

KLA TENCOR CORP
Form 425
October 21, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 20, 2015

KLA-TENCOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

of incorporation)

000-09992
(Commission

File Number)

One Technology Drive, Milpitas, California 95035

04-2564110
(IRS Employer

Identification No.)

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(Address of principal executive offices, including zip code)

(408) 875-3000

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Agreement and Plan of Merger and Reorganization.

On October 20, 2015, KLA-Tencor Corporation (the Company) entered into an Agreement and Plan of Merger and Reorganization (the Merger Agreement) with Lam Research Corporation (Parent), Topeka Merger Sub 1, Inc., a wholly owned subsidiary of Parent (Merger Sub 1), and Topeka Merger Sub 2, Inc., a wholly owned subsidiary of Parent (Merger Sub 2).

Structure. The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub 1 will merge with and into the Company (the First Merger), with the Company continuing as the surviving corporation and as a wholly owned subsidiary of Parent. Immediately following the First Merger, the Company, as the surviving entity of the First Merger, will merge with and into Merger Sub 2, with Merger Sub 2 being the surviving entity (the Second Merger and, together with the First Merger, the Mergers). As a result of the Mergers, the Company will become a wholly owned subsidiary of Parent.

Consideration. Upon the terms and subject to the conditions set forth in the Merger Agreement, each holder of an issued and outstanding share of common stock of the Company, par value \$0.001 per share (a Common Share), will be able to elect to receive, for all of their Common Shares held, one of the following forms of consideration per Common Share:

both (i) 0.5 of a share of common stock of Parent, par value \$0.001 per share (a Parent Common Share), plus (ii) \$32.00 in cash (the Mixed Election);

a number of Parent Common Shares equal to (i) 0.5 plus (ii) \$32.00 divided by the weighted average value of a Parent Common Share measured over a five trading day period ending approximately two days prior to closing of the First Merger (such weighted average value, the VWAP, and such election, the Stock Election);
or

(i) \$32.00 in cash plus (ii) a cash amount equal to 0.5 times the VWAP (the Cash Election).

The Stock Election and the Cash Election will be subject to customary proration mechanisms applicable to over-subscription and under-subscription for each election that, among other things, limit the (1) total amount of cash to be payable by Parent to the Company stockholders as a result of the First Merger to an amount approximately equal to \$32.00 multiplied by the total number of Common Shares to be converted in the First Merger and (2) number of Parent Common Shares to be issued by Parent to the Company stockholders as a result of the First Merger to an amount approximately equal to 0.5 Parent Common Shares multiplied by the total number of Common Shares to be converted in the First Merger.

Company stockholders that do not make a Mixed Election, Stock Election or Cash Election will receive the Mixed Election.

Holders who elect the Stock Election or the Mixed Election, or who elect the Cash Election but are subject to proration, will receive cash in lieu of fractional shares of Parent Common Stock.

Parent intends to fund the cash portion of the merger consideration with a combination of the cash on hand of both companies and committed debt financing. The Mergers are not conditioned upon Parent's receipt of financing.

Effect on Company Equity Awards. Upon the terms and subject to the conditions set forth in the Merger Agreement, upon completion of the First Merger, each outstanding restricted stock unit award granted pursuant to the Company's equity compensation plans that represents a right to receive Common Shares that is held by a person that will continue in service of Parent or the Company following the First Merger and is not vested as of the completion of the First Merger, will be substituted into a restricted stock unit that represents the right to receive Parent Common Shares, on the same vesting schedule and with otherwise economically equivalent terms and conditions (including cash dividend equivalent rights) as applied to each such restricted stock unit award immediately prior to the completion of the First Merger. The number of Parent Common Shares that will be subject to each such restricted stock unit award, as so substituted, will be equal to the product of (i) the number of

Common Shares underlying the applicable restricted stock unit award as of the completion of the First Merger, multiplied by (ii) a number of Parent Common Shares equal to (a) 0.5 plus (b) \$32.00 divided by the VWAP. With respect to any Company performance-based restricted stock units for which the achievement of the applicable performance criteria has not been determined before the completion of the First Merger, the achievement will be determined based on performance measured through the Company's most recent fiscal quarter that ends prior to the completion of the First Merger. These credited performance-based restricted stock units will continue to vest on the original time-based vesting schedule.

Covenants, Representations and Warranties. Each of the Company and Parent have made customary covenants, representations and warranties in the Merger Agreement, including, among others, covenants (i) relating to the conduct of their respective businesses between the execution and delivery of the Merger Agreement and the consummation of the First Merger, (ii) to use their reasonable best efforts to obtain governmental and regulatory approvals, and (iii) not to solicit proposals relating to alternate transactions. The Company and Parent made certain other customary covenants, including, among others and subject to certain exceptions, (i) in the case of the Company, to cause a meeting of its stockholders to be held to consider adopting the Merger Agreement, and in the case of Parent, to cause a meeting of its stockholders to be held to consider approval of the issuance of Parent Common Shares in the First Merger as contemplated by the Merger Agreement, and (ii) in the case of the Company, for its board of directors to recommend adoption by the Company stockholders of the Merger Agreement, and in the case of Parent, for its board of directors to recommend approval by Parent's stockholders of the issuance of Parent Common Shares in the First Merger as contemplated by the Merger Agreement.

The Merger Agreement contains representations and warranties made by the Company and Parent to, and solely for the benefit of, each other. The assertions embodied in the representations and warranties contained in the Merger Agreement are qualified by information in confidential disclosure letters provided by the parties to each other in connection with the signing of the Merger Agreement. Although the Company does not believe that these disclosure letters contain information that the securities laws require the parties to publicly disclose, other than information that has already been so disclosed, they do contain information that modifies, qualifies and creates exceptions to the representations and warranties of the parties set forth in the Merger Agreement. Investors should not rely on the representations and warranties in the Merger Agreement as characterizations of the actual state of facts about the Company or Parent, because they were only made as of the date of the Merger Agreement and are modified in important part by the underlying disclosure letters. Moreover, certain representations and warranties in the Merger Agreement were used for the purpose of allocating risk between the Company and Parent rather than establishing matters as fact. Finally, information concerning the subject matter of the representations and warranties may have changed since the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the companies' public disclosures.

