Winning through the cycle

Milan - May 7, 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 that are anticipated. Such risks and uncertainties include, but are not limited to, the ability to successfully integrate Oakley’s operations, the ability to realize expected synergies from the merger with Oakley, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to predict future economic conditions and changes in consumer preferences, the ability to achieve and manage growth, the ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, the ability to effectively integrate other recently acquired businesses, as well as other political, economic and technological factors and other risks referred to in Luxottica Group’s filings with the US Securities and Exchange Commission.

Although Luxottica Group believes its expectations are based on reasonable assumptions, it cannot assure the expectations reflected herein will be achieved. This forward-looking information may prove to be inaccurate and actual results may differ significantly from those anticipated if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized or if other unexpected conditions or events occur.

These forward-looking statements are made as of the date hereof and, under US securities regulation, Luxottica Group undertakes no obligation to subsequently update or revise the forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation.

1Q09 results

Trading conditions

Demand being affected by three factors:

- Consumer attitude – improvement
- Inventory management – 70/80% of destocking completed
- Macroeconomic environment – experiencing some improvement

January

- First 15-20 days of the month
  - No business worldwide

February

- Tough conditions across the world
  - Improvements seen in the last part of the month

March

- Positive month helped by some calendar changes (Easter and MIDO)
  - Improved traffic in North America
  - Pick-up in phone replenishment orders across Europe

April

- High-single-digit increase in consolidated sales!
  - Europe improved and North America stabilized
    - Positive exceptions: Australasia, Latin America and continental Europe
    - Negative exceptions: Spain and Japan

1Q09: overview

Market conditions stabilized vs. end of 2008

- Strong balance sheet
  - Good control of working capital
  - “Lean” Capex, less than €200 million over the year
  - Strong free cash flow$_{(1)}$ generation, €78 million vs. €(20) million for 1Q08
  - Net debt$_{(1)}$ at €2,963 million
- Executing cost realignment: initial efficiencies underway
  - Results are already visible in the quarter
  - Operations resized
  - 10% reduction in advertising spending targeted for 2009
  - Store blueprint readjustment underway
  - Cost management efficiency initiatives expected to be completed by June 30th

Profitability has already been helped by cost realignment actions

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

1Q09: consolidated results

	1Q09 € million	1Q08 € million	Δ	margin 1Q09	margin 1Q08
Net Sales	**1,312.3**	**1,398.7**	**-6.2%**	**-**	**-**
Retail	810.8	779.1	+4.1%	-	-
Wholesale	501.6	619.6	-19.0%	-	-
EBITDA(1)	**229.6**	**275.3**	**-16.6%**	***17.5%***	***19.7%***
Operating Income	**156.7**	**207.1**	**-24.3%**	***11.9%***	***14.8%***
Retail	83.6	84.5	-1.1%	*10.3%*	*10.8%*
Wholesale	105.3	156.7	-32.8%	*21.0%*	*25.3%*
Net Income	**80.4**	**103.7**	**-22.5%**	***6.1%***	***7.4%***
EPS before trademark amortization(1) (€)	**0.21**	**0.26**	**-20.1%**	**-**	**-**
EPS (€)	**0.18**	**0.23**	**-22.6%**	**-**	**-**

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.

1Q09: debt overview

Millions of Euro

	1Q09	1Q08
EBITDA(1)	**230**	**275**
Δ working capital	(35)	(150)
Capex	(45)	(50)
Operating cash flow	**150**	**76**
Financial charges(3)	(27)	(31)
Taxes	(44)	(60)
Extraordinary charges(4)	(2)	(5)
Free cash flow(1)	**78**	**(20)**

	Dec.31, 2008	March 31, 2009	Δ
Net US$ debt(1)	(2,881)	(2,170)	+711
Net € debt(1)	(895)	(1,319)	(424)
Translation adj.			(103)
€ 1 = US$	*1.3919*	*1.3260*	
Net debt(1) (€)	**(2,950)**	**(2,963)**	**(14)**
Net debt/EBITDA(1)	**2.9x**	**3.1x**	
Net debt/EBITDA(1) (2) excluding exchange rate effect	**2.8x**	**3.0x**	

