EATON VANCE CALIFORNIA MUNICIPAL INCOME TRUST
Form N-Q
April 28, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

811-09157

Investment Company Act File Number

Eaton Vance California Municipal Income Trust

(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant s Telephone Number, Including Area Code)

November 30

Date of Fiscal Year End

February 28, 2014

Date of Reporting Period

Item 1. Schedule of Investments

Eaton Vance

California Municipal Income Trust

February 28, 2014

PORTFOLIO OF INVESTMENTS (Unaudited)

Tax-Exempt Investments 165.1%

Security		Principal Amount (000 s omitted)		Value
Education 18.6%				
California Educational Facilities Authority, (Claremont McKenna College), 5.00%, 1/1/39	$	3,135	$	3,323,257
California Educational Facilities Authority, (Harvey Mudd College), 5.25%, 12/1/31		195		214,590
California Educational Facilities Authority, (Harvey Mudd College), 5.25%, 12/1/36		330		357,374
California Educational Facilities Authority, (Loyola Marymount University), 5.00%, 10/1/30		745		786,750
California Educational Facilities Authority, (Lutheran University), 5.00%, 10/1/29		2,440		2,447,857
California Educational Facilities Authority, (Santa Clara University), 5.00%, 9/1/23		1,600		1,925,360
California Educational Facilities Authority, (University of San Francisco), 6.125%, 10/1/36		235		274,717
California Educational Facilities Authority, (University of Southern California), 5.25%, 10/1/39		2,490		2,794,427
California Educational Facilities Authority, (University of the Pacific), 5.00%, 11/1/30		630		685,793
California Municipal Finance Authority, (University of San Diego), 5.00%, 10/1/31		415		442,066
California Municipal Finance Authority, (University of San Diego), 5.00%, 10/1/35		285		297,512
California Municipal Finance Authority, (University of San Diego), 5.25%, 10/1/26		810		902,761
California Municipal Finance Authority, (University of San Diego), 5.25%, 10/1/27		850		940,924
California Municipal Finance Authority, (University of San Diego), 5.25%, 10/1/28		895		985,744
University of California, 5.25%, 5/15/39		1,250		1,401,712
			$	**17,780,844**
Electric Utilities 14.8%				
Chula Vista, (San Diego Gas and Electric), 5.875%, 2/15/34	$	270	$	305,934
Chula Vista, (San Diego Gas and Electric), (AMT), 5.00%, 12/1/27		2,275		2,427,789
Colton Public Financing Authority, Electric System Revenue, 5.00%, 4/1/27		1,500		1,639,080
Los Angeles Department of Water and Power, Electric System Revenue, 5.25%, 7/1/32		2,170		2,448,823
Northern California Power Agency, 5.25%, 8/1/24		1,500		1,671,645
Sacramento Municipal Utility District, 5.00%, 8/15/27		1,335		1,493,425
Sacramento Municipal Utility District, 5.00%, 8/15/28		1,795		1,994,766
Southern California Public Power Authority, (Tieton Hydropower), 5.00%, 7/1/35		680		732,156
Vernon, Electric System Revenue, 5.125%, 8/1/21		1,300		1,435,395
			$	**14,149,013**
General Obligations 28.5%				
California, 5.50%, 11/1/35	$	1,600	$	1,822,096
California, 6.00%, 4/1/38		750		873,383
California, (AMT), 5.05%, 12/1/36		475		477,750
Cupertino Union School District, (Election of 2012), 5.00%, 8/1/35		1,000		1,093,710
Cupertino Union School District, (Election of 2012), 5.00%, 8/1/36		1,630		1,779,047
Palo Alto, (Election of 2008), 5.00%, 8/1/40		3,655		3,940,638
San Bernardino Community College District, 4.00%, 8/1/30		2,890		2,881,301
San Dieguito Union High School District, (Election of 2012), 4.00%, 8/1/30		2,545		2,610,330
San Jose-Evergreen Community College District, (Election of 2010), 5.00%, 8/1/33		740		818,373

