as of December 31, 2007) and interest of approximately Euro 8.6 million (Euro 9.6 million as of December 31, 2007).

The Group's major tax jurisdictions consist of Italy, U.S. Federal and Australia. As of September 30, 2008, tax years that remain subject to examination by the relevant tax authorities are as follows:

Italy	2003 to present
U.S. Federal	2005 to present
Australia	2004 to present

7. SEGMENTS AND RELATED INFORMATION

The Group operates in two industry segments: (1) manufacturing and wholesale distribution and (2) retail distribution.

The following tables summarize the segmental information deemed essential by the Group's management for the purpose of evaluating the Group's performance and for making decisions about future allocations of resources.

Commencing on January 1, 2008, both the manufacturing and wholesale distribution segment and the retail distribution segment data include the results of operations of Oakley Inc.'s ("Oakley") wholesale and retail businesses, respectively. Oakley was acquired by the Group on November 14, 2007.

The "Inter-Segment Transactions and Corporate Adjustments" column includes the elimination of inter-segment activities and corporate-related expenses not allocated to reportable segments. This has the effect of increasing reportable operating profit for both the manufacturing and wholesale distribution and the retail distribution segments. Identifiable assets are those tangible and intangible assets used in

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

7. SEGMENTS AND RELATED INFORMATION (Continued)

operations in each segment. Corporate identifiable assets are principally cash, goodwill and trade names.

(In thousands of Euro) Nine months ended September 30,	Manufacturing and Wholesale Distribution	Retail Distribution	Inter-Segment Transactions and Corporate Adjustments	Consolidated
2008				
Net sales	1,926,542	2,332,392	(293,798)	3,965,136
Income from Operations	451,392	249,001	(68,078)	632,314
Total assets	2,682,695	1,566,019	3,024,849	7,273,562
2007				
Net sales	1,514,493	2,519,868	(256,807)	3,777,554
Income from Operations[2]	418,017	303,035	(39,420)	681,632
Total assets	2,093,057	1,418,938	1,637,288	5,149,282
2007 Pro forma[1]				
Net sales	1,960,896	2,647,183	(326,958)	4,281,122
Income from Operations[2]	468,662	317,802	(58,948)	727,516

(1) The unaudited pro forma net sales and income from operations financial information gives effect to the consummation of the Oakley acquisition as if the acquisition had occurred on January 1, 2007, using the purchase method of accounting, in order to provide a better comparison of the operating results of the two periods discussed. The unaudited pro forma net sales and operating income for the nine months ended September 30, 2007, have been derived from our unaudited condensed consolidated statement of income for the nine months ended September 30, 2007, as reported by us in our quarterly report filed on Form 6-K for the first nine months of 2007, and Oakley's unaudited condensed consolidated statement of income for the nine months ended September 30, 2007, as reported on Oakley's Form 10-Q for the first nine months of 2007.

The unaudited pro forma net sales and income from operations financial information reflects pro forma adjustments for trademark and intangible asset amortization for intangibles identified as a result of the business combination and for the elimination of inter-company transactions had Oakley been part of the consolidated group, all of which are based on available information and certain assumptions that we believe are reasonable under the circumstances. In the opinion of management, all adjustments that are necessary to present fairly the pro forma net sales and income from operations financial information have been made.

The unaudited pro forma net sales and income from operations financial information does not purport to represent what our net sales or income from operations would actually have been had the acquisition of Oakley occurred on such date or to project our results of operations or financial position for any future date or period. The unaudited pro forma net sales and income from operations financial information does not reflect any adjustments to conform accounting practices of Oakley with that of the Group or to reflect any cost savings or other benefits anticipated as a result of the acquisition, the effect of asset dispositions, if any, or any transaction-related expenses.

You should read the unaudited pro forma net sales and income from operations financial information in conjunction with the "Comments on financial results for the three and the nine months ended September 30, 2008 and 2007" and the unaudited consolidated financial statements and related notes thereto included herein.

(2) Includes a non-recurring gain related to the sale of real estate property in Q2 2007. The impact of the sale was a gain of approximately Euro 20 million before taxes and approximately Euro 13 million after taxes.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

8. COMMITMENTS AND CONTINGENCIES

The Group becomes involved in legal and regulatory proceedings from time to time, some of which are significant. The timing and outcome of these proceedings are inherently uncertain and the outcomes of certain proceedings, as disclosed in the Group's Annual Report on Form 20-F for the year ended December 31, 2007, could have a material adverse effect on the Group's business, financial position or future operating results. It is the opinion of management that the Group has meritorious defenses against such claims, which the Group will vigorously pursue.

9. BRIDGE LOAN REFINANCING

On July 1, 2008, the Company's subsidiary, Luxottica U.S. Holdings Corp. ("U.S. Holdings"), closed a private placement of U.S. $275 million senior unsecured guaranteed notes (the "Notes"), issued in three series (Series A, Series B and Series C). The principal amounts of Series A, Series B and Series C Notes are U.S. $20 million, U.S. $127 million and U.S. $128 million, respectively. Series A Notes mature on July 1, 2013, Series B Notes mature on July 1, 2015 and Series C Notes mature on July 1, 2018. Interest on the Series A Notes accrues at 5.96 percent per annum, interest on the Series B Notes accrues at 6.42 percent per annum and interest on the Series C Notes accrues at 6.77 percent per annum. The proceeds from the Notes received on July 1, 2008 were used to repay a portion of the Bridge Loan Facility expiring on July 1, 2008. In addition, the Group extended the amended Bridge Loan of U.S. $150 million for a further 18 months starting from July 1, 2008.

ITEM 2. COMMENTS ON FINANCIAL RESULTS FOR THE THREE AND THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

The following discussion should be read in conjunction with the disclosure contained in our Annual Report on Form 20-F for the year ended December 31, 2007, which contains, among other things, a discussion of the risks and uncertainties that could affect our future operating results or financial condition, as well as our significant accounting policies.

OVERVIEW

We are a global leader in eyewear operating in two industry segments: (1) manufacturing and wholesale distribution and (2) retail distribution. Through our manufacturing and wholesale distribution segment, we are engaged in the design, manufacture, wholesale distribution and marketing of house brands and designer lines of mid- to premium-priced prescription frames and sunglasses, and, with the acquisition of Oakley, Inc. ("Oakley") in November 2007, we, through various Oakley subsidiaries, have also become a designer, manufacturer and worldwide distributor of performance optics products. Through our retail operations, as of September 30, 2008, we owned and operated 5,671 retail locations worldwide and franchised, licensed or entered into a joint venture with respect to an additional 576 locations principally through our retail brands, which include, among others, LensCrafters, Sunglass Hut, OPSM, Laubman & Pank, David Clulow and our Licensed Brands (Sears Optical and Target Optical), as well as through the retail brands of our Oakley business acquired in November 2007, including, among others, Oakley Stores and Vaults, Sunglass Icon, The Optical Shop of Aspen and Bright Eyes. At September 30, 2008, our retail operations by geographic region and significant trade names were as follows:

