Looking positively at 2010

Milan – October 29, 2009

Forward looking statements

Certain statements in this investor presentation 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 effect of the poor current global economic conditions on our business, the ability to successfully acquire new businesses and integrate their operations, the ability to predict future economic conditions and changes in consumer preferences, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to achieve and manage growth, the ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, as well as other political, economic and technological factors and other risks and uncertainties described in our filings with the US Securities and Exchange Commission. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

3Q09 results

3Q09 overview

- The worst is behind us
- Strong balance sheet
  - Good control of working capital. Further opportunities to improve
  - Yet another quarter of strong free cash flow$_{(1)}$ generation, €207 million vs. €186 million for 3Q08
  - Net debt$_{(1)}$ at €2,414 million, net debt/EBITDA$_{(1)}$: 2.66x
- Shareholders approved over €100 million dividend distribution today
- 3Q sales results confirmed better trends in both divisions
  - Wholesale: September portfolio orders: +8% vs. LY
  - Retail: September, Sunglass Hut comps in US were almost at break-even
- 3Q08 results: best profitability performance within 2008
  - 3Q09: improving underlying profitability
    - €29 million of non-recurring positive items in 3Q08
  - Currencies: heavy fluctuations
    - worsening US$

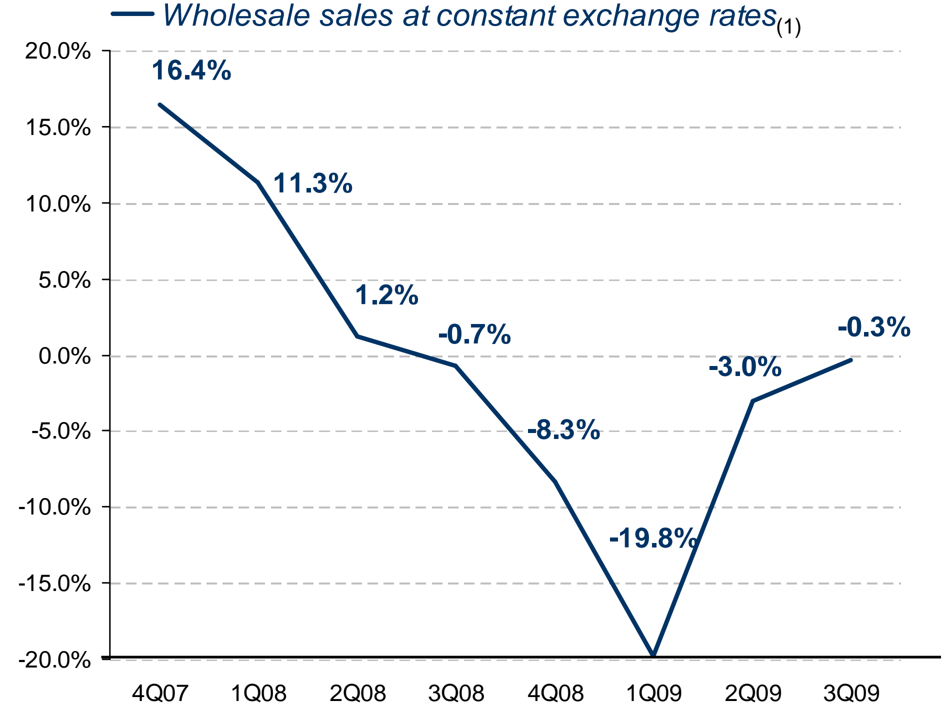
Entering 4Q09 with easier comparison, BUT with negative currency impact and no 53rd week in NA

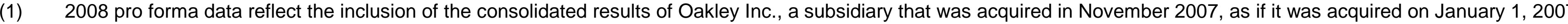
(1) Free cash flow, net debt and net debt/EBITDA are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.

Wholesale: results progressively improving

3Q09 overview

- Great improvement in Europe
  - Excellent weather helped sun season
- Solid improvement in North America
- No major changes in Eastern Europe & Japan
- Most emerging markets back to solid growth
- Unit growth vs. price mix decline
- Weakness in luxury-premium segment weighted more in peak sun season
- Oakley and Ray-Ban: strong momentum
- Improved profitability trend vs. previous 2009 quarter (3Q09 -190bps; 2Q09 -280bps; 1Q09 -430bps)