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 twelve-month average exchange rate as of December 31, 2008 and three-month average exchange rate as of March 31, 2009, respectively
(3) Equals interest income minus interest expenses
(4) Equals extraordinary income minus extraordinary expenses

Wholesale

A tough comparison against 11% sales growth in 1Q08

- Portfolio orders
  - January & February: down more than 20%
  - March & April: single-digit growth
- Sales decrease
  - 85%: volumes
  - 15%: mix driven by brand changes
- Launch of optical collections very well received
  - Great effort to anticipate orders shipment
- Brand performance
  - Ray-Ban and Oakley outperforming the portfolio
  - Luxury brands suffering the most, no change in trend
- Commercial organization
  - Revolutionizing our approach: key and top accounts performing better than the average
  - STARS affiliation program approaching the 1,000-client target

Ray-Ban Rx collection

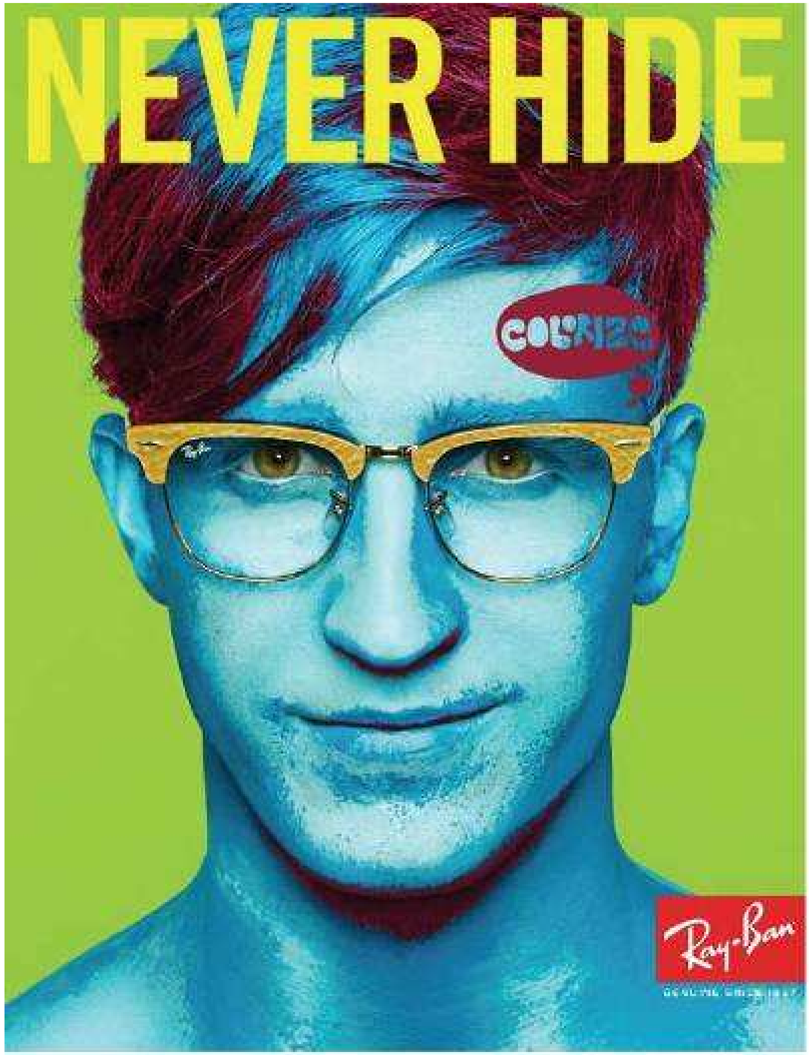
2003: THE LAUNCH AND A NEW BRAND CHALLENGE