Geographic region	Retail brand	Number of corporate store locations	Number of franchised or licensed locations	Primary product
North America	LensCrafters	956		Prescription
	Pearle Vision	449	390	Prescription
	Sunglass Hut	1560		Sun
	ILORI	13		Sun
	Sunglass Icon	130	11	Sun
	The Optical Shop of Aspen	22		Prescription
	Oliver Peoples	4	1	Prescription/Sun
	Oakley Stores and Vaults	89		Sun/Apparel
	Licensed Brands:			
	Sears Optical	883		Prescription
	Target Optical	317		Prescription
Asia-Pacific	OPSM	319		Prescription
	Laubman & Pank	131		Prescription
	Budget Eyewear	70	18	Prescription
	Sunglass Hut	207		Sun
	Bright Eyes	46	94	Sun
	Oakley Stores and Vaults	13	1	Sun/Apparel
	Oliver Peoples		1	Prescription/Sun
China and Hong Kong	LensCrafters	165		Prescription
	Sunglass Hut	6		Sun
	Other Brands	75		Prescription
Europe	Sunglass Hut	85		Sun
	Oakley Stores and Vaults	8	4	Sun/Apparel
	David Clulow	50	15	Prescription/Sun

Geographic region	Retail brand	Number of corporate store locations	Number of franchised or licensed locations	Primary product
Africa and Middle East	Sunglass Hut		33	Sun
	Oakley Stores and Vaults		1	Sun/Apparel
South Africa	Sunglass Hut	70		Sun
	Oakley Stores and Vaults	2		Sun/Apparel
Central and South America	Oakley Stores and Vaults	1	7	Sun/Apparel

Our net sales consist of direct sales of finished products manufactured under our own brand names or our licensed brands to opticians and other independent retailers through our wholesale distribution channels and sales directly to consumers through our retail businesses.

Demand for our products, particularly our higher-end designer lines, is largely dependent on the discretionary spending power of the consumers in the markets in which we operate, as well as on our ability to offer products that meet the ever changing tastes of high-end consumers.

Our results of operations, which are reported in Euro, are subject to currency rate fluctuations particularly between the Euro and the U.S. dollar due to our significant U.S. business. The U.S. dollar/Euro exchange rate has fluctuated from an average exchange rate of Euro 1.00 = U.S. $1.3442 in the first nine months of 2007 to Euro 1.00 = U.S. $1.5219 in the first nine months of 2008. Additionally, with the acquisition of OPSM Group Limited in 2003, our results of operations are also susceptible to currency rate fluctuations between the Euro and the Australian dollar ("AUD"). The Australian dollar/Euro exchange rate has fluctuated from an average exchange rate of Euro 1.00 = AUD 1.6372 in the first nine months of 2007 to Euro 1.00 = AUD 1.6685 in the first nine months of 2008. Although we engage in certain foreign currency hedging activities to mitigate the impact of these fluctuations, currency fluctuations have impacted our reported revenues and net income during the periods discussed herein. Fluctuations in currency exchange rates could significantly impact our reported financial results in the future.

The Oakley Merger

On November 14, 2007, we completed the merger with Oakley, for a total purchase price of approximately U.S. $2.1 billion. In accordance with the terms of the merger agreement, Oakley's outstanding shares of common stock were converted into the right to receive U.S. $29.30 per share in cash and Oakley became an indirect subsidiary of the Company. The merger was accounted for as a business combination for accounting purposes. For more information on the Oakley merger, please see Item 5 "Operating and Financial Review and Prospects The Oakley Merger" in our annual report on Form 20-F for the fiscal year ended December 31, 2007.

In connection with the Oakley acquisition, we increased our outstanding debt by approximately U. S. $2.2 billion.

Since the consummation of the acquisition, we have begun to implement our strategic integration plan with respect to Oakley. We immediately launched a full portfolio of project tasks, with specific objectives, dedicated joint teams and designated accountabilities to address key integration and synergy areas, with direct significant involvement of our top management.

We expect that our integration with Oakley will result in synergies in the following areas:

- International wholesale development;
- Developments related to specific brands (especially Revo and Arnette);

- Sourcing retail operations synergies in the key markets of North America and Asia Pacific; and

- General and administrative expenses.

Currently, all integration project activities are proceeding substantially according to plan. In particular, specific integration tasks have been completed, including namely, the integration of the retail operations in North America, the integration of the Oakley dedicated sales force and marketing personnel within the Luxottica commercial infrastructure in selected European countries and joint sourcing initiatives, while others are in their relevant implementation and/or detailed planning phase, and are expected to be executed within the planned timeframe.

We expect that the transaction will result in approximately Euro 100 million per year in operating synergies within three years of the completion of the merger, driven by revenue growth and efficiencies. We expect to realize approximately Euro 20 million, Euro 60 million and Euro 100 million of operating synergies in 2008, 2009 and 2010, respectively. We are currently on schedule to realize the initial estimate of such operating synergies. In addition, we anticipate incurring approximately Euro 25 million in one-time charges related to the acquisition and integration, spread out over a two-year period, commencing in 2008. As of September 30, 2008, we have realized operating synergies of approximately Euro 13 million. Expected operating synergies are approximately Euro 7 million for the fourth quarter of 2008.

The primary factors that may influence our ability to execute our integration plans and realize the anticipated cost savings include:

- difficulty in integrating the Oakley business and operations in an efficient and effective manner;

- inability to achieve strategic objectives, cost savings and other benefits from the acquisition;

- the loss of key employees of the acquired business;

- the diversion of the attention of senior management from our operations;

- liabilities that were not known at the time of acquisition or the need to address tax or accounting issues;

- difficulty integrating Oakley's human resources systems, operating systems, inventory management systems, and assortment planning systems with our systems; and

- the cultural differences between our organization and Oakley's organization.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

The following table sets forth for the periods indicated the amount and percentage of net sales represented by certain items included in our statements of consolidated income (in thousands of Euro).

	Nine months ended September 30,			
	2008	%	2007[1]	%
Net sales	€ 3,965,136	100.0	€ 3,777,554	100.0
Cost of sales	1,308,449	33.0	1,152,013	30.5
Gross profit	2,656,687	67.0	2,625,541	69.5
Selling and advertising expense	1,619,305	40.8	1,562,683	41.4
General and administrative expense	405,067	10.2	381,226	10.1
Income from operations	632,314	15.9	681,632	18.0
Other income (expense) net	(94,244)	2.4	(44,446)	1.2
Income before provision for income taxes	538,070	13.6	637,186	16.9
Provision for income taxes	184,289	4.6	229,387	6.1
Minority interests	12,884	0.3	12,521	0.3
Net income	€ 340,897	8.6	€ 395,278	10.5

(1) Includes non-recurring gain related to the sale of real estate property in Q2 2007. The impact of the sale was a gain of approximately Euro 20 million before taxes and approximately Euro 13 million after taxes.

Net Sales. Net sales increased by Euro 187.6 million, or 5.0 percent, to Euro 3,965.1 million during the first nine months of 2008 from Euro 3,777.6 million in the same period of 2007. Euro 553.7 million of such increase is attributable to the inclusion of net sales generated by the Oakley business for the nine months ended September 30, 2008. Euro 44.8 million of such increase is attributable to the increased sales of the manufacturing and wholesale distribution segment for the nine months ended September 30, 2008. These positive effects were partially offset by (i) negative currency fluctuation effects, in particular due to a weaker U.S. dollar compared to the Euro, which reduced net sales by Euro 342.2 million, primarily from the retail distribution segment and (ii) the overall soft performance of the retail distribution segment, which caused a reduction in net sales of Euro 68.6 million. On a pro forma[1] basis, i.e. including the net sales of Oakley for the first nine months of 2007 (see Note 7 "Segments and Related Information" above), net sales for the first nine months of 2008 would have decreased by Euro 316.0 million, or 7.4 percent, compared to the same period of 2007. The soft performance of the retail distribution segment, which generated a decrease in pro forma net sales of Euro 42.6 million, or 1.6 percent, and the strengthening of the Euro, mainly versus the U.S. dollar, which generated a decrease in pro forma net sales of 342.2 million, were the primary reasons for the decrease in the pro forma net sales in the first nine months of 2008 compared to the same period of 2007. These effects offset the Euro 68.9 million or 4.2 percent increase in pro forma net sales to third parties in the manufacturing and wholesale segment.