Conditions to the Transactions. Consummation of the Mergers is subject to certain conditions, including, among others, (i) adoption of the Merger Agreement by the Company's stockholders, (ii) approval by Parent's stockholders of the issuance of Parent Common Shares in the First Merger as contemplated by the Merger Agreement, (iii) approval for listing on The NASDAQ Stock Market of the Parent Common Shares to be issued in the First Merger, (iv) expiration or termination of the applicable Hart-Scott-Rodino Act waiting period and the affirmative approval or expiration of waiting periods in certain other specified jurisdictions, (v) the absence of laws, orders, judgments and injunctions that restrain, enjoin or otherwise prohibit consummation of the First Merger, (vi) effectiveness under the Securities Act of 1933 of the Form S-4 registration statement relating to the issuance of the Parent Common Shares in the First Merger and the absence of any stop order in respect thereof or proceedings by the SEC for that purpose, (vii) subject to certain exceptions, the accuracy of representations and warranties with respect to the businesses of the Company and Parent and compliance by the Company and Parent with their respective covenants contained in the Merger Agreement, (viii) the absence of a continuing material adverse effect relating to Parent or on the Company, and (ix) the receipt of certain opinions of counsel in respect of the tax treatment of the Mergers.

Termination Rights. The Merger Agreement contains certain termination rights by either the Company or Parent, including if (i) the First Merger is not consummated by July 20, 2016 (the "Outside Date"), which may be extended under certain circumstances to October 20, 2016 in order to obtain required antitrust approvals, (ii) the Company or Parent stockholder approval is not obtained or (iii) certain governmental authorities of competent jurisdiction shall have issued a law or order permanently prohibiting the consummation of the First Merger.

In certain circumstances, the Company may terminate the Merger Agreement if (i) the Company accepts an alternative transaction that constitutes a Company Superior Proposal (as that term is defined in the Merger Agreement) in compliance with the Merger Agreement, (ii) Parent breaches any of its representations, warranties or covenants in the Agreement (and, if such breach is curable, does not cure within 45 days after written notice of such breach or, if earlier, by the third day prior to the Outside Date) such that the closing conditions cannot be satisfied, (iii) prior to the receipt of approval by Parent's stockholders, Parent's board of directors changes its recommendation to its stockholders or fails to include its recommendation in the joint proxy statement/prospectus to be sent to Parent's stockholders, (iv) prior to the receipt of approval by Parent's stockholders, Parent fails, within 10 business days of receipt, to make a statement in opposition and to recommend rejection to its stockholders of a tender or exchange offer of Parent's securities, (v) prior to the receipt of approval by Parent's stockholders, if a Parent Competing Proposal (as such term is defined in the Merger Agreement) has been publicly announced, Parent has failed to issue a press release reaffirming the recommendation of Parent's board of directors within 10 business days after the Company's request, or (vi) prior to the receipt of approval by Parent's stockholders, Parent willfully breaches its nonsolicitation obligations under the Merger Agreement in any material respect.

In certain circumstances, Parent may terminate the Merger Agreement if (i) Parent accepts an alternative transaction that constitutes a Parent Superior Proposal (as that term is defined in the Merger Agreement) in compliance with the Merger Agreement, (ii) the Company breaches any of its representations, warranties or covenants in the Agreement (and, if such breach is curable, does not cure within 45 days after written notice of such breach or, if earlier, by the third day prior to the Outside Date) such that the closing conditions cannot be satisfied, (iii) prior to the receipt of approval by the Company's stockholders, the Company's board of directors changes its recommendation to its stockholders or fails to include its recommendation in the joint proxy statement/prospectus to be sent to the Company's stockholders, (iv) prior to the receipt of approval by the Company's stockholders, the Company fails, within 10 business days of receipt, to make a statement in opposition and to recommend rejection to its stockholders of a tender or exchange offer of the Company's securities, (v) prior to the receipt of approval by the Company's stockholders, if a Company Competing Proposal (as such term is defined in the Merger Agreement) has been publicly announced, the Company has failed to issue a press release reaffirming the recommendation of the Company's board of directors within 10 business days after Parent's request, or (vi) prior to the receipt of approval by the Company's stockholders, the Company willfully breaches its nonsolicitation obligations under the Merger Agreement in any material respect.

If the Merger Agreement is terminated by (i) the Company in order to accept a Company Superior Proposal, (ii) Parent as a result of the Company board of directors changing its recommendation or failing to include its recommendation in the joint proxy statement/prospectus or the Company failing to make a statement of opposition or to issue a press release, if requested by Parent, reaffirming its recommendation, (iii) the Company or Parent if the First Merger is not consummated by the Outside Date, as such date may be extended, the Company stockholder approval has not been obtained, a Company Competing Proposal has been publicly disclosed and not publicly, irrevocably withdrawn prior to the date of the special meeting of the Company stockholders, and, within 12 months after termination, the Company consummates or enters into an agreement in respect of certain acquisition transactions for the Company and such transaction is later consummated, or (iv) the Company or Parent if the Company stockholder approval is not obtained at the special meeting of the Company stockholders, a Company Competing Proposal has been publicly announced and not publicly, irrevocably withdrawn prior to the date of the special meeting of the Company stockholders, and, within 12 months after termination, the Company consummates or enters into an agreement in respect of certain acquisition transactions for the Company and such transaction is later consummated, then in any such case (but without duplication), the Company will be obligated to pay to Parent a fee equal to \$290 million in cash.

