

LUXOTTICA GROUP SPA
Form 11-K
June 29, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

OR

**TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-10421

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

Luxottica Group Tax Incentive Savings Plan

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Luxottica Group ERISA Plans Compliance and Investment Committee

Luxottica U.S. Holdings Corp.

44 Harbor Park Drive

Port Washington, New York 11050

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

LUXOTTICA GROUP S.p.A.

VIA C. CANTÙ 2, MILAN, 20123 ITALY
(Address of principal executive office)

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Financial Statements and Report of Independent Registered Public Accounting Firm

Luxottica Group Tax Incentive Savings Plan

December 31, 2010 and 2009

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Report of Independent Registered Public Accounting Firm

Luxottica Group ERISA Plans

Compliance and Investment Committee

We have audited the accompanying statement of net assets available for plan benefits of the Luxottica Group Tax Incentive Savings Plan as of December 31, 2010 and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Luxottica Group Tax Incentive Savings Plan as of December 31, 2010, and the changes in net assets available for plan benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We also audited the retrospective adjustment resulting from the adoption of the new accounting principle described in Note B, related to reporting participant loans, that was applied to the 2009 financial statements. In our opinion, such retrospective adjustment is appropriate and has been properly applied.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2010 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.

/s/ Plante & Moran, PLLC

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Cincinnati, Ohio

June 23, 2011

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Report of Independent Registered Public Accounting Firm

Luxottica Group ERISA Plans
Compliance and Investment Committee

We have audited, before the effects of the retrospective adjustment for the adoption of the accounting principle requiring the reclassification of participant loans discussed in Note B, the accompanying statement of net assets available for plan benefits of Luxottica Group Tax Incentive Savings Plan as of December 31, 2009 (the statement of net assets available for plan benefits as of December 31, 2009 before the effects of the adjustment discussed in Note B is not presented herein). This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above, which is before the effects of the retrospective adjustment for the adoption of the accounting principle requiring the reclassification of participant loans discussed in Note B, presents fairly, in all material respects, the net assets available for plan benefits of Luxottica Group Tax Incentive Savings Plan as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustment for the adoption of the accounting principle requiring the reclassification of participant loans discussed in Note B and accordingly, we do not express an opinion or any other form of assurance about whether such adjustment is appropriate and has been properly applied. That adjustment was audited by other auditors.

/s/ GRANT THORNTON LLP

Cincinnati, Ohio

December 6, 2010

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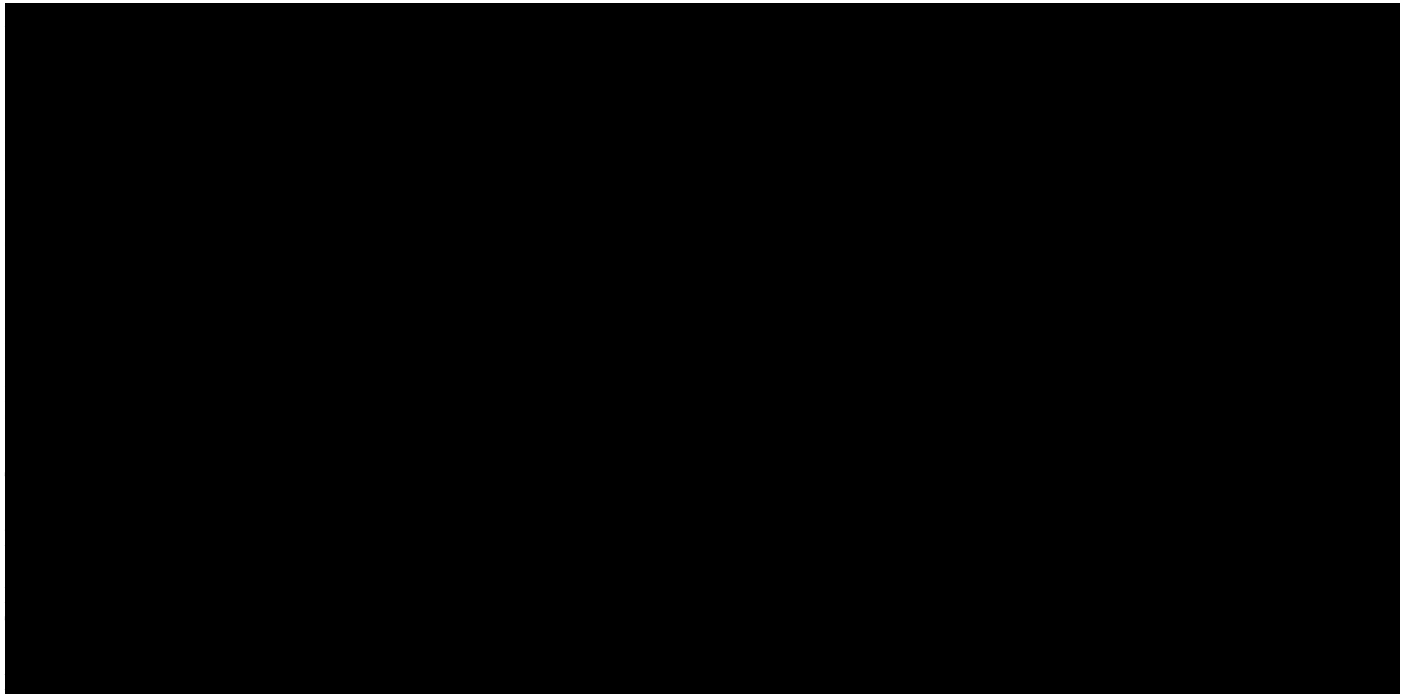
LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