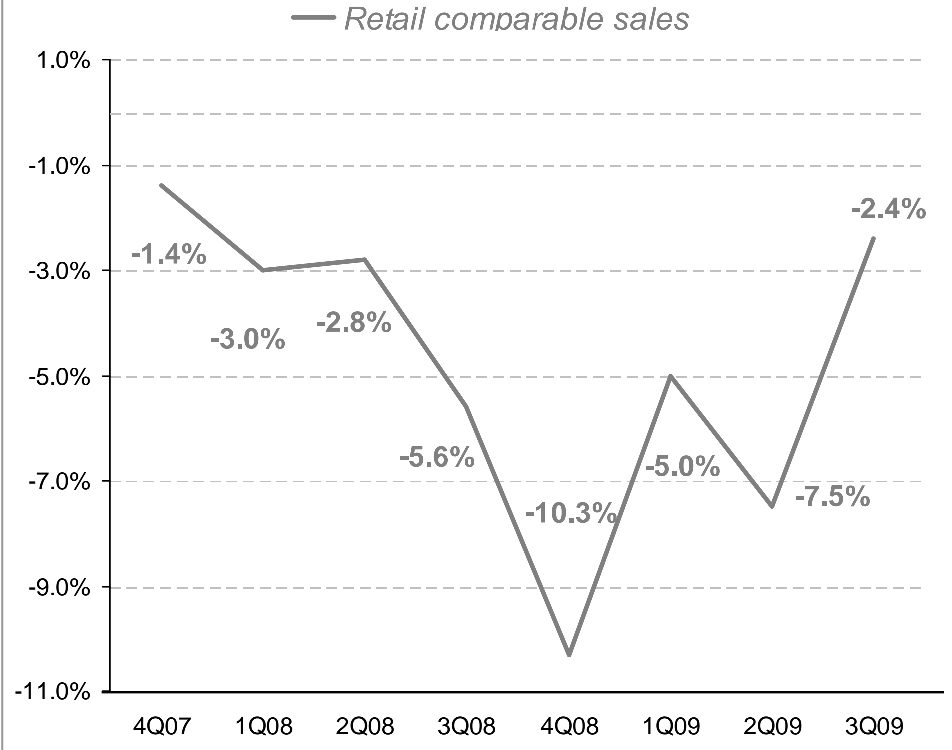


(1) 2008 pro forma data reflect the inclusion of the consolidated results of Oakley Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007

Retail: sales results progressively improving

3Q09 overview

- **Optical Retail North America**
  - Overall improvement
  - Optical comps excluding sun retail sales almost flat
  - LensCrafters showed a better trend
  - Optical profitability well preserved thanks to efficiency actions
- **Sunglass Hut**
  - 3Q comps excl. NA: +8% in line with YTD performance
  - Comps improvement in NA from -15% in 1Q to -9% in 3Q
  - 3Q comps -9%: half is volume, half is due to price mix
  - As expected, profitability in NA was heavily impacted by the volume decline effect in peak season, BUT store operating profit still 20%+



3Q09: consolidated results

	3Q09 € million	3Q08 € million	Δ	margin 3Q09	margin 3Q08
Net Sales	**1,223.3**	**1,212.0**	**+0.9%**	**-**	**-**
Retail	793.8	782.2	+1.5%	-	-
Wholesale	429.5	429.8	-0.1%	-	-
EBITDA(1)	**214.0**	**258.6**	**-17.3%**	***17.5%***	***21.3%***
Operating Income	**143.7**	**195.1**	**-26.4%**	***11.7%***	***16.1%***
Retail	114.0	138.3	-17.6%	*14.4%*	*17.7%*
Wholesale	62.0	70.0	-11.4%	*14.4%*	*16.3%*
Net Income	**83.1**	**104.6**	**-20.6%**	***6.8%***	***8.6%***
EPS before trademark amortization(1) (€)	**0.21**	**0.25**	**-14.5%**	**-**	**-**
EPS (€)	**0.18**	**0.23**	**-20.7%**	**-**	**-**

(1) EBITDA, EBITDA margin and EPS before trademark amortization are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.

9M09: consolidated results

	9M09 € million	9M08 € million	Δ	margin 9M09	margin 9M08
Net Sales	**3,937.2**	**3,965.1**	**-0.7%**	**-**	**-**
Retail	2,430.8	2,332.4	+4.2%	-	-
Wholesale	1,506.5	1,632.7	-7.7%	-	-
EBITDA(1)	**720.9**	**828.6**	**-13.0%**	***18.3%***	***20.9%***
Operating Income	**506.3**	**632.3**	**-19.9%**	***12.9%***	***15.9%***
Retail	313.5	342.4	-8.5%	*12.9%*	*14.7%*
Wholesale	297.1	374.4	-20.6%	*19.7%*	*22.9%*
Net Income	**279.2**	**340.9**	**-18.1%**	***7.1%***	***8.6%***
EPS before trademark amortization(1) (€)	**0.70**	**0.82**	**-15.1%**	**-**	**-**
EPS (€)	**0.61**	**0.75**	**-18.2%**	**-**	**-**

(1) EBITDA, EBITDA margin and EPS before trademark amortization are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.

