

LUXOTICA

G R O U P

III QUARTER 2006

Consolidated Financial Statements

PRESS RELEASE

CONSOLIDATED FINANCIAL STATEMENTS



Luxottica posts 19.3 percent rise in net income for the third quarter, once again increases guidance on full year results

Milan, Italy - November 6, 2006 - Luxottica Group S.p.A. (NYSE: LUX; MTA: LUX), the global leader in the eyewear sector, today announced consolidated U.S. GAAP results for the three- and nine-month periods ended September 30, 2006.

Consolidated results for both periods reflect the sale of the Things Remembered business in September of this year, which is reported under U.S. GAAP as a discontinued operation. Consequently, results of the Things Remembered business for the three- and nine-month periods ended September 30, 2005 and 2006 are not included in the Group's consolidated sales, operating income and net income from continuing operations reported today.

Financial highlights for the respective periods were as follows:

Third quarter of 2006¹

- **Consolidated sales: €1,120.4 million (+9.8%) (+13.8% excluding effect of exchange rates)**
 - Retail sales: €838.6 million (+4.8%); Retail comparable store sales²: +6.0%
 - Total wholesale sales: €359.5 million (+26.7%)
- **Consolidated operating income: €186.5 million (+20.5%); Operating margin: 16.6%**
 - Retail operating income: €112.6 million (+8.8%); Retail operating margin: 13.4%
 - Wholesale operating income: €88.0 million (+39.1%); Wholesale operating margin: 24.5%
- **Consolidated net income from continuing operations³: €107.0 million (+19.3%); Net margin: 9.6%**
- **Earnings per share: €0.24 (US\$0.30 per ADS)**

First nine months of 2006⁴

- **Consolidated sales: €3,565.6 million (+15.1%)**
 - Retail sales: €2,525.0 million (+10.0%); Retail comparable store sales⁵: +7.0%
 - Total wholesale sales: €1,301.5 million (+33.0%)
- **Consolidated operating income: €591.1 million (+30.7%); Operating margin: 16.6%**
 - Retail operating income: €345.5 million (+25.7%); Retail operating margin: 13.7%
 - Wholesale operating income: €341.6 million (+47.7%); Wholesale operating margin: 26.2%
- **Consolidated net income from continuing operations⁶: €330.0 million (+29.6%); Net margin: 9.3%**
- **Earnings per share: €0.73 (US\$0.91 per ADS)**

Andrea Guerra, chief executive officer of Luxottica Group, commented: "After nine months of extremely positive results, today our business is strong with both wholesale and retail on track to deliver a record year. Thanks to these results, today we are able to confirm our full year guidance of earnings per share (EPS) of between €0.93 and €0.94 even though our business no longer includes the results of Things Remembered, which

historically has been contributing EPS of €0.03 on a yearly basis. Today this reflects an year-over-year growth in EPS from continuing operations of 28 percent.”

Mr. Guerra continued: “Cash flow generation was again one of the highlights of our results, with €129 million for the quarter.”

Consolidated results for the third quarter continued to be strong all around, in all regions and in both the wholesale and retail businesses. The Group continued to outpace the sector, gaining additional penetration in key markets as well as greater visibility for its portfolio of leading luxury and fashion brands. This resulted in further improvements in profitability, with operating margin rising significantly by 140 basis points to 16.6%.

The third quarter was a record period for the Group’s wholesale business, with sales to third parties - a key measure of the wholesale business - rising by 27.8% and operating margin up by 220 basis points to 24.5%, in line with all-time highs for the wholesale division. Main drivers of this performance were another exceptional quarter by Ray-Ban and the strength and further improved penetration of the Group’s luxury and fashion brands - mainly Bvlgari, Chanel, Dolce & Gabbana, Prada and Versace.

In the retail business, the Group enjoyed another quarter of particularly strong results, especially from operations in North America. LensCrafters posted another above-average quarter, while Sunglass Hut’s comparable store sales rose by over 6.0%. Similarly, Pearle Vision posted its first full year of growth, with comparable store sales up to mid-single digits and further improvements in profitability. In Asia-Pacific, the Group’s optical business posted a positive quarter. Overall, operating margin for all of the Group’s retail operations was a strong 13.4% for the quarter and 13.7% for the year-to-date period.