If the Merger Agreement is terminated by (i) Parent in order to accept a Parent Superior Proposal, (ii) the Company as a result of the Parent board of directors changing its recommendation or failing to include its recommendation in the joint proxy statement/prospectus or Parent failing to make a statement of opposition or to issue a press release, if requested by the Company, reaffirming its recommendation, (iii) Parent or the Company if the First Merger is not

consummated by the Outside Date, as such date may be extended, the Parent stockholder approval has not been obtained, a Parent Competing Proposal has been publicly disclosed and not publicly, irrevocably withdrawn prior to the date of the special meeting of Parent stockholders, and within 12 months after

termination, Parent consummates or enters into an agreement in respect of certain acquisition transactions for Parent and such transaction is later consummated, or (iv) Parent or the Company if the Parent stockholder approval is not obtained at the special meeting of Parent stockholders, a Parent Competing Proposal has been publicly announced and not publicly, irrevocably withdrawn prior to the date of the special meeting of Parent stockholders, and, within 12 months after termination, Parent consummates or enters into an agreement in respect of certain acquisition transactions for Parent and such transaction is later consummated, then in any such case (but without duplication), Parent will be obligated to pay to the Company a fee equal to \$290 million in cash.

Parent Board of Directors. Pursuant to the Merger Agreement, effective as of the closing of the transactions under the Merger Agreement, two directors of the Company will be appointed to the Parent board of directors.

The foregoing description of the Merger Agreement is qualified in its entirety by reference to the full text of the Merger Agreement, a copy of which is filed as Exhibit 2.1, and is incorporated into this report by this reference.

Item 8.01 Other Events.

On October 21, 2015, the Company and Parent issued a joint press release announcing the Merger Agreement and the Mergers. A copy of the joint press release relating to the Merger Agreement and the Mergers is attached hereto as Exhibit 99.1.

* * *

Forward Looking Statements

All statements included or incorporated by reference herein, other than statements or characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on the Company's and Parent's current expectations, estimates and projections about its respective business and industry, management's beliefs, and certain assumptions made by Parent and the Company, all of which are subject to change. Forward-looking statements can often be identified by words such as anticipates, expects, intends, plans, predicts, believes, seeks, estimates, may, will, should, will continue, ongoing, similar expressions, and variations or negatives of these words. Examples of such forward-looking statements include, but are not limited to: (1) references to the anticipated benefits of the proposed transaction; (2) the allocation of merger consideration in the transactions; and (3) the expected date of closing of the transaction.

These forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially and adversely from those expressed in any forward-looking statement. Important risk factors that may cause such a difference in connection with the proposed transaction include, but are not limited to, the following factors: (1) the risk that the conditions to the closing of the transaction are not satisfied, including the risk that required approvals for the transaction from governmental authorities or the stockholders of the Company or Parent are not obtained; (2) litigation relating to the transaction; (3) uncertainties as to the timing of the consummation of the transaction and the ability of each party to consummate the transaction; (4) risks that the proposed transaction disrupts the current plans and operations of the Company or Parent; (5) the ability of the Company and Parent to retain and hire key personnel; (6) competitive responses to the proposed transaction and the impact of competitive products; (7) unexpected costs, charges or expenses resulting from the transaction; (8) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the transaction; (9) the combined companies' ability to achieve the growth prospects and synergies expected from the transaction, as well as delays, challenges and expenses associated with integrating the combined companies' existing businesses; (10) the terms and availability of the indebtedness planned to be incurred in

connection with the transaction; and (11) legislative, regulatory and economic developments, including changing business conditions in the semiconductor industry and overall economy as well as the financial performance and expectations of Parent s and the Company s existing and prospective customers. These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in the joint proxy statement/prospectus that will be filed with the Securities and Exchange Commission (SEC) in connection with the proposed transaction. Investors and potential investors

are urged not to place undue reliance on forward-looking statements in this document, which speak only as of this date. Neither Parent nor the Company undertakes any obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances. Nothing contained herein constitutes or will be deemed to constitute a forecast, projection or estimate of the future financial performance of Parent, the Company, or the merged company, whether following the implementation of the proposed transaction or otherwise.

In addition, actual results are subject to other risks and uncertainties that relate more broadly to Parent's overall business, including those more fully described in Parent's filings with the SEC including its annual report on Form 10-K for the fiscal year ended June 28, 2015, and the Company's overall business and financial condition, including those more fully described in the Company's filings with the SEC including its annual report on Form 10-K for the fiscal year ended June 30, 2015.

Additional Information and Where to Find It

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The proposed transaction will be submitted to the stockholders of each of Parent and the Company for their consideration. Parent intends to file with the SEC a Registration Statement on Form S-4 that will include a joint proxy statement/prospectus of Parent and the Company. Each of Parent and the Company will provide the joint proxy statement/prospectus to their respective stockholders. Parent and the Company also plan to file other documents with the SEC regarding the proposed transaction. **This document is not a substitute for any prospectus, proxy statement or any other document that Parent or the Company may file with the SEC in connection with the proposed transaction. Investors and security holders of Parent and the Company are urged to read the joint proxy statement/prospectus and any other relevant documents that will be filed with the SEC carefully and in their entirety when they become available because they will contain important information about the proposed transaction.** You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website (www.sec.gov). In addition, investors and stockholders will be able to obtain free copies of the joint proxy statement/prospectus and other documents filed with the SEC by Parent on Parent's Investor Relations website (investor.lamresearch.com) or by writing to Lam Research Corporation, Investor Relations, 4650 Cushing Parkway, Fremont, CA 94538-6401 (for documents filed with the SEC by Parent), or by the Company on the Company's Investor Relations website (ir.kla-tencor.com) or by writing to the Company Corporation, Investor Relations, One Technology Drive, Milpitas, California 95035 (for documents filed with the SEC by the Company).

Participants in the Solicitation

Parent, the Company, their respective directors, and certain of their respective executive officers, other members of management and employees, may, under SEC rules, be deemed to be participants in the solicitation of proxies from Parent and the Company stockholders in connection with the proposed transaction. Information regarding the persons who, under SEC rules, are or may be deemed to be participants in the solicitation of Parent and the Company stockholders in connection with the proposed transaction will be set forth in the joint proxy statement/prospectus when it is filed with the SEC. You can find more detailed information about Parent's executive officers and directors in its definitive proxy statement filed with the SEC on September 21, 2015. You can find more detailed information about the Company's executive officers and directors in its definitive proxy statement filed with the SEC on September 24, 2015. Additional information about Parent's executive officers and directors and the Company's executive officers and directors will be provided in the above-referenced Registration Statement on Form S-4 when it becomes available.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
2.1	Agreement and Plan of Merger and Reorganization, dated as of October 20, 2015, by and among Lam Research Corporation, Topeka Merger Sub 1, Inc., Topeka Merger Sub 2, Inc. and KLA-Tencor Corporation*
99.1	Joint Press Release of Lam Research Corporation and KLA-Tencor Corporation dated October 21, 2015

* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. KLA-Tencor Corporation agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedule upon request.