Non-recurring items in 3Q

- Stock compensation accrual
  - Positive effect due to reduction of €10.1 million in 2008, regular accrual of €5.4 million in 2009
- Insurance proceed of €6.2 million in 2008
- Trademark amortization reversal of €7.2 million in 2008

Excluding these non-recurring effects, operating margin dilution would have decreased as follows from 3Q 2008 to 3Q 2009:

	Reported	Adjusted
Retail	-330 bps	-250 bps
Wholesale	-190 bps	-130 bps
Group	-440 bps	-200 bps

3Q09: debt overview

Millions of Euro

	3Q08	3Q09
EBITDA(1)	**259**	**214**
Δ working capital	57	80
Capex	(65)	(42)
Operating cash flow	**250**	**252**
Financial charges(3)	(32)	(20)
Taxes paid	(30)	(27)
Extraordinary charges(4)	(2)	2
Free cash flow(1)	**186**	**207**

	June 30, 2009	Sept. 30, 2009	Δ
Net US$ debt(1)	(2,124)	(2,048)	76
Net € debt(1)	(1,130)	(1,017)	112
Translation adj.			61
€ 1 = US$	*1.4019*	*1.4629*	
Net debt(1) (€)	**(2,627)**	**(2,414)**	**213**
Net debt/EBITDA(1)	**2.8x**	**2.7x**	
Net debt/EBITDA(1) (2) excluding exchange rate effect	**2.8x**	**2.8x**	

Strong focus on cash generation to sustain growth

(1) Free cash flow, EBITDA, net debt and net debt/EBITDA are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.
(2) The ratio is calculated using the six-month average exchange rate as of June 30, 2009 and nine-month average exchange rate as of September 30, 2009, respectively
(3) Equals interest income minus interest expenses
(4) Equals extraordinary income minus extraordinary expenses

Oakley 3Q09 overview

- Sales increased 9% in US$
- Positive growth in both optics and AFA
- Positive growth in all geographic regions, led by double digit growth in US, Brazil and Canada
- Excellent market response to Oakley's recently released eyewear, which include 10 new styles for both men and women
  - Jawbone has received critical acclaim and is frequently seen on the victory platform with leading athletes
  - Fuel Cell orders have been exceptionally strong
- Further capturing benefits of infrastructure integration into Luxottica subsidiaries
  - within next 6 months to complete integration projects in Brazil, South Africa and the UK

Building for 2010

2009 summary

- A challenging year, BUT we were good at planning it

- Wholesale
  - Resilient brand portfolio
  - Volumes: back to positive territory after negative volumes in 1Q09
  - Price mix: we were hit, now conditions are softening
  - Inventory: in 1H09 we disproportionately reduced our industrial output
  - Profitability was impacted by:
    - ↘ Price mix
    - ↘ Manufacturing output and inventory reduction
    - ↗ Efficiency: 40% structural and 60% one-off

- US optical retail
  - Very resilient business excluding LensCrafters
  - LensCrafters trend improvement is already visible

- Sunglass Hut
  - Brand, store format, business: very successful across the world
  - NA region hit by decreasing volumes, yet VERY profitable

Confirming sensitivity analysis
We expect to be in the middle to slightly left region

Building for 2010

- Western countries: showing gradual improvements
- Emerging markets: expecting double-digit growth in sales
- Reaping the full benefit of 2009 actions to compete in the “new world”

Strong growth in profitability

Back to mid-single-digit growth in sales

Net debt/EBITDA to be below 2.5x

How we expect to return to organic growth

Wholesale

- Market leadership, further market share gains. Strong foothold in emerging markets
- Premium/Luxury segment improving due to strong destocking experienced in 2009
- New initiatives to strengthen Rx business: opportunities for share gains
- Becoming even closer to our Key and Top Accounts
  - Great service level

US optical retail

- Softening of the “perfect storm” that hit LensCrafters
- Maintaining strong momentum with Pearle Vision and licensed brands
- Further efficiencies to be extracted in North America

Sunglass Hut

- Volumes are expected to come back
  - From -15% in 1Q09 to -9% in 3Q09. Positive 4Q09?
- As volumes turn up, profitability improves immediately
- Now a good brand story teller globally
- Global expansion

How we expect to return to organic growth

Operations

- Cost structure today well below 2008 levels
- Positive volume effect
- Completion of Luxottica-Oakley sun lenses journey

Organization

- Focused on profitable execution
- SAP implementation well advanced, already extracting benefits with a new shared service center
- Supply chain: 25% reduction in DCs

We have worked hard during the last 15 months.
We are looking at 2010 with "optimistic eyes"

OneSight^{SM} Foundation

At OneSight, a Luxottica Group Foundation, our mission is to restore and preserve clear vision for 250 million adults and children in need worldwide who cannot afford basic eye care. Our Vision is a world where vision care is a reality for everyone. Through OneSight, we use our business expertise in eye care and eyewear to give back to those in need.