San Jose-Evergreen Community College District, (Election of 2010), 5.00%, 8/1/35		860		942,552
San Mateo Union High School District, (Election of 2006), 5.00%, 9/1/27		1,315		1,539,273
San Mateo Union High School District, (Election of 2006), 5.00%, 9/1/28		2,230		2,591,572
Santa Clara County, (Election of 2008), 5.00%, 8/1/39[1][2]		3,180		3,500,163
Torrance Unified School District, (Election of 2008), 5.00%, 8/1/35		2,150		2,316,496
			$	**27,186,684**
Hospital 18.1%				
California Health Facilities Financing Authority, (Catholic Healthcare West), 5.25%, 3/1/27	$	1,000	$	1,085,710

1

Security		Principal Amount (000 s omitted)		Value
California Health Facilities Financing Authority, (Catholic Healthcare West), 5.25%, 3/1/28	$	190	$	204,871
California Health Facilities Financing Authority, (Catholic Healthcare West), 5.625%, 7/1/32		1,000		1,026,700
California Health Facilities Financing Authority, (City of Hope), 5.00%, 11/15/32		635		670,287
California Health Facilities Financing Authority, (City of Hope), 5.00%, 11/15/35		910		950,449
California Health Facilities Financing Authority, (Memorial Health Services), 5.00%, 10/1/27		2,000		2,216,980
California Health Facilities Financing Authority, (Memorial Health Services), 5.00%, 10/1/33		1,000		1,056,050
California Health Facilities Financing Authority, (Providence Health System), 6.50%, 10/1/38		1,475		1,715,484
California Health Facilities Financing Authority, (St. Joseph Health System), 5.00%, 7/1/33		1,145		1,222,871
California Health Facilities Financing Authority, (St. Joseph Health System), 5.00%, 7/1/37		535		563,323
California Statewide Communities Development Authority, (John Muir Health), 5.00%, 8/15/34		600		611,112
California Statewide Communities Development Authority, (The Redwoods, a Community of Seniors), 5.125%, 11/15/35		535		557,834
Torrance, (Torrance Memorial Medical Center), 5.50%, 6/1/31		1,900		1,902,964
Washington Township Health Care District, 5.00%, 7/1/32		2,780		2,794,234
Washington Township Health Care District, 5.25%, 7/1/29		700		700,280
			$	**17,279,149**
Industrial Development Revenue 1.4%				
California Pollution Control Financing Authority, (Waste Management, Inc.), (AMT), 5.125%, 11/1/23	$	1,235	$	1,296,318
			$	**1,296,318**
Insured-Education 1.6%				
California Educational Facilities Authority, (Santa Clara University), (NPFG), 5.00%, 9/1/23	$	1,250	$	1,504,188
			$	**1,504,188**
Insured-Electric Utilities 3.1%				
Glendale, Electric System Revenue, (AGC), 5.00%, 2/1/31	$	2,790	$	2,955,280
			$	**2,955,280**
Insured-Escrowed/Prerefunded 3.8%				
Foothill/Eastern Transportation Corridor Agency, Toll Road Bonds, (AGM), (RADIAN), Escrowed to Maturity, 0.00%, 1/1/26	$	5,130	$	3,593,001
			$	**3,593,001**
Insured-General Obligations 9.3%				
Coast Community College District, (Election of 2002), (AGM), 0.00%, 8/1/34	$	6,485	$	2,167,092
Coast Community College District, (Election of 2002), (AGM), 0.00%, 8/1/35		4,825		1,522,866
Riverside Community College District, (Election of 2004), (AGM), (NPFG), 5.00%, 8/1/32		2,005		2,194,132
Sweetwater Union High School District, (Election of 2000), (AGM), 0.00%, 8/1/25		4,720		2,956,561
			$	**8,840,651**
Insured-Hospital 9.2%				
California Health Facilities Financing Authority, (Kaiser Permanente), (BHAC), 5.00%, 4/1/37	$	2,900	$	2,942,108
California Statewide Communities Development Authority, (Kaiser Permanente), (BHAC), 5.00%, 3/1/41(1)		750		783,412
California Statewide Communities Development Authority, (Sutter Health), (AMBAC), (BHAC), 5.00%, 11/15/38(1)		5,000		5,089,400