SIGNATURE

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 hereunto duly authorized.

KLA-TENCOR CORPORATION

/s/ Bren D. Higgins
Bren D. Higgins
Executive Vice President and Chief Financial
Officer

Date: October 21, 2015

EXHIBIT INDEX

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* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. KLA-Tencor Corporation agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedule upon request.

(at current exchange rates)

Net sales

3,189.6

2,986.8

+9.3% at constant exchange rates²

+6.8%

Operating income

484.2

429.6

+12.7%

Net income attributable to Luxottica Group stockholders

276.8

245.1

+12.9%

Earnings per share

0.60

0.53

+12.5%

Earnings per share in U.S.\$

0.84

0.71

+19.0%

Operating performance for the second quarter of 2011

During the second quarter of 2011, both the growth trend and Luxottica's investments in its future continued. In a macroeconomic environment that was, as a whole, positive, the Group

has successfully achieved results that show great improvement in all the major geographic areas where it operates, with particularly solid performance recorded in Europe, North America and the emerging markets. Despite the significant depreciation of the U.S. dollar against the Euro, going from 1.2708 during the second quarter of 2010 to 1.4391 (-12%) during the second quarter of 2011, net sales for the second quarter of 2011 exceeded Euro 1.6 billion and net income stood at Euro 162 million, the best results ever recorded in the history of Luxottica.

The results of the second quarter of 2011 are truly strong, commented Andrea Guerra, Chief Executive Officer of Luxottica. *We worked with great determination and passion in both divisions and in all the countries where we operate, on the one hand achieving excellent performance and on the other laying the basis for an even more solid growth. During the period, in fact, we were able to grow significantly in key markets such as India, China, Brazil, Mexico and Turkey, countries where we are building a strong Luxottica presence. Performance was also excellent in Europe, the Middle East, South East Asia and Latin America, where we have continued to invest in our future, opening new stores, strengthening our presence in the most promising markets and increasing our commitment to relating even more closely to the consumer through constant dialogue.*

As always, our brands are at the heart: the premium and luxury brands have confirmed the positive trends seen during the first quarter of the year, posting double-digit growth, and brands such as Chanel, Prada, Burberry, Tiffany and Ralph Lauren performed extremely well. Ray-Ban, Oakley, LensCrafters and Sunglass Hut continued to record very positive performance and, thanks to the great commitment of the entire Group, comparable store sales of OPSM in Australia were back to positive, despite the fact that the Australian environment continues to be challenging.

Despite the weakening of the U.S. dollar exchange rate, our net sales in U.S. dollars in the fundamental region of North America were strong growing by 7.5% during the quarter.

We strongly believe that these results provide an excellent basis for us to look with confidence to the second half of the year.

In the second quarter of the year, Luxottica achieved positive performances in most geographic regions where it is present. The results recorded by the Wholesale Division are worthy of note, improving on the best-ever sales of previous quarters, recording strong growth in net sales (+11.6% at constant exchange rates²). Emerging markets made a key contribution to this performance, along with Europe, particularly France, Germany, Spain and Italy, which enjoyed an especially positive sun season.

The results for Sunglass Hut were also exceptional, for the fourth consecutive quarter, benefitting from the continuous actions aimed at attracting and creating meaningful relationships with new consumers, as well as the opening of the first stores in Brazil and China. LensCrafters once again proved to be the point of reference for the optical sector in North America, thanks in part to the major investments made in new technologies and laboratories.

Consolidated results

In the second quarter of 2011, net sales for the Group rose by 9.5% at constant exchange rates² (+2.4% at current exchange rates), to Euro 1,633.5 million from Euro 1,595.1 million in the second quarter of 2010. During the half-year period, net sales rose by 9.3% at constant exchange rates² to Euro 3,189.6 million (Euro 2,986.8 million in the first half of 2010).

EBITDA³ for the second quarter of 2011 grew over the previous year by 5.0% to Euro 352.2 million, from Euro 335.4 million in the second quarter of 2010. For the first half of the year, EBITDA³ increased to Euro 635.1 million from Euro 578.0 million posted for the first half of 2010.

Operating income for the second quarter of 2011 settled at Euro 276.8 million (Euro 258.3 million for the same period last year, +7.2%), while the Group's operating margin grew from 16.2% in the second quarter of 2010 to 16.9% in the second quarter of 2011. For the first half of the year, the operating income amounted to Euro 484.2 million, up 12.7% over the Euro 429.6 million posted for the same period last year.

Net income for the second quarter of 2011 increased to Euro 162.1 million, up by 8.0% from Euro 150.1 million for the same period of 2010, resulting in earnings per share (EPS) of Euro 0.35 (at an average Euro/U.S. dollar exchange rate of 1.4391). The EPS in U.S. dollars grew by 21.9% from U.S. \$0.42 in the second quarter of 2010 to U.S. \$0.51 in the second quarter of 2011.

For the second quarter of 2011, the Group increased the investments in its future, opening new stores and investing in new technologies. By carefully controlling working capital, Luxottica once again generated excellent positive free cash flow³ (Euro 154 million). Thanks to this excellent performance and after having paid dividends during the quarter of approximately Euro 200 million, net debt as of June 30, 2011 came to Euro 2,118 million (Euro 2,111 million at the end of 2010), with a ratio of net debt to EBITDA³ of 1.9x as of June 30, 2011 as compared with 2.0x at the end of 2010.

Overview of performance at the Wholesale Division

For the second quarter of 2011, the Wholesale Division recorded its best ever results, both in terms of net sales and of profitability. The Division confirmed its ability to grow significantly in all the geographic areas where the Group is present, exploiting opportunities across the board. Underlying this performance is the excellent feedback on our new collections, the ability of the organization to build and maintain strong relationships with customers, the success in promoting Luxottica's brands by highlighting their core values and providing excellent customer service.