On September 30, 2006, Luxottica Group’s consolidated net outstanding debt was €1,299.8 million.

Results for the quarter and the year-to-date period reflect the impact of non-cash expenses for stock options⁷ of €7.7 million and €28.7 million, respectively, compared with €5.8 million and €12.4 million for the comparable periods last year.

Luxottica Group’s consolidated results for the third quarter and first nine months of 2006 were approved today by its Board of Directors.

About Luxottica Group S.p.A.

Luxottica Group is a global leader in eyewear, with nearly 5,700 optical and sun retail stores in North America, Asia-Pacific, China and Europe and a strong brand portfolio that includes Ray-Ban, the best selling sun and prescription eyewear brand in the world, as well as, among others, license brands Bvlgari, Burberry, Chanel, Dolce & Gabbana, Donna Karan, Prada, Versace and Polo Ralph Lauren, beginning January 2007, and key house brands Vogue, Persol, Arnette and REVO. In addition to a global wholesale network that touches 130 countries, the Group manages leading retail brands such as LensCrafters and Pearle Vision in North America, OPSM and Laubman & Pank in Asia-Pacific, and Sunglass Hut globally. The Group’s products are designed and manufactured in six Italy-based high-quality manufacturing plants and in the only two China-based plants wholly-owned by a premium eyewear manufacturer. For fiscal year 2005, Luxottica Group (NYSE: LUX; MTA:

LUX) posted consolidated net sales of €4.4 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, fluctuations in exchange rates, economic and weather factors affecting consumer spending, the ability to successfully introduce and market new products, the availability of correction alternatives to prescription eyeglasses, the ability to successfully launch initiatives to increase sales and reduce costs, the ability to effectively integrate recently acquired businesses, including Cole National, risks that expected synergies from the acquisition of Cole National will not be realized as planned and that the combination of Luxottica Group’s managed vision care business with Cole National will not be as successful as planned, as well as other political, economic and technological factors and other risks 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, under U.S. securities regulation, Luxottica Group does not assume any obligation to update them.

Company media and investor relations contacts

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- TABLES TO FOLLOW -

1 All comparisons, including percentage changes, are between the three-month periods ended September 30, 2006 and 2005

2 Comparable store sales reflects 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.

3 Figures exclude the results of Things Remembered, a discontinued operation.

4 All comparisons, including percentage changes, are between the nine-month periods ended September 30, 2006 and 2005

5 Comparable store sales reflects 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.

6 Figures exclude the results of Things Remembered, a discontinued operation.

7 The non-cash expenses for stock options for the three- and nine-month periods ended September 30, 2006, resulted from the application of SFAS 123 (R).

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CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND SEPTEMBER 30, 2005

KEY FIGURES IN THOUSANDS OF EURO ⁽⁴⁾

	2006	2005	% Change
NET SALES	1,120,380	1,020,629	9.8%
NET INCOME FROM CONTINUING OPERATIONS ⁽⁵⁾	107,041	89,754	19.3%
NET INCOME	104,126	89,309	16.6%
BASIC EARNINGS PER SHARE (ADS) ⁽²⁾:			
FROM CONTINUING OPERATIONS ⁽⁵⁾	0.24	0.20	
TOTAL	0.23	0.20	
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽³⁾:			
FROM CONTINUING OPERATIONS ⁽⁵⁾	0.23	0.20	
TOTAL	0.23	0.20	

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS ^{(1) (4)}

	2006	2005	% Change
NET SALES	1,427,700	1,244,861	14.7%
NET INCOME FROM CONTINUING OPERATIONS ⁽⁵⁾	136,402	109,473	24.6%
NET INCOME	132,688	108,931	21.8%
BASIC EARNINGS PER SHARE (ADS) ⁽²⁾:			
FROM CONTINUING OPERATIONS ⁽⁵⁾	0.30	0.24	
TOTAL	0.29	0.24	
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽³⁾:			
FROM CONTINUING OPERATIONS ⁽⁵⁾	0.30	0.24	
TOTAL	0.29	0.24	

Notes :

	2006	2005
(1) Average exchange rate (in U.S. Dollars per Euro)	1.2743	1.2197
(2) Weighted average number of outstanding shares	453,121,133	450,359,614
(3) Fully diluted average number of shares	456,263,730	453,829,742
(4) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively		
(5) Results of Things Remembered, Inc., a former subsidiary that was sold in September 2006, are classified as discontinued operations and are not included in results of operations from continuing operations for 2006 and 2005.		