9M09 activities:

- Global Eye Care**:**
  - 12 Global Clinics to: Brazil**, Chile, Ecuador, Guatemala, Honduras, Mexico, Panama, Paraguay, South Africa** and Thailand
  - 172,680 people helped
- Regional Eye Care:
  - 32 Regional and Vision Van Clinics across North America and Australia
  - 20,342 helped
- Community Eye Care**:**
  - 163,000+ helped through in-store and outreach programs in communities across North America and Asia Pacific
- Preventative Eye Care**:**
  - Six grants totaling $106,000 to research cures for preventable blindness

** First-Time Clinic Locations

After living in virtual blindness for more than 45 years, Vinolia Dambuza couldn't contain her excitement at finally being able to see the world clearly! Forced to quit school in the 6th grade, she exclaimed, "I can't wait to go back to school and expand my mind!" ***South Africa 2009***

Appendix

Retail comparable store sales(1)

	3Q09	9M09
Optical North America		
LensCrafters, Pearle Vision	-5.3%	-7.9%
Licensed brands	+16.0%	+9.2%
Optical Australia/New Zealand	-0.8%	-0.9%
Sunglass Hut worldwide	-5.6%	-8.7%

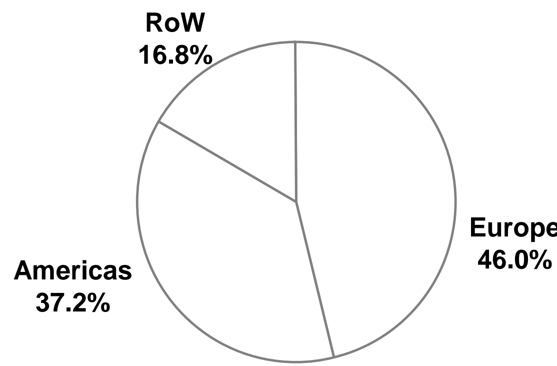
(1) Comparable store sales reflects the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period, and applies to both periods the average exchange rate for the prior period and the same geographic area. The table does not include Oakley retail sales.

Wholesale sales breakdown

Sales breakdown for 3Q09

Wholesale sales decreased by 0.1%(1)

(Sales breakdown by region, 3Q09)



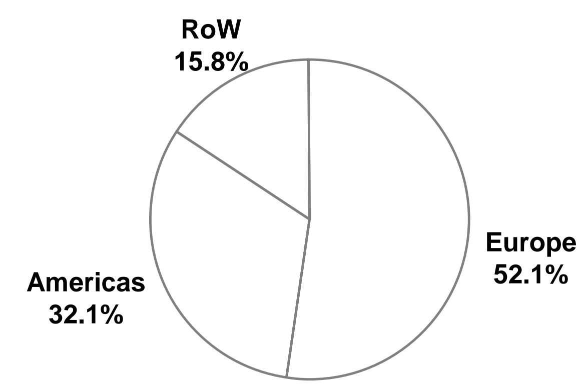
(YoY% changes by region, 3Q09)(1)

- Europe: +5.8%
- Americas: +2.1%
- RoW: -18.3%

Sales breakdown for 9M09

Wholesale sales decreased by 7.7%(1)

(Sales breakdown by region, 9M09)