During the quarter, Ray-Ban and Oakley results confirmed once again that they are truly exceptional brands. Additionally, the growth trends of the premium and luxury brands and of the STARS program were also confirmed.

The Division's net sales rose to Euro 704.0 million in the second quarter of 2011 from Euro 651.2 million in the second quarter of 2010 (+11.6% at constant exchange rates² and +8.1% at current exchange rates). For the first half of 2011, net sales settled at Euro 1,345.1 million, up 12.5% at constant exchange rates² over the Euro 1,204.7 million recorded for the first half of 2010 (+11.7% at current exchange rates).

Operating income for the Wholesale Division therefore amounted to Euro 188.5 million for the second quarter of 2011, up 19.9% over the 157.2 million recorded for the second quarter of 2010. The operating margin went from 24.1% in the second quarter of 2010 to 26.8% for the second quarter of 2011. In the first six months of 2011, the operating margin came to 25.0% (23.0% in the first half of 2010).

Overview of performance at the Retail Division

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During the second quarter of 2011, the Division continued to grow, with LensCrafters and Sunglass Hut in particular achieving excellent results: at constant exchange rates², net sales for the Division grew by 8.0%. The depreciation of the U.S. dollar against the Euro did, however,

affect the translation of net sales, since approximately 80% derive from sales in North America. Net sales at current exchange rates therefore came to Euro 929.6 million for the second quarter of 2011 (Euro 944.0 million in the second quarter 2010, -1.5% at current exchange rates). During the first six months of 2011, net sales settled at Euro 1,844.5 million, up 7.2% at constant exchange rates² on the Euro 1,782.1 million recorded for the first half of 2010 (+3.5% at current exchange rates).

In terms of comparable store sales⁴, the prescription business in North America made good progress (+3.1%), with LensCrafters recording a 5.7% increase in comparable store sales⁴, continuing to benefit from the action and investments made during recent months, and Pearle Vision is back to positive.

Thanks to the efforts made by the whole organization, comparable store sales⁴ of OPSM in Australia rose by 1.2% in the second quarter of 2011, after 6 quarters of negative performance, over the same period last year, despite the Australian environment continuing to be challenging.

Once again, Sunglass Hut, the Group's sun specialty chain that operates in a number of geographical areas, posted exceptional results, with overall comparable store sales⁴ up 7.8% in the second quarter of 2011 and a particularly positive performance in the United States (+9.7%).

Due to the exchange rate effect, operating income of the Division went from Euro 136.6 million in the second quarter of 2010 to 129.8 million in the second quarter of 2011 (-5.0%). The operating margin for such periods therefore went from 14.5% to 14.0%, respectively. On a half-yearly basis, the operating margin was 12.3% (12.6% in the first half of 2010).

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Results for the first quarter and first half of 2011 will be discussed today in a conference call with the financial community starting at 6:30 PM CET. The audio portion and related presentation will be available to all via live webcast at www.luxottica.com.

The officer responsible for preparing the Company's financial reports, Enrico Cavatorta, declares, pursuant to Article 154-bis, Section 4, of the Consolidated Law on Finance, that the accounting information contained in this press release is consistent with the data in the supporting documents, books of accounts and other accounting records.

Contacts

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Notes on the press release

1 All comparisons, including percentage changes, refer to the three- and six-month periods ended June 30, 2011 and June 30, 2010, respectively.

2 2011 figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the previous year. For further information, please refer to the attached tables.

3 EBITDA, EBITDA margin, free cash flow, net debt and the ratio of net debt to EBITDA are not measures in accordance with IAS/IFRS. For additional information on non-IAS/IFRS measures, please see the attached tables.

4 Comparable store sales reflect the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period, and applies to both periods the average exchange rate for the prior period and the same geographic area.

Luxottica Group S.p.A.

Luxottica Group is a leader in premium, luxury and sports eyewear with approximately 7,000 optical and sun retail stores in North America, Asia-Pacific, China, South Africa, Latin America and Europe, and a strong, well-balanced brand portfolio. House brands include Ray-Ban, the world's most famous sun eyewear brand, Oakley, Vogue, Persol, Oliver Peoples, Arnette and REVO, while licensed brands include Bvlgari, Burberry, Chanel, Dolce & Gabbana, Donna Karan, Polo Ralph Lauren, Prada, Tiffany and Versace. In addition to a global wholesale network involving 130 different countries, the Group manages leading retail chains in major markets, including LensCrafters, Pearle Vision and ILORI in North America, OPSM and Laubman & Pank in Asia-Pacific, LensCrafters in China, GMO in Latin America and Sunglass Hut worldwide. The Group's products are designed and manufactured at its six manufacturing plants in Italy, two wholly-owned plants in the People's Republic of China and one plant in the United States devoted to the production of sports eyewear. In 2010, Luxottica Group posted net sales of almost 5.8 billion. Additional information on the Group is available at www.luxottica.com.

Safe Harbor Statement

Certain statements in this press release may constitute "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, the ability to manage the effects of the current uncertain international economic outlook, the ability to successfully acquire and integrate new businesses, the ability to predict future economic conditions and changes to consumer preferences, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution system, the ability to achieve and manage growth, the ability to negotiate and maintain favourable license agreements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, the ability to protect intellectual property, the ability to maintain relations with those hosting our stores, computer system problems, inventory-related risks, credit and insurance risks, changes to tax regimes as well as other political, economic and technological factors and other risks and uncertainties referred to in Luxottica Group's filings with the U.S. Securities and Exchange Commission. These forward looking statements are made as of the date hereof and Luxottica Group does not assume any obligation to update them.