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CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND SEPTEMBER 30, 2005

KEY FIGURES IN THOUSANDS OF EURO ⁽⁴⁾

	2006	2005	% Change
NET SALES	3,565,603	3,099,002	15.1%
NET INCOME FROM CONTINUING OPERATIONS ⁽⁵⁾	329,962	254,679	29.6%
NET INCOME	328,597	256,715	28.0%
BASIC EARNINGS PER SHARE (ADS) ⁽²⁾:			
FROM CONTINUING OPERATIONS ⁽⁵⁾	0.73	0.57	
TOTAL	0.73	0.57	
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽³⁾:			
FROM CONTINUING OPERATIONS ⁽⁵⁾	0.72	0.56	
TOTAL	0.72	0.57	

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS ^{(1) (4)}

	2006	2005	% Change
NET SALES	4,437,036	3,913,110	13.4%
NET INCOME FROM CONTINUING OPERATIONS ⁽⁵⁾	410,605	321,583	27.7%
NET INCOME	408,906	324,151	26.1%
BASIC EARNINGS PER SHARE (ADS) ⁽²⁾:			
FROM CONTINUING OPERATIONS ⁽⁵⁾	0.91	0.71	
TOTAL	0.90	0.72	
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽³⁾:			
FROM CONTINUING OPERATIONS ⁽⁵⁾	0.90	0.71	
TOTAL	0.90	0.72	

Notes :

	2006	2005
(1) Average exchange rate (in U.S. Dollars per Euro)	1.2444	1.2627
(2) Weighted average number of outstanding shares	452,665,455	449,805,613
(3) Fully diluted average number of shares	455,896,985	452,757,366
(4) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively		
(5) Results of Things Remembered, Inc., a former subsidiary that was sold in September 2006, are classified as discontinued operations and are not included in results of operations from continuing operations for 2006 and 2005.		

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CONSOLIDATED INCOME STATEMENT FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND SEPTEMBER 30, 2005

In thousands of Euro ⁽¹⁾	3Q06	% of sales	3Q05	% of sales	% Change
NET SALES	1,120,380	100.0%	1,020,629	100.0%	9.8%
COST OF SALES	(330,262)		(309,589)		
GROSS PROFIT	790,118	70.5%	711,040	69.7%	11.1%
<i>OPERATING EXPENSES:</i>					
SELLING EXPENSES	(373,887)		(364,924)		
ROYALTIES	(20,578)		(14,020)		
ADVERTISING EXPENSES	(76,311)		(62,494)		
GENERAL AND ADMINISTRATIVE EXPENSES	(116,797)		(102,477)		
TRADEMARK AMORTIZATION	(16,066)		(12,314)		
TOTAL	(603,638)		(556,230)		
OPERATING INCOME	186,480	16.6%	154,810	15.2%	20.5%
<i>OTHER INCOME (EXPENSE):</i>					
INTEREST EXPENSES	(18,820)		(17,409)		
INTEREST INCOME	2,529		972		
OTHER - NET	(2,523)		912		
OTHER INCOME (EXPENSES) NET	(18,815)		(15,525)		
INCOME BEFORE PROVISION FOR INCOME TAXES	167,665	15.0%	139,285	13.6%	20.4%
PROVISION FOR INCOME TAXES	(58,851)		(48,723)		
INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	108,814		90,561		
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	(1,773)		(808)		
NET INCOME FROM CONTINUING OPERATIONS ⁽²⁾	107,041	9.6%	89,754	8.8%	19.3%
DISCONTINUED OPERATIONS	(2,915)		(444)		
NET INCOME	104,126	9.3%	89,309	8.8%	16.6%
BASIC EARNINGS PER SHARE (ADS):					
FROM CONTINUING OPERATIONS ^{(1) (2)}	0.24		0.20		
TOTAL ⁽¹⁾	0.23		0.20		
FULLY DILUTED EARNINGS PER SHARE (ADS):					
FROM CONTINUING OPERATIONS ^{(1) (2)}	0.23		0.20		
TOTAL ⁽¹⁾	0.23		0.20		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES					
	453,121,133		450,359,614		
FULLY DILUTED AVERAGE NUMBER OF SHARES					
	456,263,730		453,829,742		