December 31, 2010 and 2009

2010

2009



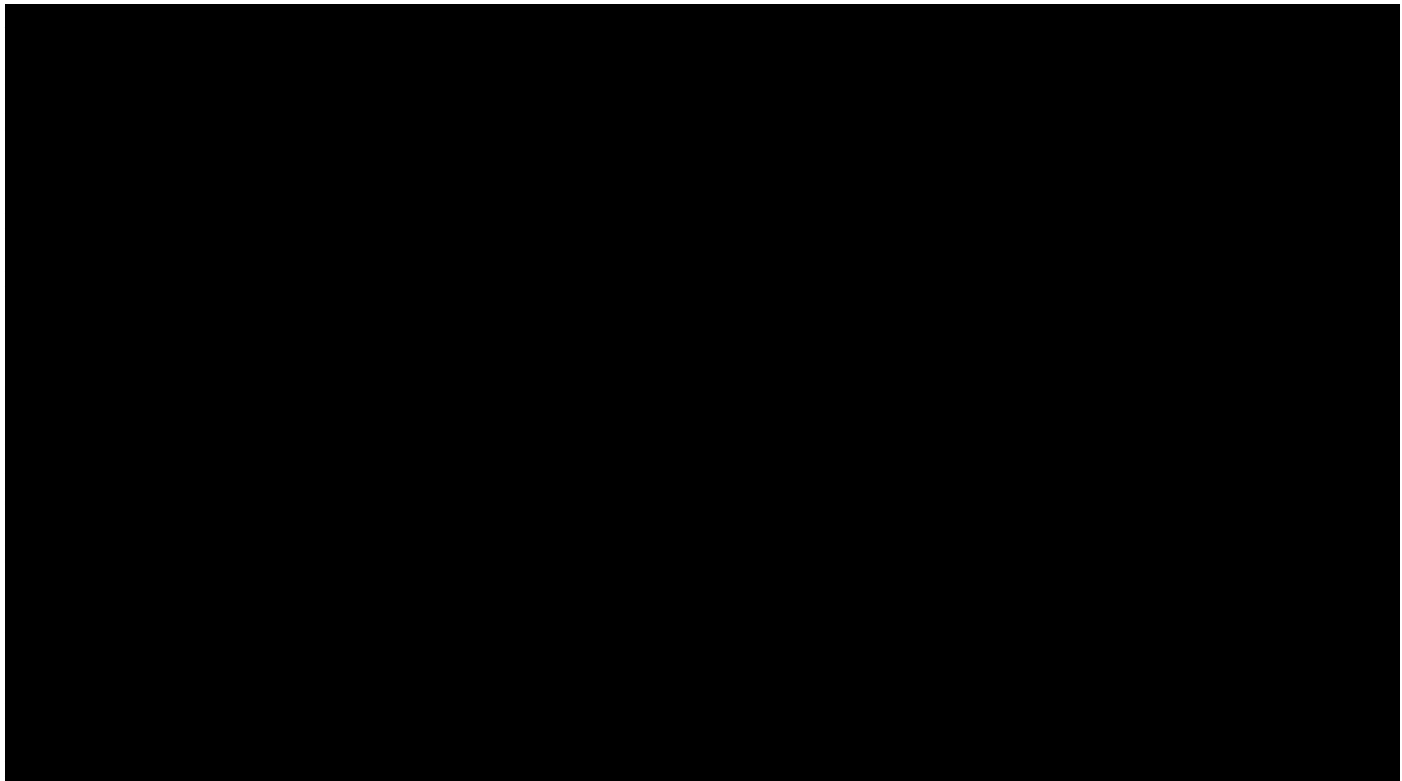
The accompanying notes are an integral part of these statements.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

Year ended December 31, 2010



The accompanying notes are an integral part of this statement.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE A PLAN DESCRIPTION

The following description of the Luxottica Group Tax Incentive Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the plan document for more complete information.