- APPENDIX FOLLOWS -

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE THREE-MONTH PERIODS ENDED
JUNE 30, 2011 AND JUNE 30, 2010

In accordance with IAS/IFRS

	2011	2010	% Change
KEY FIGURES IN THOUSANDS OF EURO (1)			
NET SALES	1,633,544	1,595,124	2.4%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	162,087	150,052	8.0%
BASIC EARNINGS PER SHARE (ADS)(2):	0.35	0.33	7.6%
	2011	2010	% Change
KEY FIGURES IN THOUSANDS OF U.S. DOLLARS (1) (3)			
NET SALES	2,350,833	2,027,084	16.0%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	233,259	190,686	22.3%
BASIC EARNINGS PER SHARE (ADS) (2):	0.51	0.42	21.7%

Notes :

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

(2) Weighted average number of outstanding shares

(3) Average exchange rate (in U.S. Dollars per Euro)

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE SIX-MONTH PERIODS ENDED

JUNE 30, 2011 AND JUNE 30, 2010

In accordance with IAS/IFRS

	2011	2010	% Change
KEY FIGURES IN THOUSANDS OF EURO (1)			
NET SALES	3,189,646	2,986,811	6.8%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	276,781	245,143	12.9%
BASIC EARNINGS PER SHARE (ADS) (2)	0.60	0.53	12.5%
	2011	2010	% Change
KEY FIGURES IN THOUSANDS OF U.S. DOLLARS (1) (3)			
NET SALES	4,475,711	3,962,901	12.9%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	388,379	325,256	19.4%
BASIC EARNINGS PER SHARE (ADS)(2)	0.84	0.71	19.0%

Notes :

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

(2) Weighted average number of outstanding shares

(3) Average exchange rate (in U.S. Dollars per Euro)

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT

FOR THE THREE-MONTH PERIODS ENDED

JUNE 30, 2011 AND JUNE 30, 2010

In accordance with IAS/IFRS

	2Q 2011	% of sales	2Q 2010	% of sales	% Change
KEY FIGURES IN THOUSANDS OF EURO (1)					
NET SALES	1,633,544	100.0%	1,595,124	100.0%	2.4%
COST OF SALES	(542,674)		(529,756)		
GROSS PROFIT	1,090,871	66.8%	1,065,367	66.8%	2.4%
<i>OPERATING EXPENSES:</i>					
SELLING EXPENSES	(488,101)		(484,763)		
ROYALTIES	(28,509)		(27,632)		
ADVERTISING EXPENSES	(113,260)		(115,345)		
GENERAL AND ADMINISTRATIVE EXPENSES	(164,482)		(157,875)		
TRADEMARK AMORTIZATION AND OTHER	(19,701)		(21,422)		
TOTAL	(814,053)		(807,037)		
OPERATING INCOME	276,819	16.9%	258,330	16.2%	7.2%
<i>OTHER INCOME (EXPENSE):</i>					
INTEREST EXPENSES	(31,172)		(26,932)		
INTEREST INCOME	5,148		1,245		
OTHER - NET	(1,152)		(3,934)		
OTHER INCOME (EXPENSES)-NET	(27,175)		(29,622)		
INCOME BEFORE PROVISION FOR INCOME TAXES	249,642	15.3%	228,708	14.3%	9.2%
PROVISION FOR INCOME TAXES	(85,822)		(77,813)		
NET INCOME	163,820	10.0%	150,895	9.5%	8.6%
OF WHICH ATTRIBUTABLE TO:					
- LUXOTTICA GROUP STOCKHOLDERS	162,087	9.9%	150,052	9.4%	8.0%
- NON-CONTROLLING INTERESTS	1,734	0.1%	843	0.1%	
NET INCOME	163,820	10.0%	150,895	9.5%	8.6%
BASIC EARNINGS PER SHARE (ADS):					
	0.35		0.33		
FULLY DILUTED EARNINGS PER SHARE (ADS):					
	0.35		0.33		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES					
	460,302,612		458,696,583		
FULLY DILUTED AVERAGE NUMBER OF SHARES					
	462,326,882		460,715,012		

Notes :

(1) Except earnings per share (ADS), which are expressed in Euro

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT

FOR THE SIX-MONTH PERIODS ENDED

JUNE 30, 2011 AND JUNE 30, 2010

In accordance with IAS/IFRS

	2011	% of sales	2010	% of sales	% Change
KEY FIGURES IN THOUSANDS OF EURO (1)					
NET SALES	3,189,646	100.0%	2,986,811	100.0%	6.8%
COST OF SALES	(1,097,127)		(1,029,545)		
GROSS PROFIT	2,092,519	65.6%	1,957,265	65.5%	6.9%
<i>OPERATING EXPENSES:</i>					
SELLING EXPENSES	(980,366)		(937,529)		
ROYALTIES	(57,052)		(52,500)		
ADVERTISING EXPENSES	(203,673)		(196,488)		
GENERAL AND ADMINISTRATIVE EXPENSES	(327,125)		(299,640)		
TRADEMARK AMORTIZATION AND OTHER	(40,069)		(41,533)		
TOTAL	(1,608,285)		(1,527,690)		
OPERATING INCOME	484,234	15.2%	429,577	14.4%	12.7%
<i>OTHER INCOME (EXPENSE):</i>					
INTEREST EXPENSES	(60,434)		(51,571)		
INTEREST INCOME	7,235		3,282		
OTHER - NET	(2,896)		(4,752)		
OTHER INCOME (EXPENSES)-NET	(56,095)		(53,041)		
INCOME BEFORE PROVISION FOR INCOME TAXES	428,140	13.4%	376,536	12.6%	13.7%
PROVISION FOR INCOME TAXES	(147,221)		(127,973)		
NET INCOME	280,919	8.8%	248,562	8.3%	13.0%
OF WHICH ATTRIBUTABLE TO:					
- LUXOTTICA GROUP STOCKHOLDERS	276,781	8.7%	245,143	8.2%	12.9%
- NONCONTROLLING INTERESTS	4,138	0.1%	3,419	0.1%	
NET INCOME	280,919	8.8%	248,562	8.3%	13.0%
BASIC EARNINGS PER SHARE (ADS):					
	0.60		0.53		
FULLY DILUTED EARNINGS PER SHARE (ADS):					
	0.60		0.53		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES					
	460,118,653		458,551,310		
FULLY DILUTED AVERAGE NUMBER OF SHARES					
	462,153,860		460,301,289		

Notes :