Notes :

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

(2) Results of Things Remembered, Inc., a former subsidiary that was sold in September 2006, are classified as discontinued operations and are not included in results of operations from continuing operations for 2006 and 2005.

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CONSOLIDATED INCOME STATEMENT FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND SEPTEMBER 30, 2005

In thousands of Euro ⁽¹⁾	2006	% of sales	2005	% of sales	% Change
NET SALES	3,565,603	100.0%	3,099,002	100.0%	15.1%
COST OF SALES	(1,090,581)		(980,245)		
GROSS PROFIT	2,475,022	69.4%	2,118,757	68.4%	16.8%
<i>OPERATING EXPENSES:</i>					
SELLING EXPENSES	(1,156,794)		(1,073,927)		
ROYALTIES	(76,196)		(48,548)		
ADVERTISING EXPENSES	(255,517)		(206,176)		
GENERAL AND ADMINISTRATIVE EXPENSES	(351,635)		(300,018)		
TRADEMARK AMORTIZATION	(43,819)		(37,912)		
TOTAL	(1,883,960)		(1,666,581)		
OPERATING INCOME	591,062	16.6%	452,176	14.6%	30.7%
<i>OTHER INCOME (EXPENSE):</i>					
INTEREST EXPENSES	(54,201)		(49,142)		
INTEREST INCOME	6,128		4,188		
OTHER - NET	(12,628)		9,337		
OTHER INCOME (EXPENSES) NET	(60,701)		(35,617)		
INCOME BEFORE PROVISION FOR INCOME TAXES	530,362	14.9%	416,558	13.4%	27.3%
PROVISION FOR INCOME TAXES	(193,049)		(154,127)		
INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	337,313		262,432		
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	(7,351)		(7,753)		
NET INCOME FROM CONTINUING OPERATIONS ⁽²⁾	329,962	9.3%	254,679	8.2%	29.6%
DISCONTINUED OPERATIONS	(1,365)		2,036		
NET INCOME	328,597	9.2%	256,715	8.3%	28.0%
BASIC EARNINGS PER SHARE (ADS):					
FROM CONTINUING OPERATIONS ^{(1) (2)}	0.73		0.57		
TOTAL ⁽¹⁾	0.73		0.57		
FULLY DILUTED EARNINGS PER SHARE (ADS):					
FROM CONTINUING OPERATIONS ^{(1) (2)}	0.72		0.56		
TOTAL ⁽¹⁾	0.72		0.57		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES					
	452,665,455		449,805,613		
FULLY DILUTED AVERAGE NUMBER OF SHARES					
	455,896,985		452,757,366		

Notes :

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

(2) Results of Things Remembered, Inc., a former subsidiary that was sold in September 2006, are classified as discontinued operations and are not included in results of operations from continuing operations for 2006 and 2005.

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CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2006, AND DECEMBER 31, 2005