1. General

The Plan is a defined contribution plan sponsored by Luxottica U.S. Holdings Corp. (the Company) and covers U.S.-based employees of certain of the Company's subsidiaries. The Plan provides participants the opportunity to save for future financial needs by setting aside a portion of their compensation through payroll deductions. Associates are eligible to participate in the Plan for purposes of making salary deferral contributions upon completing 30 days of service. Associates are eligible to participate in the Plan for purposes of receiving discretionary Company matching contributions after reaching age 21 and completing one year of eligible service (1,000 hours). Prior to July 1, 2010, Associates were eligible for both employee and Company contributions after reaching age 21 and completing one year of eligible service (1000 hours).

The Luxottica Group ERISA Plans Compliance and Investment Committee controls and manages the operation and administration of the Plan. The Plan's administrative function is being performed by Fidelity Institutional Retirement Services Company and Fidelity Management Trust Company serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

2. Contributions

Each year, participants may contribute up to 25% of their pretax annual compensation, as defined in the Plan, subject to certain Internal Revenue Code (IRC) limitations.

Effective July 1, 2010, the Plan was amended to permit the Company to make a discretionary match on a quarterly or annual basis. Previously, Company discretionary matching contributions were determined annually. There was no discretionary match made in 2010. Participants may

also contribute amounts representing qualified rollover distributions from other qualified defined benefit or defined contribution plans.

3. Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Company's matching contribution, and an allocation of Plan earnings (losses). Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2010 and 2009

NOTE A PLAN DESCRIPTION (continued)

4. Investments

Participants direct the investment of their contributions into various investment options offered by the Plan. Company contributions are invested according to participants' directions. The Plan currently offers various funds through Fidelity Management Trust Company as well as a Luxottica Stock Fund. All participant and Company discretionary match contributions, if any, are invested directly into these elected funds.

5. Vesting

Participants are 100% vested in their salary deferral contributions and vest in the Company's contribution portion of their accounts, if any, based on years of vesting service as defined by the Plan. A participant is 25% vested after two years of vesting service and gains an incremental 25% each subsequent year, reaching full vesting at the end of five years of vesting service.

6. Participant Notes Receivable

Participants are eligible to borrow from their account balances a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the vested value of their accounts (excluding discretionary matching contributions). Participants cannot have more than two notes outstanding at the same time. The notes are secured by the balance in the participant's account and bear interest based on local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably through payroll deductions over a period not to exceed five years, with the exception of mortgage loans, which may be repaid over 15 years.

7. Payment of Benefits

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On termination of service for any reason, a participant may elect to receive a lump-sum distribution or a rollover to another qualified benefit plan or Individual Retirement Account, equal to the value of the participant's vested interest in his/her account, less applicable withholding tax if paid to the individual. Subject to approval by the plan administrator, participants may apply for hardship withdrawals, as defined.

8. Forfeited Accounts

At December 31, 2010 and 2009, forfeited non-vested accounts totaled \$1,242,962 and \$1,066,297, respectively. These accounts may be used to reduce future employer contributions. During the year ended December 31, 2010, no forfeited non-vested accounts were used to reduce employer contributions.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2010 and 2009

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

3. Investment Valuation and Income Recognition

The Plan's investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note D.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, these management fees and operating expenses are reflected as a reduction of investment return for such investments.

4. Participant Notes Receivable

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Participant notes receivable are recorded at their unpaid principal balances plus any accrued interest. Participant notes receivable are written off when determined to be uncollectible.

5. Administrative Expenses

Administrative expenses of the Plan are paid by the Company and the Plan, as provided in the plan document.

6. Payment of Benefits

Benefit payments to participants are recorded upon distribution.