(1) Pro forma net sales for the nine months ended September 30, 2007 include Oakley net sales, net of inter-company transactions, as if the Group had acquired Oakley on January 1, 2007.

Net sales for the retail distribution segment decreased by Euro 187.5 million, or 7.4 percent, to Euro 2,332.4 million in the first nine months of 2008 from Euro 2,519.9 million in the same period of 2007. The decrease in net sales for the period is primarily attributable to the strengthening of the Euro, mainly versus the U.S. dollar, which negatively impacted net sales for the period by Euro 272.2 million and to a

5.1 percent decrease in same-store sales of the North American retail operations. This decrease in net sales attributable to currency effects was partially offset by the growth in net sales in the first nine months

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of 2008 of Euro 153.4 million, attributable to the inclusion of Oakley's results from its retail business. On a pro forma basis, net sales in the retail distribution segment for the first nine months of 2008 would have decreased by Euro 314.8 million, or 11.9 percent, compared to the same period of 2007. The decrease in pro forma net sales for the period is mainly attributable to the strengthening of the Euro, mainly versus the U.S. dollar, which decreased the retail distribution segment pro forma net sales by Euro 272.2 million, and to the overall soft performance of the retail distribution segment, due in large part to reduced consumer spending resulting from the current global financial crisis, which accounted for a decrease of Euro 42.6 million, or 1.6 percent, of the decrease.

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 375.0 million, or 29.8 percent, to Euro 1,632.7 million in the first nine months of 2008 from Euro 1,257.7 million in the same period of 2007. Euro 400.3 million of such increase is attributable to the inclusion of net sales generated by the Oakley business for the first nine months of 2008. Euro 44.8 million of the increase is attributable to the increase of net sales to third parties in the manufacturing and wholesale distribution segment, mainly driven by increased sales of our Ray-Ban and Vogue brands, as well as the continued success of sales of branded products of our designer lines, such as Dolce & Gabbana, Burberry, Ralph Lauren and the launch of our new designer license collection, Tiffany. These sales volume increases occurred primarily in the European and North American markets, which together accounted for approximately 76.2 percent and 79.6 percent of the net sales to third parties in our manufacturing and wholesale distribution segment in the first nine months of 2008 and 2007, respectively. These positive effects have been partially offset by negative currency fluctuations, in particular to a weaker U.S. dollar compared to the Euro, which caused a reduction in net sales to third parties in the manufacturing and wholesale distribution segment of Euro 70.1 million. On a pro forma basis, net sales to third parties in the manufacturing and wholesale distribution segment in the first nine months of 2008 would have decreased by Euro 1.2 million, or 0.1 percent, as compared to the same period in 2007. The strengthening of the Euro, mainly versus the U.S. dollar, more than offset the increase of Euro 68.9 million or 4.2 percent in the pro forma net sales to third parties in our manufacturing and wholesale distribution segment.

During the first nine months of 2008, net sales in the retail distribution segment accounted for approximately 58.8 percent of total net sales, as compared to approximately 66.7 percent of total net sales in the same period of 2007. This decrease in the net sales as a percentage of total net sales for the retail distribution segment is primarily attributable to: (i) a significant increase in net sales to third parties in our manufacturing and wholesale distribution segment, which, as noted above, grew by 29.8 percent in the first nine months of 2008 compared to the same period of 2007, largely as a result of the acquisition of Oakley, which is primarily a wholesale business and (ii) negative currency exchange rate effects, which more heavily impacted net sales for the retail distribution segment, because of the heavy concentration of our retail business in North America, Australia and China, where the Euro is not the functional currency.

During the first nine months of 2008, net sales to third parties in our manufacturing and wholesale distribution segment in Europe was Euro 864.6 million, comprising 53.0 percent of our total net sales in this segment as compared to Euro 786.8 million during the first nine months of 2007, or 62.6 percent of total net sales. The increase of Euro 77.7 million in the first nine months of 2008 compared to the first nine months of 2007, constituted a 9.9 percent increase in net sales due to the inclusion of the new Oakley business. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada was U.S. $577.7 million in local currency terms and comprised 23.2 percent of our total net sales in this segment in the first nine months of 2008, as compared to U.S. $288.1 million in the first nine months of 2007, or 17.0 percent of total net sales. The increase of U.S. $289.5 million in the first nine months of 2008 as compared to the same period of 2007, constituted an increase, in local currency, of 100.5 percent in net sales in this segment in the United States and Canada. This increase in net sales was primarily driven by the inclusion of the Oakley business and the strong performance of certain of our licensed brands, such as Dolce & Gabbana and Burberry, as well as increased sales

volumes for certain of our brands, especially Ray-Ban and Vogue. In Euro, because of the inclusion of the dollar-denominated Oakley business, net sales in the United States and Canada increased from the same period in 2007 by only 77.1 percent due to the strengthening of the Euro compared to the U.S. dollar. During the first nine months of 2008 net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world was Euro 388.6 million, comprising 23.8 percent of our total net sales in this segment as compared to Euro 256.5 million during the first nine months of 2007, or 20.4 percent of our net sales. The increase of Euro 132.1 million in the first nine months of 2008 as compared to the same period of 2007 constituted a 51.5 percent increase in this segment in the rest of the world, which was primarily driven by the Oakley business.

During the first nine months of 2008, net sales in our retail distribution segment in the United States and Canada comprised 83.5 percent of our total net sales in this segment as compared to 84.8 percent of our total net sales for the same period in 2007. In Euro, because of the inclusion of the dollar-denominated Oakley business retail net sales in the United States and Canada decreased by 8.9 percent, from Euro 2,137.6 million in the first nine months of 2007 to Euro 1,947.5 million in the same period of 2008 due to the strengthening of the Euro compared to the U.S. dollar. In U.S. dollars, however, retail net sales in the United States and Canada increased by 3.2 percent from U.S. $2,873.3 million in the first nine months of 2007 to U.S. $2,964.0 million in the same period of 2008 due to the inclusion of the Oakley business. During the first nine months of 2008, net sales in the retail segment in the rest of the world (excluding the United States and Canada) comprised 16.5 percent of our total net sales in the retail distribution segment and constituted an increase of 0.7 percent from Euro 382.3 million in the first nine months of 2007 to Euro 384.9 million in the same period of 2008 primarily due to the inclusion of the Oakley business.

Cost of Sales. Cost of sales increased by Euro 156.4 million, or 13.6 percent, to Euro 1,308.4 million in the first nine months of 2008 from Euro 1,152.0 million in the same period of 2007, primarily attributable to our overall sales growth. As a percentage of net sales, cost of sales increased to 33.0 percent in the first nine months of 2008, as compared to 30.5 percent in the same period of 2007, mainly due to the significant impact of the currency fluctuations on our net sales, a significant portion of which are generated in U.S. dollars, as compared to the cost of sales, which have a more significant Euro-denominated component than net sales. In the first nine months of 2008, the average number of frames produced daily in our facilities increased to approximately 220,100, as compared to 175,400 in the same period of 2007, which was attributable to increased production in both the Italian and Chinese manufacturing facilities, in addition to the inclusion of approximately 41,800 frames from Oakley's manufacturing business, which were not included in 2007.