In thousands of Euro	September 30, 2006	December 31, 2005 ^{(1) (2)}
<i>CURRENT ASSETS:</i>		
CASH	400,887	367,461
ACCOUNTS RECEIVABLE	539,979	461,353
SALES AND INCOME TAXES RECEIVABLE	22,425	45,823
INVENTORIES	383,254	370,289
PREPAID EXPENSES AND OTHER	102,478	87,581
DEFERRED TAX ASSETS - CURRENT	112,088	89,781
ASSETS HELD FOR SALE	10,847	182,296
TOTAL CURRENT ASSETS	1,571,958	1,604,584
PROPERTY, PLANT AND EQUIPMENT - NET	739,617	705,166
<i>OTHER ASSETS</i>		
INTANGIBLE ASSETS - NET	2,531,289	2,602,469
INVESTMENTS	22,632	15,832
OTHER ASSETS	100,393	44,741
SALES AND INCOME TAXES RECEIVABLES	729	730
TOTAL OTHER ASSETS	2,655,043	2,663,772
TOTAL	4,966,618	4,973,522
<i>CURRENT LIABILITIES:</i>		
BANK OVERDRAFTS	264,135	275,956
CURRENT PORTION OF LONG-TERM DEBT	314,214	110,978
ACCOUNTS PAYABLE	296,763	281,348
ACCRUED EXPENSES AND OTHER	356,886	379,166
ACCRUAL FOR CUSTOMERS' RIGHT OF RETURN	17,974	7,799
INCOME TAXES PAYABLE	184,092	133,382
LIABILITIES HELD FOR SALE		47,092
TOTAL CURRENT LIABILITIES	1,434,064	1,235,721
<i>LONG TERM LIABILITIES:</i>		
LONG TERM DEBT	1,122,340	1,417,931
LIABILITY FOR TERMINATION INDEMNITIES	60,515	56,600
DEFERRED TAX LIABILITIES - NON CURRENT	62,516	116,639
OTHER	156,020	179,120
TOTAL LONG TERM LIABILITIES	1,401,391	1,770,289
<i>COMMITMENTS AND CONTINGENCY:</i>		
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	9,312	13,478
<i>SHAREHOLDERS' EQUITY:</i>		
459,824,773 ORDINARY SHARES AUTHORIZED AND ISSUED -		
453,389,987 SHARES OUTSTANDING	27,589	27,479
NET INCOME	328,597	342,294
RETAINED EARNINGS	1,765,665	1,584,260
TOTAL SHAREHOLDERS' EQUITY	2,121,851	1,954,033
TOTAL	4,966,618	4,973,522

Notes :

(1) Certain amounts of 2005 have been reclassified to conform to 2006 presentation.

(2) Results of Things Remembered, Inc., a former subsidiary that was sold in September 2006, are classified as assets and liabilities held for sale in the balance sheet of December 2005.

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**CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2006 AND SEPTEMBER 30, 2005
- SEGMENTAL INFORMATION -**

In thousands of Euro	Manufacturing and Wholesale	Retail	Inter-Segments Transaction and Corporate Adj.	Consolidated
2006				
Net Sales	1,301,533	2,524,996	(260,926)	3,565,603
EBITDA ⁽¹⁾	383,199	428,105	(67,432)	743,873
<i>% of sales</i>	<i>29.4%</i>	<i>17.0%</i>		<i>20.9%</i>
Operating income	341,615	345,515	(96,068)	591,062
<i>% of sales</i>	<i>26.2%</i>	<i>13.7%</i>		<i>16.6%</i>
Capital Expenditure	65,658	96,012		161,669
Depreciation & Amortization	41,584	82,590	28,637	152,811
Assets	1,776,446	1,312,726	1,877,446	4,966,618
2005 ^{(2) (3)}				
Net Sales	978,928	2,295,650	(175,576)	3,099,002
EBITDA ⁽¹⁾	267,741	351,781	(30,702)	588,820
<i>% of sales</i>	<i>27.4%</i>	<i>15.3%</i>		<i>19.0%</i>
Operating income	231,310	274,797	(53,931)	452,176
<i>% of sales</i>	<i>23.6%</i>	<i>12.0%</i>		<i>14.6%</i>
Capital Expenditure	65,005	79,560		144,566
Depreciation & Amortization	36,431	76,984	23,229	136,645
Assets	1,591,005	1,213,261	2,064,259	4,868,526

Notes :

(1) EBITDA is the sum of Operating Income and Depreciation & Amortization

(2) Results of Things Remembered, Inc., a former subsidiary that was sold in September 2006, are classified as discontinued operations and are not included in results of operations of 2006 and 2005.

(3) Certain amounts of 2005 have been reclassified to conform to 2006 presentation.