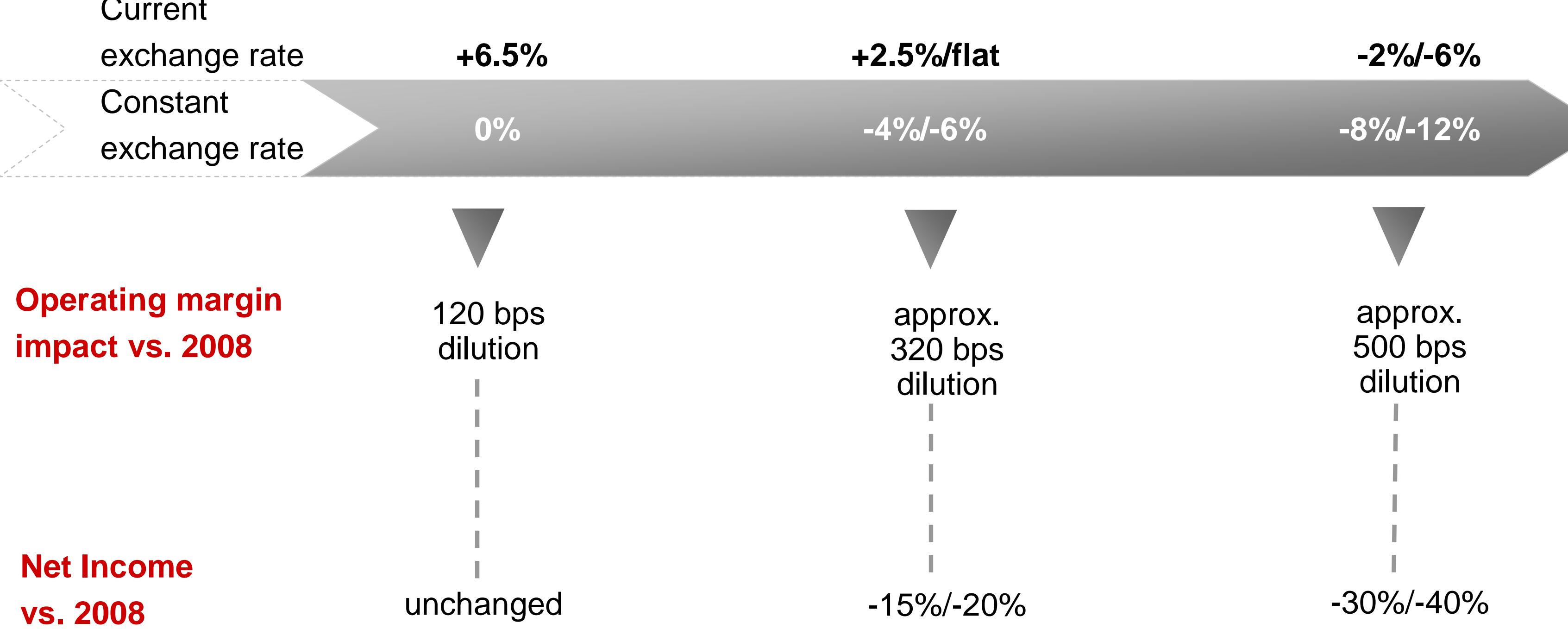
(YoY% changes by region, 9M09)(1)

- Europe: -7.2%
- Americas: -5.5%
- RoW: -19.1%

(1) Wholesale sales, at constant exchange rates

Sensitivity analysis for 2009

(€=US$ 1.30)



Non-US GAAP measures:
EPS before trademark amortization

Earnings per share before trademark amortization: Earnings per share (EPS) before trademark amortization means earnings per share before trademark and other similar intangible asset amortization expense, net of taxes, per share. The Company believes that EPS before trademark amortization is useful to both management and investors in evaluating the Company's operating performance and prospects compared to that of other companies in its industry. Our calculation of EPS before trademark amortization allows us to compare our earnings per share with those of other companies without giving effect to the accounting effects of the amortization of the Company's trademarks and other similar intangible assets, which may vary for different companies for reasons unrelated to the overall operating performance of a company's business.

EPS before trademark amortization is not a measure of performance under accounting principles generally accepted in the United States (US GAAP). We include it in this presentation in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance;
- 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.

EPS before trademark amortization is not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with US GAAP. Rather, this non-GAAP measure should be used as a supplement to US GAAP 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 US GAAP and its definition should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EPS before trademark amortization may differ from methods used by other companies. The Company recognizes that the usefulness of EPS before trademark amortization as an evaluative tool may have certain limitations, including:

- EPS before trademark amortization does not include the effects of amortization of the Company's trademarks and other intangible assets. Because trademarks and other intangible assets are important to our business and to our ability to generate sales, we consider trademark amortization expense as a necessary element of our costs. Therefore, any measure that excludes trademark amortization expense may have material limitations.

We compensate for these limitations by using EPS before trademark amortization as one of several comparative tools, together with US GAAP measurements, to assist in the evaluation of our operating performance.

See the tables on the following pages for a reconciliation of EPS before trademark amortization to EPS, which is the most directly comparable US GAAP financial measure.