Gross Profit. Our gross profit increased by Euro 31.1 million, or 1.2 percent, to Euro 2,656.7 million in the first nine months of 2008 from Euro 2,625.5 million in the same period of 2007. As a percentage of net sales, gross profit decreased to 67.0 percent in the first nine months of 2008 from 69.5 percent in the same period of 2007, due to the factors noted above for cost of sales.

Operating Expenses. Total operating expenses increased by Euro 80.5 million, or 4.1 percent, to Euro 2,024.4 million in the first nine months of 2008 from Euro 1,943.9 million in the same period of 2007. As a percentage of net sales, operating expenses decreased to 51.1 percent in the first nine months of 2008 from 51.5 percent in the same period of 2007 primarily due to the decrease in net sales of designer brands as compared to house brands, because advertising expenses for house brands have been historically lower.

Selling and advertising expenses (including royalty expenses) increased by Euro 56.6 million, or 3.6 percent, to Euro 1,619.3 million in the first nine months of 2008 from Euro 1,562.7 million in the same period of 2007, primarily due to increases in sales force compensation costs of Euro 43.9 million, and to higher advertising expenses of Euro 3.5 million. As a percentage of net sales, selling and advertising

expenses decreased to 40.8 percent in the first nine months of 2008 compared to 41.4 percent in the same period of 2007.

General and administrative expenses, including intangible asset amortization, increased by Euro 23.8 million, or 6.3 percent, to Euro 405.1 million in the first nine months of 2008 from Euro 381.2 million in the same period of 2007, primarily due to the one-off gain of Euro 20.0 million before taxes incurred for the sale of real estate in Milan, Italy in May 2007, and to an increase in general and administrative expenses in the manufacturing and wholesale distribution segment, as well as the amortization of the acquired Oakley intangibles of Euro 20.2 million. These increases have been partially offset by the completion of the amortization of some minor trade names of approximately Euro 7.2 million and by savings in general and administrative expenses in the first nine months of 2008 as compared to the same period of 2007. The decrease in general and administrative expenses is mainly due to cost reduction initiatives put in place in 2008 in the retail distribution segment. As a percentage of net sales, general and administrative expenses remained nearly the same at 10.2 percent in the first nine months of 2008 compared to 10.1 percent in the same period of 2007.

Income from Operations. For the reasons described above, income from operations in the first nine months of 2008 decreased by Euro 49.3 million, or 7.2 percent, to Euro 632.3 million from Euro 681.6 million in the same period of 2007. As a percentage of net sales, income from operations decreased to 15.9 percent in the first nine months of 2008 from 18.0 percent in the same period of 2007. Excluding the non-recurring gain that occurred in 2007, income from operations would have decreased by 4.4 percent. On a pro forma[(2)] basis, i.e. including Oakley's results of operations for the first nine months of 2007 (see Note 7 "Segments and Related Information" above) and excluding the non-recurring gain that occurred in 2007, the operating margin for the first nine months of 2007 would have been 16.5 percent instead of 18.0 percent.

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(2) Pro forma income from operations for the period ended September 30, 2007 includes Oakley's income from operations, adjusted by the amortization of trademarks and other intangibles identified as a result of the business combination, as if we had acquired Oakley on January 1, 2007.

Other Income (Expense) Net. Other income (expense) net was Euro (94.2) million in the first nine months of 2008 as compared to Euro (44.4) million in the same period of 2007. Net interest expense was Euro 90.1 million in the first nine months of 2008 as compared to Euro 48.1 million in the same period of 2007, attributable to an increase in outstanding indebtedness borrowed in connection with the acquisition of Oakley.

Net Income. Income before taxes decreased by Euro 99.1 million, or 15.6 percent, to Euro 538.1 million in the first nine months of 2008 from Euro 637.2 million in the same period of 2007. As a percentage of net sales, income before taxes decreased to 13.6 percent in the first nine months of 2008 from 16.9 percent in the same period of 2007. Minority interests increased to Euro 12.9 million in the first nine months of 2008 from Euro 12.5 million in the same period of 2007. Our effective tax rate was 34.3 percent in the first nine months of 2008, as compared to 36.0 percent in the same period of 2007.

Net income decreased by Euro 54.4 million, or 13.8 percent, to Euro 340.9 million in the first nine months of 2008 from Euro 395.3 million in the same period of 2007. Net income as a percentage of net sales decreased to 8.6 percent in the first nine months of 2008 from 10.5 percent in the same period of 2007. Excluding the non-recurring gain that occurred in 2007, net income as a percentage of net sales would have been 10.1 percent (instead of 10.5 percent) and net income would have decreased by 10.9 percent (instead of 13.8 percent).

Basic earnings per share were Euro 0.75 in the first nine months of 2008 as compared to Euro 0.87 in the same period of 2007. Diluted earnings per share were Euro 0.74 in the first nine months of 2008 as compared to Euro 0.86 in the same period of 2007. Excluding the non-recurring gain that occurred in 2007, basic earnings per share would have been Euro 0.84 and diluted earnings per share would have been Euro 0.83 in the first nine months of 2007.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

The following table sets forth for the periods indicated the amount and percentage of net sales represented by certain items included in our statements of consolidated income (in thousands of Euro).

	Three months ended September 30,			
	2008	%	2007	%
Net sales	€ 1,211,991	100.0	€ 1,150,952	100.0
Cost of sales	400,131	33.0	336,139	29.2
Gross profit	811,860	67.0	814,813	70.8
Selling and advertising expenses	510,414	42.1	497,073	43.2
General and administrative expenses	106,365	8.8	122,719	10.7
Income from operations	195,081	16.1	195,021	16.9
Other income (expense) net	(34,060)	2.8	(14,706)	1.3
Income before provision for income taxes	161,021	13.3	180,315	15.7
Provision for income taxes	54,396	4.5	64,913	5.6
Minority interests	2,014	0.2	2,961	0.3
Net income	€ 104,612	8.6	€ 112,441	9.8

Net Sales. Net sales increased by Euro 61.0 million, or 5.3 percent, to Euro 1,212.0 million during the three-month period ended September 30, 2008 from Euro 1,151.0 million in the same period of 2007. Euro 194.6 million of such increase is attributable to the inclusion of net sales generated by the Oakley business for the three-month period ended September 30, 2008. This positive effect was partially offset by (i) negative currency fluctuation effects, in particular due to a weaker U.S. dollar compared to the Euro, which caused a reduction in net sales of Euro 86.1 million, primarily from the retail distribution segment, and (ii) the overall soft performance of both the retail and the manufacturing and wholesale distribution segments, which caused a reduction in net sales of Euro 42.5 million and Euro 4.9 million, respectively. On a pro forma[(3)] basis, i.e. including the net sales of Oakley for the three-month period ended September 30, 2007 (see Note 7 "Segments and Related Information" above), net sales for the three-month period ended September 30, 2008 would have decreased by Euro 122.6 million, or 9.2 percent. The soft performance of both the retail and the manufacturing and wholesale distribution segments, which generated a decrease in pro forma net sales of Euro 33.4 million, or 3.8 percent, and Euro 3.2 million, or 0.7 percent, respectively, and the strengthening of the Euro, mainly versus the U.S. dollar, accounted for the decrease in the pro forma net sales for the three-month period ended September 30, 2008, as compared to the same period of 2007.