(1) Except earnings per share (ADS), which are expressed in Euro

LUXOTTICA GROUP

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2011 AND DECEMBER 31, 2010

In accordance with IAS/IFRS

	June 30, 2011	December 31, 2010
KEY FIGURES IN THOUSANDS OF EURO		
<i>CURRENT ASSETS:</i>		
CASH AND CASH EQUIVALENTS	508,397	679,852
ACCOUNTS RECEIVABLE - NET	812,972	655,892
INVENTORIES - NET	586,035	590,036
OTHER ASSETS	204,460	226,759
TOTAL CURRENT ASSETS	2,111,864	2,152,539
<i>NON-CURRENT ASSETS:</i>		
PROPERTY, PLANT AND EQUIPMENT - NET	1,192,194	1,229,130
GOODWILL	2,725,907	2,890,397
INTANGIBLE ASSETS - NET	1,058,086	1,155,007
INVESTMENTS	53,568	54,083
OTHER ASSETS	144,042	148,125
DEFERRED TAX ASSETS	369,060	364,299
TOTAL NON-CURRENT ASSETS	5,542,856	5,841,040
TOTAL	7,654,720	7,993,579
<i>CURRENT LIABILITIES:</i>		
BANK OVERDRAFTS	187,051	158,648
CURRENT PORTION OF LONG-TERM DEBT	230,381	197,566
ACCOUNTS PAYABLE	481,444	537,742
INCOME TAXES PAYABLE	66,119	60,067
OTHER LIABILITIES	558,020	549,280
TOTAL CURRENT LIABILITIES	1,523,015	1,503,303
<i>NON-CURRENT LIABILITIES:</i>		
LONG-TERM DEBT	2,209,278	2,435,071
LIABILITY FOR TERMINATION INDEMNITIES	44,742	45,363
DEFERRED TAX LIABILITIES	416,054	429,848
OTHER LIABILITIES	265,478	310,590
TOTAL NON-CURRENT LIABILITIES	2,935,552	3,220,872
<i>STOCKHOLDERS EQUITY:</i>		
LUXOTTICA GROUP STOCKHOLDERS EQUITY	3,182,845	3,256,375
NON-CONTROLLING INTEREST	13,308	13,029
TOTAL STOCKHOLDERS EQUITY	3,196,153	3,269,404
TOTAL	7,654,720	7,993,579

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE SIX-MONTH PERIODS ENDED

JUNE 30, 2011 AND JUNE 30, 2010

- SEGMENTAL INFORMATION -

In accordance with IAS/IFRS

In thousands of Euro	Manufacturing and Wholesale	Retail	Inter-Segment Transactions and Corporate Adj.	Consolidated
2011				
Net Sales	1,345,101	1,844,545		3,189,646
Operating Income	336,328	226,562	(78,655)	484,234
<i>% of Sales</i>	<i>25.0%</i>	<i>12.3%</i>		<i>15.2%</i>
Capital Expenditures	46,169	85,413		131,582
Depreciation & Amortization	41,523	69,313	40,069	150,906
2010				
Net Sales	1,204,678	1,782,133		2,986,811
Operating Income	277,325	224,584	(72,333)	429,576
<i>% of Sales</i>	<i>23.0%</i>	<i>12.6%</i>		<i>14.4%</i>
Capital Expenditures	37,496	45,393		82,889
Depreciation & Amortization	38,223	68,666	41,533	148,421

Non-IAS/IFRS Measures: Adjusted measures

In order to provide a supplemental comparison of current period results of operations to prior periods, we have adjusted for certain non-recurring transactions or events.

We have made such adjustments to the following measures: EBITDA, EBITDA margin and net income.

For comparative purposes, management has adjusted each of the foregoing measures by excluding the following:

- (a) a non-recurring gain in 2010 from the release of a provision for taxes of approximately USD 27 million (approximately Euro 20 million at December 31, 2010) related to the sale of the Things Remembered retail chain in 2006; and
- (b) a non-recurring loss in the fourth quarter of 2010 from the impairment charge recorded of approximately Euro 20 million related to certain of the Company assets in the Australian region.

The Company believes that these adjusted measures are useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry because they exclude the impact of non-recurring items that are not relevant to the Company's operating performance.

The adjusted measures referenced above are not measures of performance in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include these adjusted comparisons in this presentation in order to provide a supplemental view of operations that excludes items that are unusual, infrequent or unrelated to our ongoing core operations.

These adjusted measures are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these adjusted measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating these adjusted measures may differ from methods used by other companies.

The Company recognizes that there are limitations in the usefulness of adjusted comparisons due to the subjective nature of items excluded by management in calculating adjusted comparisons. We compensate for the foregoing limitation by using these adjusted measures as a comparative tool, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance.

See the tables on the following pages for a reconciliation of the adjusted measures discussed above to their most directly comparable IAS/IFRS financial measures or, in the case of adjusted EBITDA and adjusted EBITDA margin, to EBITDA and EBITDA margin, respectively, which are also non-IAS/IFRS measures. For a discussion of EBITDA and EBITDA margin and a reconciliation of EBITDA and EBITDA margin to their most directly comparable IAS/IFRS financial measures, see the tables on the earlier pages.

Non-IAS/IFRS Measures: Reconciliation between reported and adjusted P&L items

Millions of Euro

	EBITDA	FY10	Net Income
Reported	1,013.8		402.2
> Adjustment for goodwill impairment charge	20.4		20.4
> Adjustment for discontinued operations			(19.9)
Adjusted	1,034.2		402.7

Non-IAS/IFRS Measure: EBITDA and EBITDA margin

EBITDA represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization. **EBITDA margin** means EBITDA divided by net sales.

The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business.

EBITDA and EBITDA margin are not measures of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS).

We include them in this presentation in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

EBITDA and EBITDA margin are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EBITDA may differ from methods used by other companies. The Company recognizes that the usefulness of EBITDA has certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;

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- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;
- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss.

We compensate for the foregoing limitations by using EBITDA as a comparative tool, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure, as well as the calculation of EBITDA margin on net sales.