Non-US GAAP measures:
EPS before trademark amortization

Millions of Euro, unless otherwise noted

	3Q09	3Q08	Δ
Trademark amortization and other similar intangible assets (+)	20	12	
Taxes on trademark amortization and other similar intangible assets (-)	(7)	(5)	
Trademark amortization and other similar intangible assets, net of taxes (=)	13	7	
Average number of shares outstanding for the periods indicated (in thousands) (/)	457,214	456,614	
Trademark amortization and other similar intangible assets, net of taxes, per share (=)	**0.03**	**0.02**	
EPS (+)	**0.18**	**0.23**	-20.7%
EPS before trademark amortization and other similar intangible assets, net of taxes (=)	**0.21**	**0.25**	-14.5%

Non-US GAAP measures:
EPS before trademark amortization

Millions of Euro, unless otherwise noted

	9M09	9M08	Δ
Trademark amortization and other similar intangible assets (+)	61	53	
Taxes on trademark amortization and other similar intangible assets (-)	(22)	(19)	
Trademark amortization and other similar intangible assets, net of taxes (=)	39	33	
Average number of shares outstanding for the periods indicated (in thousands) (/)	457,108	456,479	
Trademark amortization and other similar intangible assets, net of taxes, per share (=)	**0.09**	**0.07**	
EPS (+)	**0.61**	**0.75**	-18.2%
EPS before trademark amortization and other similar intangible assets, net of taxes (=)	**0.70**	**0.82**	-15.1%

Non-US GAAP measures: EBITDA and EBITDA margin

EBITDA represents operating income before 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 to 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 accounting principles generally accepted in the United States (US GAAP). 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 US GAAP. Rather, these non-GAAP measures should be used as a supplement to US GAAP 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 US GAAP 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;
- 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 US GAAP measurements, to assist in the evaluation of our operating performance and leverage.

See the tables on the following pages for a reconciliation of EBITDA to operating income, which is the most directly comparable US GAAP financial measure, as well as the calculation of EBITDA margin on net sales.

Non-US GAAP measures: EBITDA

Millions of Euro

	1H08 (-)	FY08 +	1H09 +	LTM June 30, 2009
Operating income (+)	(437.2)	749.8	362.7	675.2
Depreciation & amortization (+)	(132.8)	264.9	144.3	276.4
EBITDA (=)	(570.0)	1,014.7	506.9	951.6
EBITDA at avg. exchange rates for the period(1)	(598.6)	1,051.9	506.9	960.1

(1) Calculated using the six-month average exchange rate as of June 30, 2009

Non-US GAAP measures: EBITDA

Millions of Euro

	9M08 (-)	FY08 +	9M09 +	LTM Sept 30, 2009
Operating income (+)	(632.3)	749.8	506.3	623.8
Depreciation & amortization (+)	(196.3)	264.9	214.6	283.2
EBITDA (=)	(828.6)	1,014.7	720.9	907.0
EBITDA at avg. exchange rates for the period(1)	(864.3)	1,040.1	720.9	896.7

(1) Calculated using the nine-month average exchange rate as of September 30, 2009

Non-US GAAP measures: EBITDA and EBITDA margin

Millions of Euro

	3Q09	3Q08
Operating income (+)	143.7	195.1
Depreciation & amortization (+)	70.3	63.5
EBITDA (=)	214.0	258.6
Net sales (/)	1,223.3	1.212.0
EBITDA margin (=)	17.5%	21.3%

Non-US GAAP measures: EBITDA and EBITDA margin

Millions of Euro

	9M09	9M08
Operating income (+)	506.3	632.3
Depreciation & amortization (+)	214.6	196.3
EBITDA (=)	720.9	828.6
Net sales (/)	3,937.2	3,965.1
EBITDA margin (=)	18.3%	20.9%

Non-US GAAP measures:
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 operating income before depreciation and amortization. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared to 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 the ratio of net debt to EBITDA are not measures of performance under accounting principles generally accepted in the United States (US GAAP). 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 the 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 US GAAP. Rather, these non-GAAP measures should be used as a supplement to US GAAP 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 US GAAP 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;
- 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 US GAAP measurements, to assist in the evaluation of our operating performance and leverage.

See the tables on the following pages for a reconciliation of net debt to long-term debt, which is the most directly comparable US GAAP financial measure, as well as the calculation of the ratio of net debt to EBITDA. For a reconciliation of EBITDA to operating income, which is the most directly comparable US GAAP financial measure, see the tables on the preceding pages.