(3) Pro forma net sales for the three months ended September 30, 2007 include Oakley net sales, net of inter-company transactions, as if the Group had acquired Oakley on January 1, 2007.

Net sales for the retail distribution segment decreased by Euro 56.1 million, or 6.7 percent, to Euro 782.2 million in the three-month period ended September 30, 2008 from Euro 838.3 million in the same period of 2007. The decrease in net sales for the period is primarily attributable to the strengthening of the Euro, mainly versus the U.S. dollar, which negatively impacted net sales for the period by Euro 68.9 million and to a 7.6 percent decrease in same-store sales of the North American retail operations. This decrease in net sales attributable to currency effects was partially offset by the growth in net sales in the three-month period ended September 30, 2008 of Euro 55.3 million, attributable to the inclusion of Oakley's results from its retail business. On a pro forma basis, net sales in the retail distribution segment for the three-month period ended September 30, 2008 would have

decreased by Euro 102.3 million, or 11.6 percent, compared to the same period of 2007. The decrease in pro forma net sales for the period is largely attributable to the strengthening of the Euro, mainly versus the U.S. dollar, and by a Euro 33.4 million, or 3.8 percent, decrease in the net sales for the segment, due in large part to reduced consumer spending resulting from the current global financial crisis.

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 117.2 million, or 37.5 percent, to Euro 429.8 million in the three-month period ended September 30, 2008 from Euro 312.6 million in the same period of 2007. The strengthening of the Euro, mainly versus the U.S. dollar, partially offset the increase of Euro 134.4 million, or 43.0 percent, in net sales to third parties in the manufacturing and wholesale distribution segment. Euro 139.2 million of such increase is attributable to the inclusion of Oakley's business. This increase has been slightly offset by a reduction in sales in some of our designer brands. On a pro forma basis, net sales to third parties in the manufacturing and wholesale distribution segment in the three-month period ended September 30, 2008 would have decreased by Euro 20.4 million, or 4.5 percent, as compared to the same period in 2007. The decrease in pro forma net sales for the period is largely attributable to the strengthening of the Euro, mainly versus the U.S. dollar, and by a Euro 3.2 million, or 0.7 percent, decrease in the net sales for the segment.

During the three-month period ended September 30, 2008, net sales in the retail distribution segment accounted for approximately 64.5 percent of total net sales, as compared to approximately 72.8 percent of total net sales in the same period of 2007. This decrease in the net sales as a percentage of total net sales for the retail distribution segment is primarily attributable to: (i) a significant increase in net sales to third parties in our manufacturing and wholesale distribution segment, which, as noted above, grew by 37.5 percent in the three-month period ended September 30, 2008 compared to the same period of 2007, as a result of the acquisition of Oakley, which is primarily a wholesale business; (ii) negative currency exchange rate effects, which more heavily impacted net sales for the retail distribution segment because of the heavy concentration of our retail business in North America, Australia and China, where the Euro is not the functional currency; and (iii) the softening of the global economy, which impacts consumer retail spending.

During the three-month period ended September 30, 2008, net sales to third parties in our manufacturing and wholesale distribution segment in Europe was Euro 190.0 million, comprising 44.2 percent of our total net sales in this segment as compared to 54.9 percent for the three-month period ended September 30, 2007, constituting a 10.8 percent increase in net sales from Euro 171.5 million. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada was U.S. $176.0 million in local currency terms and comprised 27.2 percent of our total net sales in this segment in the three-month period ended September 30, 2008, compared to 20.3 percent of our total net sales in this segment for the same period in 2007. The U.S. $176.0 million sales constituted an increase, in local currency, of 100.7 percent from U.S. $87.7 million of sales in the three-month period ended September 30, 2007. This increase in net sales was mainly driven by the inclusion of the Oakley business. In Euro, because of the inclusion of the dollar-denominated Oakley business, net sales in the United States and Canada increased from the same period in 2007 by only 84.4 percent due to the strengthening of the Euro compared to the U.S. dollar. Net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world was Euro 122.7 million, comprising 28.5 percent of our total net sales in this segment as compared to 24.8 percent of our total net sales for the same period in 2007, and constituted an increase of 58.1 percent from Euro 77.6 million.

During the three-month period ended September 30, 2008, net sales in the retail distribution segment in the United States and Canada comprised 83.4 percent of our total net sales in this segment as compared to 84.4 percent of our total net sales of the segment for the same period in 2007. In Euro, because of the inclusion of the dollar-denominated Oakley business, retail net sales in the United States and Canada decreased by 7.9 percent, from Euro 707.8 million in the three-month period ended

September 30, 2007 to Euro 652.1 million in the same period of 2008 due to the strengthening of the Euro compared to the U.S. dollar. In U.S. dollars, however, retail net sales in the United States and Canada increased by 0.8 percent from U.S. $973.4 million in the three-month period ended September 30, 2007 to U.S. $981.5 million in the same period of 2008 due to the inclusion of the Oakley business. During the three-month period ended September 30, 2008, net sales in the retail segment in the rest of the world (excluding the United States and Canada) comprised 16.6 percent of our total net sales in the retail distribution segment and constituted a decrease of 0.3 percent from Euro 130.5 million in the three-month period ended September 30, 2007 to Euro 130.1 million in the same period of 2008.

Cost of Sales. Cost of sales increased by Euro 64.0 million, or 19.0 percent, to Euro 400.1 million in the three-month period ended September 30, 2008 from Euro 336.1 million in the same period of 2007, primarily attributable to our overall sales growth. As a percentage of net sales, cost of sales increased to 33.0 percent in the three-month period ended September 30, 2008, as compared to 29.2 percent in the same period of 2007, mainly due to the significant impact of the currency fluctuations on our net sales, a significant portion of which are generated in U.S. dollars, as compared to the cost of sales which have a more significant Euro-denominated component than net sales. In the three-month period ended September 30, 2008, the average number of frames produced daily in our facilities increased to approximately 211,100, as compared to 177,300 in the same period of 2007, which was attributable to increased production in both the Italian and Chinese manufacturing facilities, in addition to the inclusion of approximately 40,900 frames from Oakley's manufacturing business, which were not included in 2007.

Gross Profit. Our gross profit decreased by Euro 3.0 million, or 0.4 percent, to Euro 811.9 million in the three-month period ended September 30, 2008 from Euro 814.8 million in the same period of 2007. As a percentage of net sales, gross profit decreased to 67.0 percent in the three-month period ended September 30, 2008 from 70.8 percent in the same period of 2007, due to the factors noted above for cost of sales.

Operating Expenses. Total operating expenses decreased by Euro 3.0 million, or 0.5 percent, to Euro 616.8 million in the three-month period ended September 30, 2008 from Euro 619.8 million in the same period of 2007. As a percentage of net sales, operating expenses decreased to 50.9 percent in the three-month period ended September 30, 2008 from 53.9 percent in the same period of 2007 primarily due to the decrease of the advertising and general and administrative expenses in our retail distribution segment, due to cost reduction initiatives put in place in 2008.

Selling and advertising expenses (including royalty expenses) increased by Euro 13.3 million, or 2.7 percent, to Euro 510.4 million in the three-month period ended September 30, 2008 from Euro 497.1 million in the same period of 2007, primarily due to increases in sales force compensation costs of Euro 15.2 million, somewhat offset by lower advertising expenses of Euro 5.8 million. As a percentage of net sales, selling and advertising expenses decreased to 42.1 percent in the three-month period ended September 30, 2008 compared to 43.2 percent in the same period of 2007.