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Non-IAS/IFRS Measure: EBITDA and EBITDA margin

Millions of Euro

	2Q 2010	2Q 2011	1H 2010	1H 2011	FY10 (1)	LTM June 30, 2011
Net income/(loss) (+)	150.1	162.1	245.1	276.8	402.7	434.4
Net income attributable to non-controlling interest (+)	0.8	1.7	3.4	4.1	5.1	5.8
Provision for income taxes (+)	77.8	85.8	128.0	147.2	218.2	237.4
Other (income)/expense (+)	29.6	27.2	53.0	56.1	106.6	109.7
Depreciation & amortization (+)	77.0	75.3	148.4	150.9	301.6	304.1
EBITDA (=)	335.4	352.2	578.0	635.1	1,034.2	1,091.4
Net sales (/)	1,595.1	1,633.5	2,986.8	3,189.6	5,798.0	6,000.8
EBITDA margin (=)	21.0%	21.6%	19.4%	19.9%	17.8%	18.2%

1. Net income as of Dec. 31, 2010 excluding impairment and discontinued operations. EBITDA as of Dec. 31, 2010 excluding impairment.

Non-IAS/IFRS Measure: Net Debt to EBITDA ratio

Net debt to EBITDA ratio: Net debt means the sum of bank overdrafts, current portion of long-term debt and long-term debt, less cash. EBITDA represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business. The ratio of net debt to EBITDA is a measure used by management to assess the Company's level of leverage, which affects our ability to refinance our debt as it matures and incur additional indebtedness to invest in new business opportunities. The ratio also allows management to assess the cost of existing debt since it affects the interest rates charged by the Company's lenders.

EBITDA and ratio of net debt to EBITDA are not measures of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS).

We include them in this presentation in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

EBITDA and ratio of net debt to EBITDA are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EBITDA and the ratio of net debt to EBITDA may differ from methods used by other companies. The Company recognizes that the usefulness of EBITDA and the ratio of net debt to EBITDA as evaluative tools may have certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows.

Therefore, any measure that excludes interest expense may have material limitations;

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- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits.

Therefore, any measure that excludes depreciation and expense may have material limitations;

- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss; and
- The ratio of net debt to EBITDA is net of cash and cash equivalents, restricted cash and short-term investments, thereby reducing our debt position.

Because we may not be able to use our cash to reduce our debt on a dollar-for-dollar basis, this measure may have material limitations. We compensate for the foregoing limitations by using EBITDA and the ratio of net debt to EBITDA as two of several comparative tools, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of net debt to long-term debt, which is the most directly comparable IAS/IFRS financial measure, as well as the calculation of the ratio of net debt to EBITDA. For a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure, see the table on the preceding page.

Non-IAS/IFRS Measure: Net debt and Net debt / EBITDA

Millions of Euro

	June 30, 2011	Dec. 31, 2010
Long-term debt (+)	2,209.3	2,435.1
Current portion of long-term debt (+)	230.4	197.6
Bank overdrafts (+)	187.1	158.6
Cash (-)	(508.4)	(679.9)
Net debt (=)	2,118.3	2,111.4
LTM EBITDA	1,091.4	1,034.2
Net debt/LTM EBITDA	1.9x	2.0x
Net debt @ avg. exchange rates (1)	2,187.9	2,116.2
Net debt @ avg. exchange rates (1)/LTM EBITDA	2.0x	2.0x

1. Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures.

Non-IAS/IFRS Measures: Free Cash Flow

Free cash flow net represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization (i.e. EBITDA – see table on the earlier page) plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. The Company believes that free cash flow is useful to both management and investors in evaluating the Company's operating performance compared with other companies in its industry. In particular, our calculation of free cash flow provides a clearer picture of the Company's ability to generate net cash from operations, which is used for mandatory debt service requirements, to fund discretionary investments, pay dividends or pursue other strategic opportunities.

Free cash flow is not a measure of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS).

We include it in this presentation in order to:

- Improve transparency for investors;
- Assist investors in their assessment of the Company's operating performance and its ability to generate cash from operations in excess of its cash expenses;
- Ensure that this measure is fully understood in light of how the Company evaluates its operating results;
- Properly define the metrics used and confirm their calculation; and
- Share this measure with all investors at the same time.

Free cash flow is not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, this non-IAS/IFRS measure should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that this measure is not a defined term under IAS/IFRS and its definition should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculation of free cash flow may differ from methods used by other companies.

The Company recognizes that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

- The manner in which the Company calculates free cash flow may differ from that of other companies, which limits its usefulness as a comparative measure;
- Free cash flow does not represent the total increase or decrease in the net debt balance for the period since it excludes, among other things, cash used for funding discretionary investments and to pursue strategic opportunities during the period and any impact of the exchange rate changes; and
- Free cash flow can be subject to adjustment at the Company's discretion if the Company takes steps or adopts policies that increase or diminish its current liabilities and/or changes to working capital.

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We compensate for the foregoing limitations by using free cash flow as one of several comparative tools, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance.

See the table on the following page for a reconciliation of free cash flow to EBITDA and the table on the earlier page for a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure.

Non-IAS/IFRS Measure: Free cash flow

Millions of Euro

	2Q 2011
EBITDA (1)	352
working capital	(8)
Capex	(74)
Operating cash flow	270
Financial charges (2)	(26)
Taxes	(89)
Extraordinary charges (3)	(1)
Free cash flow	154

1. EBITDA is not an IAS/IFRS measure; please see table on the earlier page for a reconciliation of EBITDA to net income

2. Equals interest income minus interest expense

3. Equals extraordinary income minus extraordinary expense

Major currencies

	Three months ended June 30, 2010	Six months ended June 30, 2010	Twelve months ended December 31, 2010	Three months ended June 30, 2011	Six months ended June 30, 2011
Average exchange rates per 1					
US\$	1.27075	1.32683	1.32572	1.43906	1.40325
AUD	1.44025	1.48477	1.44231	1.35500	1.35820
GBP	0.85239	0.86999	0.85784	0.88274	0.86818
CNY	8.67171	9.05673	8.97123	9.35094	9.17552
JPY	117.15460	121.31968	116.23857	117.40762	114.96992

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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.

Date: July 26, 2011

By:

/s/ ENRICO CAVATORTA
ENRICO CAVATORTA
CHIEF FINANCIAL OFFICER