- Leveraged Ray-Ban's indisputable leadership and authentic equity in eyewear, completing the offer architecture

2009: A GLOBAL SUCCESS

- First optical brand worldwide
- Rx collection is approx. 20% of total Ray-Ban sales
- Excellent performance of functional styles: titanium represented over 20% of sales

Ray-Ban Rx collection: a world of opportunities



COOLNESS AND TECHNICAL INNOVATION

- Maintain leadership in trends, positioning optical frames as fashion accessory
- Introducing Rx Ray-Ban Tech, exploiting the recent success of sun Ray-Ban Tech carbon fiber:

✓ Reinforcing Ray-Ban functional leadership with new materials and innovative details

✓ Addressing premium consumers’ needs

- Launch of Ray-Ban Rx lenses

✓Stretching brand offering architecture towards quality and innovation

✓ Catching a mainstream business opportunity

✓ Offering a high-quality complete frame

Oakley

Total sales up by 7% in US$

Mid-single-digit revenue growth in Optics and double-digit revenue growth in AFA

In Optics, prior season/new 2009 Rx styles and the Square O sunglass collection drove the growth

Positive growth in all geographic regions, led by EMEA and the Americas

- In US wholesale, national accounts and optical channel drove the growth

Oakley retail and Oakley sales through Luxottica owned retail outpaced a challenged wholesale environment

Optical Retail in North America

A more segmented and differentiated approach to each brand

- Improving sales trend, led by Licensed Brands and Pearle Vision

- Sales driven by:
  - Stronger TV advertising
  - Accelerated utilization of insurance benefits, offsetting pullback of free-to-choose customers
    - Insurance index +29.5% vs. LY
    - Non-insured index (14.4%) vs. LY

- Stronger marketing is attracting customers and securing market share even if average amount spent per customer is restrained
  - Customer index 98.1%
  - A$Customer index 97.3%
    - Multiple pairs at LensCrafters decreased by 19%

- Strong cost controls protected profitability
  - Continuing strong push for further efficiencies (rent, sourcing and waste reduction)

Launch of the new LensCrafters advertising campaign

LensCrafters loves eyes, eyes love LC

- The new advertising campaign leverages LensCrafters' eye care heritage and core brand strengths
- Key messages
  - To re-evaluate the brand's story
  - To reconnect with what the brand truly stands for
  - To appeal to a broader customer base
- Early feedback, April launch
  - Direct mail: early buzz sounds very good
  - From the Internet: "Eye love what I see – the new LensCrafters campaign!"

Sunglass Hut: global review

Created a new global sun and luxury retail organization led by Fabio d'Angelantonio

- Very positive performance outside North America led by double-digit growth in Australasia and South Africa
- Challenging environment persists in North America
  - Florida and California: worst-performing regions
  - Entering "The Sun Season"
    - Focus on front doors and brand story-telling: Ray-Ban, Oakley and Prada
    - New incentives program for sales people
    - Overall great commitment; 2Q expected to be more favorable
- Great focus on mix and value
  - Polarized lenses
  - Exclusives, "only at Sunglass Hut"
  - Continuously refreshing product assortment in best locations
- Leveraging www.sunglasshut.com e-commerce platform

Conclusions

Drawing some conclusions

- 1Q09 was tough, BUT:
  - The organization moved into action immediately
  - Very positive mood all across the organization
  - Cost realignment actions impacting the organization already put in place
- 2Q performance, as usual, is highly critical for the full year
  - April sales results started the quarter off well
- Growth platforms are in place and our balance sheet is solid
  - A few minor external opportunities already identified
- Management is ready to face a further deterioration; action to be taken only if needed