7. Risks and Uncertainties

The Plan utilizes various investment instruments, including a money market fund, mutual funds, and common stock. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2010 and 2009

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

8. Recent Accounting Pronouncements

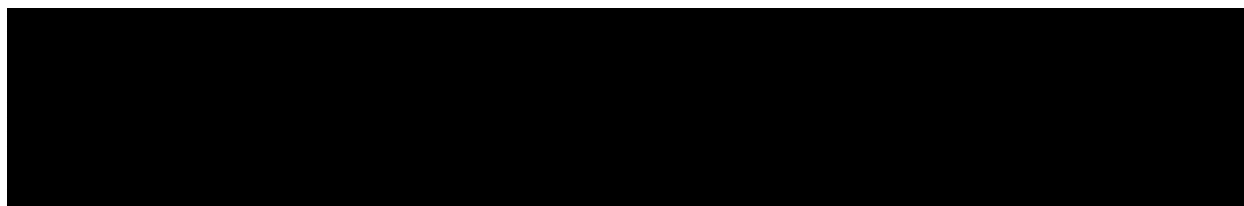
In September 2010, the FASB issued ASU 2010-25, *Plan Accounting-Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans*. The new guidance is a change to the previous requirement, which requires classifying participant loans as investments that are recognized at fair value. The new guidance requires participant loans to be at the unpaid balance plus accrued interest. Adoption was required for years ending after December 15, 2010. As such, the Plan adopted this guidance during the year ended December 31, 2010 retroactively and, as a result, the December 31, 2009 participant loans have been retrospectively adjusted from investments to participant notes receivable. The adoption of this standard had no impact on the Plan's net assets or changes in net assets.

NOTE C INVESTMENTS

The Plan's investments that represented 5% or more of the Plan's net assets available for plan benefits as of December 31, 2010 and 2009 are as follows:

2010

2009

A large black rectangular redaction box covers the table content, obscuring the investment data for 2010 and 2009.



Both the Luxottica Stock Fund and Fidelity Funds are parties-in-interest. See Note E.

For the year ended December 31, 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$39,622,842 as follows:

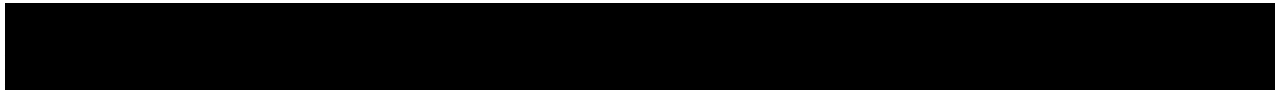


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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2010 and 2009

NOTE D FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance also establishes a framework for measuring fair value that provides a hierarchy that prioritizes into three levels the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets and liabilities that the Plan has the ability to access at the measurement date.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for the Plan's assets measured at fair value.

Mutual Funds: Valued at the closing price reported on the NASDAQ Stock Exchange.

Money Market Fund: Valued at the net asset value (NAV) of \$1 per share.

Common Stock: Valued at closing price for the American Depositary Shares of Luxottica Group S.p.A as reported on the New York Stock Exchange.

The preceding methods described may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2010 and 2009

NOTE D FAIR VALUE MEASUREMENTS(continued)

Investments valued at NAV as of December 31, 2010, consisted of the money market fund (MMF). The MMF seeks to preserve principal investment while earning interest income. The MMF will try to maintain a stable \$1 unit price, but it cannot guarantee that it will be able to do so. The yield of the MMF will fluctuate.

The NAV of the MMF is determined using the market value or fair value, if market data is unavailable, of the underlying investment. The MMF allows for daily liquidity with no additional days notice required for redemption for participant directed transactions. The account is fully liquid and events limiting the account's ability to transact at NAV are not probable.

The following table summarizes the Plan's investments by level within the fair value hierarchy as of December 31, 2010 and 2009.

	Level 1	Level 2	Level 3	Total
				



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LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2010 and 2009

NOTE D FAIR VALUE MEASUREMENTS(continued)

The Plan also holds other assets and liabilities not measured at fair value on a recurring basis, including participant contributions receivable, participant notes receivable, cash, and unsettled trades. The fair value of these assets and liabilities approximates the carrying amounts in the accompanying financial statements due to either the short maturity of the instruments or the use of interest rates that approximate market rates for instruments of similar maturity.

NOTE E EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of money market or mutual funds managed by Fidelity Management Trust Company (Fidelity). Fidelity is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services are included as a reduction of the return earned on each fund. Fees paid by the Plan for administrative services were \$176,420 for the year ended December 31, 2010.

Transactions within the Luxottica Stock Fund qualify as party-in-interest transactions because the underlying security within the fund is Company stock. Refer to Note C for shares of Luxottica Common Stock held and related market values at December 31, 2010 and 2009.

NOTE F PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, participants would become fully vested in their account.

NOTE G FEDERAL INCOME TAX STATUS

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The Plan obtained a favorable determination letter on July 22, 2003, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has subsequently been amended; however, the plan administrator believes that the Plan is currently designed and is being operated in compliance with the applicable requirements of the IRC.