General and administrative expenses, including intangible asset amortization, decreased by Euro 16.4 million, or 13.3 percent, to Euro 106.4 million in the three-month period ended September 30, 2008 from Euro 122.7 million in the same period of 2007, primarily due to a decrease in general and administrative expenses in the retail distribution segment. As a percentage of net sales, general and administrative expenses decreased to 8.8 percent in the three-month period ended September 30, 2008 from 10.7 percent in the same period of 2007.

Income from Operations. For the reasons described above, income from operations in the three-month period ended September 30, 2008 remained nearly flat at Euro 195.1 million as compared to Euro 195.0 million in the same period of 2007. As a percentage of net sales, income from operations decreased to 16.1 percent in the three-month period ended September 30, 2008 from 16.9 percent in the

same period of 2007. On a pro forma[4] basis, i.e. including Oakley's results of operations for the three-month period ended September 30, 2007 (see Note 7 "Segments and Related Information" above), the operating margin for the three-month period ended September 30, 2007 would have been 16.4 percent instead of 16.9 percent.

(4) Pro forma income from operations for the three months ended September 30, 2007 includes Oakley's income from operations, adjusted by the amortization of trademarks and other intangibles identified as a result of the business combination, as if we had acquired Oakley on January 1, 2007.

Other Income (Expense) Net. Other income (expense) net was Euro (34.1) million in the three-month period ended September 30, 2008 as compared to Euro (14.7) million in the same period of 2007. Net interest expense was Euro 31.6 million in the three-month period ended September 30, 2008 as compared to Euro 16.0 million in the same period of 2007, attributable to an increase in outstanding indebtedness borrowed in connection with the acquisition of Oakley.

Net Income. Income before taxes decreased by Euro 19.3 million, or 10.7 percent, to Euro 161.0 million in the three-month period ended September 30, 2008 from Euro 180.3 million in the same period of 2007. As a percentage of net sales, income before taxes decreased to 13.3 percent in the three-month period ended September 30, 2008 from 15.7 percent in the same period of 2007. Minority interests decreased to Euro 2.0 million in the three-month period ended September 30, 2008 from Euro 3.0 million in the same period of 2007. Our effective tax rate was 33.8 percent in the three-month period ended September 30, 2008, as compared to 36.0 percent in the same period of 2007.

Net income decreased by Euro 7.8 million, or 7.0 percent, to Euro 104.6 million in the three-month period ended September 30, 2008 from Euro 112.4 million in the same period of 2007. Net income as a percentage of net sales decreased to 8.6 percent in the three-month period ended September 30, 2008 from 9.8 percent in the same period of 2007.

Basic earnings per share were Euro 0.23 in the three-month period ended September 30, 2008 as compared to Euro 0.25 in the same period of 2007. Diluted earnings per share were Euro 0.23 in the three-month period ended September 30, 2008 as compared to Euro 0.24 in the same period of 2007.

BALANCE SHEET DISCUSSION

Our Cash Flows

Operating Activities. Our cash provided by operating activities was Euro 468.7 million and Euro 244.6 million for the first nine months of 2008 and 2007, respectively. The Euro 224.1 million increase in the first nine months of 2008 as compared to the same period of 2007 was primarily attributable to advance payments of U.S. $199.0 million paid by us in January 2007 to Ralph Lauren for future contracted minimum royalties, classified among the "prepaid expenses and other" within the Consolidated Statement of Cash Flow. Depreciation and amortization were Euro 196.3 million in the first nine months of 2008 as compared to Euro 168.8 million in the same period of 2007. This increase in depreciation and amortization was attributable to the increased intangible and fixed assets associated with the Oakley acquisition. The change in deferred taxes was Euro (12.6) million in the first nine months of 2008 compared to Euro (44.8) million for the same period of 2007. The difference is mainly due to the business reorganization of certain Italian companies which occurred in 2007, resulting in the release of certain deferred tax liabilities. The change in accounts receivable was Euro 18.8 million in the first nine months of 2008 as compared to Euro (49.1) million in the same period of 2008. The variance is mainly due to the reduction of the days-of-sales-outstanding. The inventory change was Euro (26.3) million in the first nine months of 2008, compared to a Euro (15.6) million for the same period of 2007. The increase in 2008 was mainly due to slow down of sales as compared to the same period of 2007. The change in accounts payable was Euro (107.8) million in the first nine months of 2008 as compared to Euro (35.4) million in the same period of 2007. The difference is attributable to making payments on a shorter time frame in the first nine months of 2008 as compared to the same period in 2007. The change in accrued expenses and other was Euro (52.9) million in the first nine months of 2008 as compared to Euro (31.4) million in the same period of 2007. The increase is mainly related to the effect of the strengthening of the Euro compared to the U.S. dollar. The change in income taxes payable was Euro 24.1 million in the first nine months of 2008 as compared to Euro (43.7) million in the same period of 2007. The difference is mainly due to the change in the timing of the tax payments in Italy as compared to the first nine months of 2007.

Investing Activities. Our cash used in investing activities was Euro (211.5) million for the first nine months of 2008 as compared to Euro (287.6) million for the same period of 2007. The decrease in cash used in investing activities was primarily due to the acquisitions made in the first nine months of 2007, which accounted for a cash outflow of Euro 116.2 million. In particular, in the first nine months of 2007, the Group acquired (i) the optical retail business of D.O.C Optics for approximately Euro 83.7 million (U.S. $110.2 million), (ii) two prominent specialty sun chains in South Africa with a total of 65 stores for approximately Euro 10.0 million, and (iii) other small retail businesses in Australia and New Zealand for approximately Euro 6.0 million. Capital expenditures were Euro 195.4 million for the first nine months of 2008 as compared to Euro 198.3 million for the same period of 2007. Capital expenditures mainly relate to the investment in both the manufacturing facilities of the manufacturing and wholesale distribution segment and in the opening, remodeling and relocation of stores in the retail distribution segment. Disposals of fixed assets accounted for a cash inflow in the first nine months of 2007 of approximately Euro 28.6 million, mainly related to the May 2007 sale of a real property located in Milan, Italy.

Financing Activities. Our cash provided by/(used in) financing activities for the first nine months of 2008 and 2007 was Euro (250.7) million and Euro 6.9 million, respectively. Cash provided by/(used in) financing activities for the first nine months of 2008 consisted primarily of the proceeds of Euro 806.7 million from long-term debt borrowings and Euro 831.5 million used to pay down long-term debt expiring during the first nine months of 2008, in addition to the payment of dividends of Euro 223.6 million. Cash provided by/used in financing activities for the first nine months of 2007 consisted primarily of the proceeds of Euro 486.1 million from long-term debt borrowings and Euro 529.2 million in cash used to repay long-term debt expiring during the first nine months of 2007, in addition to the payment of dividends of Euro 191.1 million.

We have relied primarily upon internally generated funds, trade credit and bank borrowings to finance our operations and expansion. So far, we have not seen a worsening of our credit conditions or any limitations in the availability of our credit facilities, as a consequence of the global financial crisis. We continue to monitor how the credit crisis evolves in order to have appropriate action plans in case of need.