Non-US GAAP measures:
Net debt and net debt/EBITDA

Millions of Euro

	June 30, 2009	Sept. 30, 2009
Long-term debt (+)	2,485.9	2,135.3
Current portion of long-term debt (+)	223.1	247.8
Bank overdrafts (+)	228.6	362.1
Cash (-)	(310.3)	(331.2)
Net debt (=)	2,627.3	2,414.1
EBITDA LTM	951.6	907.0
Net debt/EBITDA	2.8x	2.7x
Net debt @ avg. exchange rates(1)	2,702.8	2,517.3
EBITDA @ avg. exchange rates(1)	960.1	896.7
Net debt/EBITDA @ avg. exchange rates(1)	2.8x	2.8x

(1) Calculated using the six-month average exchange rate as of June 30, 2009 and the nine-month average exchange rate as of September 30, 2009, respectively

Non-US GAAP measures: Free cash flow

Free cash flow represents income from operations before depreciation and amortization (i.e. EBITDA, see appendix on page 23), plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and net charges for 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 to 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 may be used, among other things, to fund discretionary investments, pay dividends or pursue other strategic opportunities.

Free cash flow is not a measure of performance under accounting principles generally accepted in the United States (US GAAP). 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 US GAAP. Rather, this non-GAAP measure should be used as a supplement to US GAAP 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 US GAAP 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.

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

See the tables on pages 10 and 26 and 27 for a reconciliation of free cash flow to EBITDA and EBITDA to income from operations, respectively, which is the most directly comparable US GAAP financial measure.

Segmental information

In accordance with SFAS No.131, “Disclosures about Segments of an Enterprise and Related Information”, since 1998 Luxottica Group has reported disaggregated information for the following operating segments: Manufacturing and Wholesale Distribution, and Retail Distribution. Consistently with Management’s approach to review the results of each operating segment for purposes of making decisions with regard to resource allocation and performance evaluation, net sales and income from operations for each reported segment have been calculated as follows:

- Manufacturing and Wholesale distribution:
  - Net sales includes both sales to third-party customers *and* inter-company sales to the Retail Distribution segment, based on the actual transfer price from the wholesale entity to the retail entity;
  - Income from operations is related to total sales, i.e. income generated not only from sales to third-party customers *but also* from the inter-company sales to the Retail Distribution segment (so-called “manufacturing profit” generated on the retail sales);

- Retail distribution:
  - Net sales to the retail consumers are included;
  - Income from operations is related to the retail sales, considering the cost of goods acquired from the Wholesale segment at their *actual transfer price*, therefore *excluding* the so-called “manufacturing profit” of those sales, which is reported instead under the Manufacturing and Wholesale Distribution segment’s income from operations;

The Inter-Segment Transactions and Corporate Adjustments column shows the reconciliation to the Consolidated US GAAP results:

- At Net Sales level, the elimination of inter-company sales from the Manufacturing and Wholesale segment to the Retail segment, as described above;
- At Income from Operations level, the sum of *three* different effects:
  - profit-in-stock elimination: represents the elimination of the “manufacturing profit” reported under the Wholesale segment for those goods sold to the Retail segment but not yet sold to the final retail customers (i.e. still “sitting” in inventory);
  - corporate costs not allocated to a specific segment: typically, costs relating to the top management, board of directors, listing and investor’s relation cost, etc; and
  - amortization of acquired intangible assets.

However, following several changes over recent years within Luxottica Group’s organizational structure described below, Management has decided, beginning in 2009, to use a different methodology to review the results of each segment for performance evaluation purposes:

- the recent integration of Oakley, which, on one hand, has increased significantly the volume of inter-company transactions from the Manufacturing and Wholesale to the Retail segment, but, on the other hand, has diminished the significance of those transactions for evaluating the performance of the Manufacturing and Wholesale segment;
- the 2009 update to the Transfer Pricing Policy applied within the Group according to the continually evolving regulations issued by tax authorities in many different countries where Luxottica operates, thus diminishing the significance of the transfer price for “splitting” the manufacturing profit from the retail profit between the two segments; and
- the increased use of full profitability measures (i.e. adding manufacturing profit to the retail profit) when making decisions regarding product and brand allocation within the Retail Distribution segment.

Segmental information

Therefore it is the opinion of Management that, for 2009, the method described above for reporting disaggregated information by business segment could be not fully aligned with the new method used to review the information. Accordingly, in 2009 and in compliance with SFAS 131 requirements, the Segment Reporting information has changed as described below.

Net sales and income from operations for each reporting segment are now being calculated as follows:

- Manufacturing and Wholesale distribution:
  - Net Sales will include sales to third-party customers *only;* inter-company sales to the Retail Distribution segment will not be included;
  - Therefore, Income from Operations will be related to net sales to third-party customers *only*; the so-called "manufacturing profit" generated on the inter-company sales to the Retail Distribution segment will not be included in this segment;

- Retail distribution:
  - Net sales to the retail consumers are included;
  - Income from Operations will be related to the retail sales, considering the cost of goods acquired from the Manufacturing and Wholesale Distribution segment at *manufacturing cost*, therefore *including* the so-called "manufacturing profit" of those sales, no longer reported under the Manufacturing and Wholesale Distribution segment's income from operations;

The Inter-Segment Transactions and Corporate Adjustments column will be modified as follows:

- Net sales will become inapplicable, since there will be no inter-company sales between the segments. The sum of third-party wholesale sales and retail sales will match the consolidated net sales figures;
- Income from operations will be the sum of the following *two* different effects, since the profit-in-stock will not be required to be eliminated in consolidation:
  - corporate costs not allocated to a specific segment; and
  - amortization of acquired intangible assets.