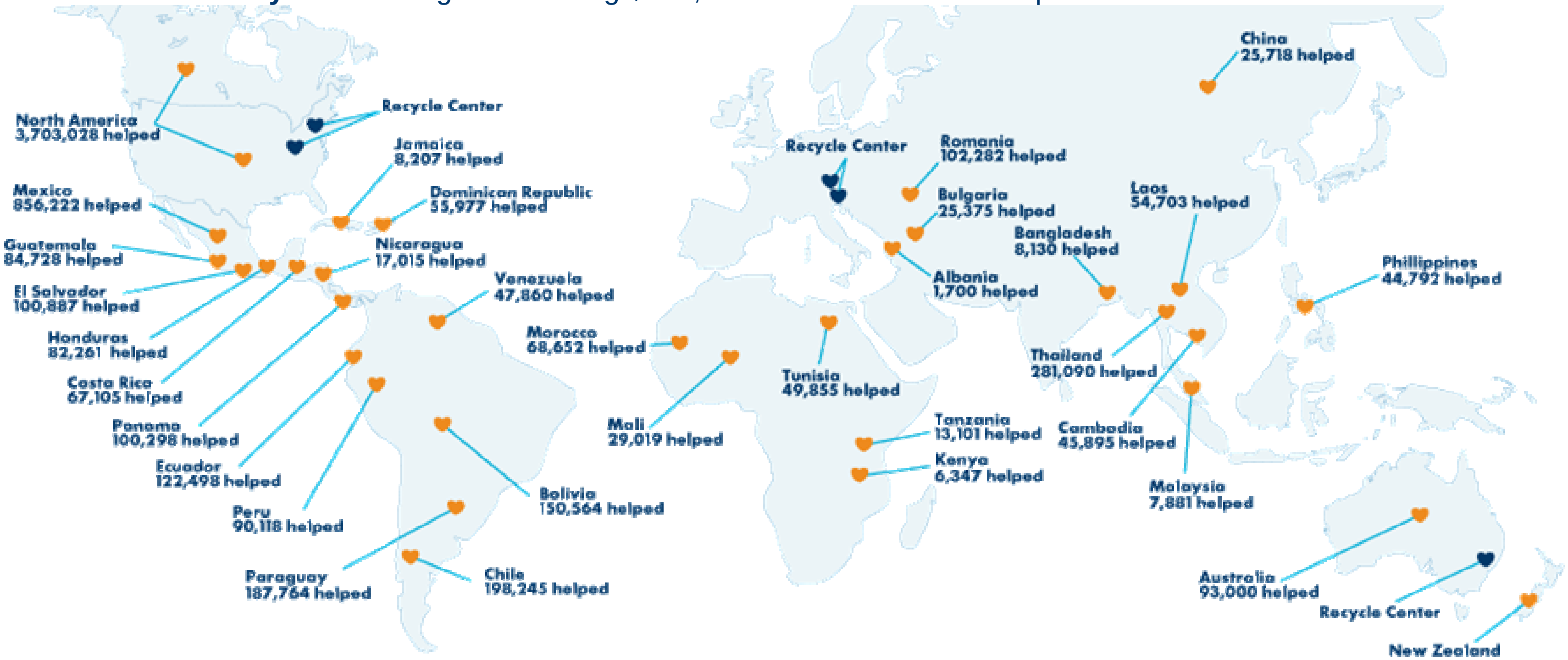
OneSight℠ Foundation

OneSight
A Luxottica Group Foundation

As 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.

1Q activities:

- **Global Eye Care:** three Global Clinics to Guatemala, Mexico and Thailand, 51,474 people
- **Regional Eye Care:** 17 Regional and Vision Van Clinics across North America, 7,891 helped
- **Community Eye Care: m**ore than 21,000 helped through in-store and outreach programs in communities across North America
- **Preventative Eye Care:** six grants totaling $106,000 to research cures for preventable blindness