Bank overdrafts represent negative cash balances held in banks and amounts borrowed under various unsecured short-term lines of credit obtained by us and certain of our subsidiaries through local financial institutions. These facilities are usually short-term in nature or contain evergreen clauses with a cancellation notice period. Certain of these subsidiaries' agreements require a guarantee from Luxottica Group S.p.A. Interest rates on these lines vary based on the country of borrowing, among other factors. We use these short-term lines of credit to satisfy our short-term cash needs.

Our total net indebtedness was Euro 2,910.6 million as of September 30, 2008. Available additional borrowings under credit facilities as of such date were Euro 454.7 million.

On September 3, 2003, U.S. Holdings closed a private placement of U.S. $300.0 million of senior unsecured guaranteed notes (the "Notes"), issued in three series (Series A, Series B and Series C). Interest on the Series A Notes accrues at 3.94 percent per annum and interest on each of the Series B and Series C Notes accrues at 4.45 percent per annum. The Series A and Series B Notes matured on September 3, 2008 and have been re-paid in full. The Series C Notes mature on September 3, 2010. The Series A and Series C Notes required annual prepayments beginning on September 3, 2006 through the applicable dates of maturity. The Notes are guaranteed on a senior unsecured basis by us and our subsidiary Luxottica S.r.l., the Company's wholly-owned subsidiary. The Notes can be prepaid at U.S. Holdings' option under certain circumstances. The Notes contain certain financial and operating covenants. As of September 30, 2008, we were in compliance with all of the applicable covenants, including calculations of financial covenants.

In September 2003, we entered into a credit facility with Banca Intesa S.p.A. of Euro 200.0 million. The credit facility included a Euro 150.0 million term loan, which required repayment of equal semi-annual installments of principal of Euro 30.0 million starting September 30, 2006 until the final maturity date. Interest accrued on the term loan at EURIBOR (as defined in the agreement) plus 0.55 percent. The revolving loan provided borrowing availability of up to Euro 50.0 million; amounts borrowed under the revolving portion could be borrowed and repaid until final maturity. As of September 30, 2008, Euro 25.0 million had been drawn from the revolving portion. Interest accrues on the revolving loan at EURIBOR (as defined in the agreement) plus 0.55 percent was September 30, 2008. On September 30, 2008, the final maturity of the credit facility, the credit facility was re-paid in full.

In June 2005, we entered into four interest rate swap transactions with various banks with an aggregate initial notional amount of Euro 120.0 million, which began to decrease by Euro 30.0 million every six months commencing on March 30, 2007 ("Intesa OPSM Swaps"). These swaps expired on September 30, 2008.

On June 3, 2004, we and our subsidiary U.S. Holdings entered into a credit facility with a group of banks providing for loans in the aggregate principal amount of Euro 740.0 million and U.S. $325.0 million. The facility consists of three tranches (Tranche A, Tranche B and Tranche C). On March 10, 2006, this agreement was amended to increase the available borrowings, decrease the interest margin and define a new maturity date of five years from the date of the amendment for Tranche B and Tranche C. In February 2008, we exercised an option included in the amendment to the term and revolving facility to extend the maturity date of Tranches B and C to March 2013. Tranche A is a Euro 405.0 million amortizing term loan requiring repayment of nine equal quarterly installments of principal of Euro 45.0 million beginning in June 2007, which is to be used for general corporate purposes, including the refinancing of our existing debt as it matures. Tranche B is a term loan of U.S. $325.0 million which was drawn upon on October 1, 2004 by U.S. Holdings to finance the purchase price for the acquisition of Cole National. Amounts borrowed under Tranche B will mature in March 2013.

Tranche C is a revolving credit facility of Euro 725.0 million-equivalent multi-currency (Euro/U.S. dollar). Amounts borrowed under Tranche C may be repaid and re-borrowed with all outstanding balances maturing in March 2013. On September 30, 2008, U.S. $680.0 million (Euro 482.9 million) had been drawn from Tranche C by U.S. Holdings and Euro 175.0 million by Luxottica Group S.p.A. We can select interest periods of one, two, three or six months with interest accruing on Euro-denominated loans based on the corresponding EURIBOR rate and U.S. dollar-denominated loans based on the corresponding LIBOR rate, both plus a margin between 0.20 percent and 0.40 percent based on the "Net Debt/EBITDA" ratio, as defined in the agreement. The interest rate on September 30, 2008 was 5.261 percent for Tranche A, 3.090 percent for Tranche B, 3.562 percent on Tranche C amounts borrowed in U.S. dollars and 4.834 percent on Tranche C amounts borrowed in Euro. This credit facility contains certain financial and operating covenants. We were in compliance with those covenants as of September 30, 2008. As of September 30, 2008, Euro 1,023.7 million was borrowed under this credit facility.

In June 2005, we entered into nine interest rate swap transactions with an aggregate initial notional amount of Euro 405.0 million with various banks which began to decrease by Euro 45.0 million every three months beginning on June 3, 2007 ("Club Deal Swaps"). These Club Deal Swaps will expire on June 3, 2009. The Club Deal Swaps were entered into as a cash flow hedge on Tranche A of the credit facility discussed above. The Club Deal Swaps exchange the floating rate of EURIBOR for an average fixed rate of 2.51 percent per annum.

During the fourth quarter of 2007, we entered into thirteen interest rate swap transactions with an aggregate initial notional amount of U.S. $325.0 million with various banks ("Tranche B Swaps"). These Tranche B Swaps will expire on March 10, 2012. The Tranche B Swaps were entered into as a cash flow hedge on Tranche B of the credit facility discussed above. The Tranche B Swaps exchange the floating rate of LIBOR for an average fixed rate of 4.616 percent per annum.

Certain of the interest rate swaps mentioned above have Lehman Brothers International (Europe) ("LBIE") as the counter party. The aggregate initial notional amount of these LBIE swaps is U.S. $125.0 million. Since September 15, 2008 LBIE has been under administration, and we received notice of the appointment of administrators to LBIE. As of September 30, 2008, the LBIE swaps remain outstanding with a negative immaterial mark-to-market value. In October, we started a procedure to substitute LBIE (a "Novation Agreement") with another bank that will be selected from among our core banks. This Novation Agreement will allow us to maintain the same terms and conditions already in place with LBIE.

In December 2005, we entered into an unsecured credit facility with Banca Popolare di Verona e Novara Soc. Coop. a R.L (LLC). The 18-month credit facility consisted of a revolving loan that provided borrowing availability of up to Euro 100.0 million. Amounts borrowed under the revolving portion may be borrowed and repaid until final maturity. The final maturity of the credit facility was June 1, 2007. We repaid the outstanding amount on the maturity date with the proceeds of a new unsecured credit facility with Banca Popolare di Verona e Novara Soc. Coop. a R.L. The new 18-month credit facility consists of a revolving loan that provides borrowing availability of up to Euro 100.0 million. Amounts borrowed under the revolving portion can be borrowed and repaid until final maturity. As of September 30, 2008, Euro 100.0 million was borrowed under this credit facility. Interest accrues on the revolving loan at EURIBOR (as defined in the agreement) plus 0.25 percent (4.772 percent on September 30, 2008). We can select interest periods of one, three or six months. The final maturity of the credit facility is December 3, 2008.