This method of reporting segmental information is in compliance with SFAS No.131 requirements.
For the purpose of providing comparability with financial information from previous periods, we are including at the end of this explanation 2008 quarterly segment data prepared in accordance with the revised methodology described above.

The combined effect from the revised methodology on 2008 results would be the following:

- a reduction in Manufacturing and Wholesale Distribution segment sales and operating margin, due to the elimination of sales and profits related to the inter-company sales to the Retail Distribution segment;
- an increase in the Retail Distribution segment's profitability, due to the inclusion of the manufacturing profit generated by the Group on the inter-company sale of its manufactured goods;
- a less volatile operating loss reported under the Corporate Adjustments column (due to the elimination of the profit-in-stock adjustment); and
- Total Consolidated Net Sales and Income from Operations remain, of course, unchanged.

Consolidated financial highlights
for the three-month period ended March 31, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
2008				
Net Sales	712,264	779,142	(92,702)	1,398,703
Operating income	172,765	67,305	(33,013)	207,057
% of sales	*24.3%*	*8.6%*		*14.8%*
2008 REVISED				
Net Sales	619,561	779,142	-	1,398,703
Operating income	156,732	84,482	(34,157)	207,057
% of sales	*25.3%*	*10.8%*		*14.8%*

Consolidated financial highlights
for the three-month period ended June 30, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
2008				
Net Sales	692,215	771,060	(108,832)	1,354,442
Operating income	173,484	86,243	(29,551)	230,177
% of sales	*25.1%*	*11.2%*		*17.0%*
2008 REVISED				
Net Sales	583,382	771,060	-	1,354,442
Operating income	147,711	119,587	(37,121)	230,177
% of sales	*25.3%*	*15.5%*		*17.0%*

Consolidated financial highlights for the six-month period ended June 30, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
2008				
Net Sales	1,404,478	1,550,201	(201,535)	2,753,145
Operating income	346,249	153,549	(62,564)	437,234
% of sales	*24.7%*	*9.9%*		*15.9%*
2008 REVISED				
Net Sales	1,202,943	1,550,201	-	2,753,145
Operating income	304,443	204,069	(71,278)	437,234
% of sales	*25.3%*	*13.2%*		*15.9%*

Consolidated financial highlights for the three-month period ended September 30, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
2008				
Net Sales	522,063	782,190	(92,263)	1,211,991
Operating income	105,143	95,452	(5,514)	195,081
% of sales	*20.1%*	*12.2%*		*16.1%*
2008 REVISED				
Net Sales	429,801	782,190	-	1,211,991
Operating income	69,981	138,343	(13,243)	195,081
% of sales	*16.3%*	*17.7%*		*16.1%*

Consolidated financial highlights for the nine-month period ended September 30, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
2008				
Net Sales	1,926,542	2,332,392	(293,798)	3,965,136
Operating income	451,392	249,001	(68,078)	632,314
% of sales	*23.4%*	*10.7%*		*15.9%*
2008 REVISED				
Net Sales	1,632,744	2,332,392	-	3,965,136
Operating income	374,424	342,412	(84,521)	632,314
% of sales	*22.9%*	*14.7%*		*15.9%*

Consolidated financial highlights for the three-month period ended December 31, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
2008				
Net Sales	545,788	776,754	(86,066)	1,236,476
Operating income	94,115	42,469	(19,136)	117,448
% of sales	*17.2%*	*5.5%*		*9.5%*
2008 REVISED				
Net Sales	459,722	776,754	-	1,236,476
Operating income	65,533	88,153	(36,238)	117,448
% of sales	*14.3%*	*11.3%*		*9.5%*

Consolidated financial highlights for the year ended December 31, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
2008				
Net Sales	2,472,330	3,109,146	(379,864)	5,201,611
Operating income	545,507	291,469	(87,214)	749,763
% of sales	*22.1%*	*9.4%*		*14.4%*
2008 REVISED				
Net Sales	2,092,465	3,109,146	-	5,201,611
Operating income	439,957	430,565	(120,759)	749,763
% of sales	*21.0%*	*13.8%*		*14.4%*

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