LUXOTTICA

Appendix

Geographic breakdown

Retail comparable store sales(1) for 1Q09

Optical North America

- LensCrafters, Pearle Vision: -7.7%
- Licensed brands: +9.5%

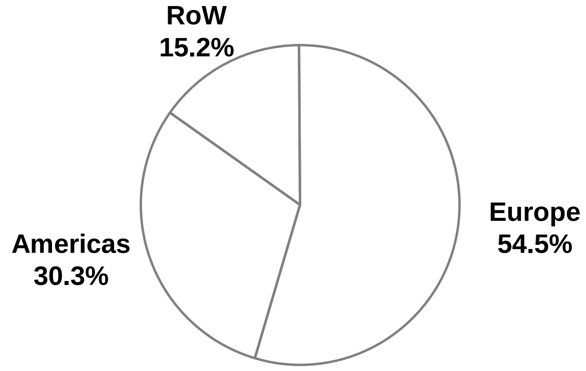
Optical Australia/New Zealand **+1.5%**

Sunglass Hut worldwide **-10.3%**

Wholesale sales breakdown for 1Q09

Wholesale sales decreased by 19.8%(2)

(Sales breakdown by region, 1Q09)



(YoY% changes by region, 1Q09)(2)

- Europe: -22.3%
- Americas: -7.6%
- RoW: -29.2%

(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 David Clulow retail sales.

(2) Wholesale sales at constant exchange rates

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 (U.S. 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 U.S. GAAP. Rather, this non-GAAP measure should be used as a supplement to U.S. 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 U.S. 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 U.S. 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 U.S. GAAP financial measure.

Non-US GAAP measures:
EPS before trademark amortization

Millions of Euro, unless otherwise noted

	1Q09	1Q08	Δ
Trademark amortization and other similar intangible assets (+)	21	21	
Taxes on trademark amortization and other similar intangible assets (-)	(8)	(8)	
Trademark amortization and other similar intangible assets, net of taxes (=)	13	13	
Average number of shares outstanding as of March 31 (in thousands) (/)	457,032	456,361	
Trademark amortization and other similar intangible assets, net of taxes, per share (=)	**0.03**	**0.03**	
EPS (+)	**0.18**	**0.23**	-22.6%
EPS before trademark amortization and other similar intangible assets, net of taxes (=)	**0.21**	**0.26**	-20.1%

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

	1Q08 (-)	FY08 +	1Q09 +	LTM March 31, 2009
Operating income (+)	(207.1)	749.8	156.7	699.4
Depreciation & amortization (+)	(68.3)	264.9	72.9	269.5
EBITDA (=)	(275.3)	1,014.7	229.6	969.0
EBITDA at avg. exchange rates for the period(1)	(284.2)	1,064.8	229.6	1,010.1

1. Calculated using the three-month average exchange rate as of March 31, 2009

Non-US GAAP measures: EBITDA and EBITDA margin

Millions of Euro

	1Q09	1Q08	FY08
Operating income (+)	156.7	207.1	749.8
Depreciation & amortization (+)	72.9	68.3	264.9
EBITDA (=)	229.6	275.3	1,014.7
Net sales (/)	1,312.3	1,398.7	5,201.6
EBITDA margin (=)	17.5%	19.7%	19.5%

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

	Dec. 31, 2008	March 31, 2009
Long-term debt (+)	2,519.3	2,453.6
Current portion of long-term debt (+)	286.2	395.6
Bank overdrafts (+)	432.5	341.2
Cash (-)	(288.5)	(227.0)
Net debt (=)	2,949.5	2,963.4
EBITDA	1,014.7	969.0
Net debt/EBITDA	2.9x	3.1x
Net debt @ avg. exchange rates(1)	2,821.2	2,993.5
EBITDA @ avg. exchange rates(1)	1,014.7	1,010.1
Net debt(1)/EBITDA	2.8x	3.0x

(1) Calculated using the twelve-month average exchange rate as of December 31, 2008 and three-month average exchange rate as of March 31, 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 24), 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 page 7 and page 24 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:

- <u>Manufacturing and Wholesale distribution:</u>
  - 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);

- <u>Retail distribution :</u>
  - 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: it 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 current method 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 will change as described below.

Net sales and income from operations for each reporting segment will now be 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 follow:

- 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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