To finance the acquisition of Oakley, on October 12, 2007, we and our subsidiary U.S. Holdings entered into two credit facilities with a group of banks providing for certain term loans and a short-term bridge loan for an aggregate principal amount of U.S. $2.0 billion. The term loan facility is a Term Loan of U.S. $1.5 billion, with a five-year term, with options to extend the maturity on two occasions for one year each time. The term loan facility is divided into two facilities, Facility D and Facility E. Facility D consists of an amortizing term loan in an aggregate amount of U.S. $1.0 billion, made available to U.S. Holdings,

and Facility E consists of a bullet term loan in an aggregate amount of U.S. $500.0 million, made available to us. Each facility has a five-year term, with options to extend the maturity on two occasions for one year each time. The term loan has a spread of between 20 and 40 basis points over LIBOR, depending on our ratio of net debt to EBITDA, except for the period between the date of the first utilization date and the calculation of the covenants for the first six months of 2008, for which the spread is fixed to 40 basis points. Interest accrues on the term loan at LIBOR (as defined in the agreement) plus 0.40 percent (3.084 percent for Facility D and 3.219 percent for Facility E on September 30, 2008). The final maturity of the credit facility is October 12, 2012. This credit facility contains certain financial and operating covenants. We were in compliance with those covenants as of September 30, 2008. U.S. $1,500.0 million was borrowed under this credit facility as of September 30, 2008.

During the fourth quarter of 2007, we entered into ten interest rate swap transactions with an aggregate initial amount of U.S. $500.0 million with various banks ("Tranche E Swaps"). These swaps will expire on October 12, 2012. The Tranche E Swaps were entered into as a cash flow hedge on Facility E of the credit facility discussed above. The Tranche E Swaps exchange the floating rate of LIBOR for an average fixed rate of 4.26 percent per annum.

The short-term bridge loan facility is for an aggregate principal amount of U.S. $500.0 million. This facility is underwritten by Bank of America Securities Limited and UniCredit Market and Investment Banking (acting through Bayerische Hypo und Vereinsbank AG Milan Branch). Interest accrued on the short-term bridge loan at LIBOR (as defined in the agreement) plus 0.15 percent. The final maturity of the credit facility was eight months from the first utilization date. On April 29, 2008, we and our subsidiary U.S. Holdings entered into an amendment and transfer agreement to the U.S. $500.0 million short-term bridge loan facility entered into to finance the Oakley acquisition. The terms of this amendment and transfer agreement, among other things, reduced the total facility amount from U.S. $500.0 million to U.S. $150.0 million, effective on July 1, 2008, and provided for a final maturity date that is 18 months from the effective date of the agreement. From July 1, 2008, interest accrues at LIBOR (as defined in the agreement) plus 0.60 percent (3.086 percent as of September 30, 2008). As of September 30, 2008, U.S. $150.0 million was borrowed under this facility.

In April 2008, we entered into a new Euro 150.0 million unsecured credit facility with Banca Nazionale del Lavoro. This facility is an 18-month revolving credit facility that provides borrowing availability of up to Euro 150.0 million. The amounts borrowed under the revolving facility can be borrowed and repaid until final maturity. Interest accrues at EURIBOR plus 0.375 percent (4.888 percent as of September 30, 2008). We can select interest periods of one, three or six months. The final maturity of the credit facility is October 8, 2009. As of September 30, 2008, Euro 150.0 million was borrowed under this facility.

On May 29, 2008, we entered into a Euro 250.0 million revolving credit facility, guaranteed by our subsidiary, U.S. Holdings, with Intesa Sanpaolo S.p.A., as agent, and Intesa Sanpaolo S.p.A., Banca Popolare di Vicenza S.c.p.A. and Banca Antonveneta S.p.A., as lenders. The final maturity of the credit facility is May 29, 2013. The credit facility will require repayment of equal quarterly installments of Euro 30.0 million of principal starting on August 29, 2011, and a repayment of Euro 40.0 million on the final maturity date. Interest accrues at EURIBOR (as defined in the agreement) plus a margin between 0.40 percent and 0.60 percent based on the "Net Debt/EBITDA" ratio, as defined in the agreement (5.606 percent as of September 30, 2008). As of September 30, 2008, Euro 100.0 million was borrowed under this credit facility.

On July 1, 2008 our subsidiary U.S. Holdings closed a private placement of U.S. $275 million senior unsecured guaranteed notes (the "Notes"), issued in three series (Series A, Series B and Series C). The principal amounts of Series A, Series B and Series C Notes are U.S. $20 million, U.S. $127 million and U.S. $128 million, respectively. Series A Notes mature on July 1, 2013, Series B Notes mature on July 1, 2015 and Series C Notes mature on July 1, 2018. Interest on the Series A Notes accrues at 5.96 percent per annum, interest on the Series B Notes accrues at 6.42 percent per annum and interest on the Series C Notes accrues at 6.77 percent per annum. The proceeds from the Notes received on July 1,

2008, were used to repay a portion of the Bridge Loan Facility expiring on July 1, 2008. In addition, we extended the amended Bridge Loan of U.S. $150 million for a further 18 months starting from July 1, 2008.

RECENT DEVELOPMENTS AND OTHER EVENTS

On June 25, 2008, our subsidiary Ray Ban Indian Holdings Inc., which owns approximately 70.5 percent of RayBan Sun Optics India Limited, a company listed on the Bombay Stock Exchange, proposed to make a voluntary delisting offer to the public shareholders of RayBan Sun Optics India Limited pursuant to the SEBI (delisting of securities) Guidelines 2003. On July 25, 2008 the Ray Ban Sun Optics India Limited shareholders' meeting approved the delisting offer. During the bid period, the shareholders tendered 2,521,841 shares, and Ray Ban Indian Holdings Inc. reached the required quota for the delisting. On August 26, 2008 the exit price of Rs 140 was determined and on September 11, 2008, the last day for tendering shares, an additional number of 1,813,872 tendered shares were exchanged. As a result, Ray Ban Indian Holdings Inc. owns approximately 88.2 percent of RayBan Sun Optics India Limited.

Effective July 31, 2008, our subsidiary, Sunglass Hut (UK) Limited, which operates our UK retail business, acquired 100 percent of the shares of Optika Holdings Ltd., a company in which we previously owned only a 50 percent interest, in exchange for the issuance of new shares from Sunglass Hut (UK) Limited. As a consequence of the above transaction, we now own approximately 66 percent of Sunglass Hut (UK) Limited and 34 percent is owned by the former third party Optika Holdings Ltd's shareholders. As a result of the above transaction, we now operate 65 optical and sun retail stores operating under the name David Clulow in the UK.

On November 4, 2008 we announced that we will enter the retail market in India with the proposed opening of over 100 Sunglass Hut stores at select high-end malls and other premium retail locations across India. We will open the stores through a landmark franchising agreement with DLF Group, the leading real estate developer based in New Delhi. The first India-based store opened in November of this year.

We and our subsidiaries become involved in legal and regulatory proceedings from time to time, some of which are significant. The timing and outcome of these proceedings are inherently uncertain and the outcomes could have a material adverse effect on our business, financial position or operating results. See Item 3 "Key Information Risk Factors" in our annual report on Form 20-F for our fiscal year ended December 31, 2007.

FORWARD-LOOKING INFORMATION

Throughout this report, management has made certain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 which are considered prospective. These statements are made based on management's current expectations and beliefs and are identified by the use of forward-looking words and phrases such as "plans," "estimates," "believes" or "belief," "expects" or other similar words or phrases.

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 manage the effect of the poor current global economic conditions on our business and 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.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LUXOTTICA GROUP S.p.A.

By: /s/ ENRICO CAVATORTA

Dated: December 15, 2008

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CHIEF FINANCIAL OFFICER

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