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SUPPLEMENTAL SCHEDULE

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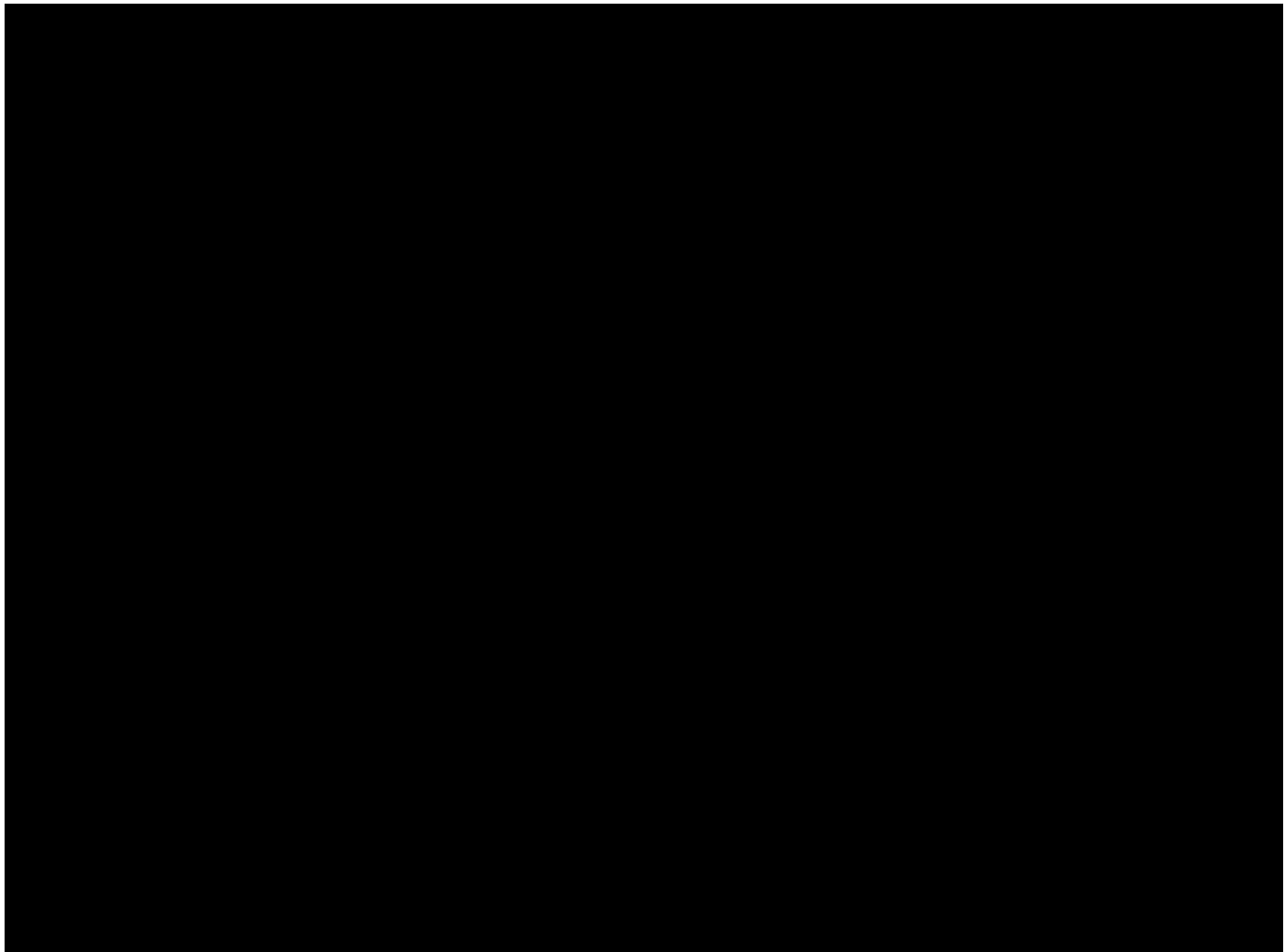
LUXOTTICA GROUP TAX INCENTIVE SAVINGS PLAN

Form 5500 E.I.N. 11-3491054 Plan No. 025

Schedule H, Line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2010

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(e) Current value
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* Denotes a party-in-interest.

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SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

Luxottica Group Tax Incentive Savings Plan

Date: June 28, 2011

By: /s/ Vito Giannola
VITO GIANNOLA
CO-CHAIRMAN

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EXHIBIT INDEX

Exhibit Number	Exhibits
Exhibits 23.1	Consent of Independent Registered Public Accounting Firm Plante & Moran, PLLC
23.2	Consent of Independent Registered Public Accounting Firm Grant Thornton LLP