$ 8,814,920

2

Security	Principal Amount (000 s omitted)		Value	
Insured-Lease Revenue/Certificates of Participation 8.4%				
Anaheim Public Financing Authority, (Public Improvements), (AGM), 0.00%, 9/1/17	$	4,410	$	4,236,511
San Diego County Water Authority, Certificates of Participation, (AGM), 5.00%, 5/1/38[1]		3,500		3,775,765
			$	**8,012,276**
Insured-Special Tax Revenue 0.6%				
Puerto Rico Sales Tax Financing Corp., (NPFG), 0.00%, 8/1/45	$	4,850	$	615,126
			$	**615,126**
Insured-Transportation 11.4%				
Alameda Corridor Transportation Authority, (AMBAC), 0.00%, 10/1/29	$	5,000	$	2,208,500
Alameda Corridor Transportation Authority, (NPFG), 0.00%, 10/1/31		4,500		1,881,135
Puerto Rico Highway and Transportation Authority, (AGC), (CIFG), 5.25%, 7/1/41[1][2]		740		631,560
San Joaquin Hills Transportation Corridor Agency, (NPFG), 0.00%, 1/15/32		10,000		3,353,300
San Jose Airport, (AGM), (AMBAC), (BHAC), (AMT), 5.00%, 3/1/37		1,275		1,302,642
San Jose Airport, (AGM), (AMBAC), (BHAC), (AMT), 6.00%, 3/1/47		1,350		1,474,092
			$	**10,851,229**
Insured-Water and Sewer 4.0%				
East Bay Municipal Utility District, Water System Revenue, (NPFG), 5.00%, 6/1/32[1]	$	2,000	$	2,180,980
Los Angeles Department of Water and Power, (NPFG), 3.00%, 7/1/30		1,830		1,681,312
			$	**3,862,292**
Lease Revenue/Certificates of Participation 1.0%				
California Public Works Board, 5.00%, 11/1/38	$	915	$	964,090
			$	**964,090**
Other Revenue 0.7%				
California Infrastructure and Economic Development Bank, (Performing Arts Center of Los Angeles), 5.00%, 12/1/32	$	385	$	394,571
California Infrastructure and Economic Development Bank, (Performing Arts Center of Los Angeles), 5.00%, 12/1/37		315		320,097
			$	**714,668**
Senior Living/Life Care 1.9%				
ABAG Finance Authority for Nonprofit Corporations, (Episcopal Senior Communities), 6.00%, 7/1/31	$	290	$	315,410
California Statewide Communities Development Authority, (Southern California Presbyterian Homes), 4.75%, 11/15/26		175		170,425
California Statewide Communities Development Authority, (Southern California Presbyterian Homes), 4.875%, 11/15/36		700		632,667
California Statewide Communities Development Authority, (Southern California Presbyterian Homes), 7.25%, 11/15/41		600		662,244
			$	**1,780,746**
Special Tax Revenue 14.0%				
	$	770	$	826,310

Aliso Viejo Community Facilities District No. 2005-01, Special Tax Revenue, (Glenwood at Aliso Viejo), 5.00%, 9/1/30		
Brentwood Infrastructure Financing Authority, 5.00%, 9/2/26	285	286,975
Brentwood Infrastructure Financing Authority, 5.00%, 9/2/34	460	436,614
Corona Public Financing Authority, 5.80%, 9/1/20	925	934,971
Eastern Municipal Water District, Community Facilities District No. 2004-27, (Cottonwood Ranch), Special Tax Revenue, 5.00%, 9/1/27	190	191,638
Eastern Municipal Water District, Community Facilities District No. 2004-27, (Cottonwood Ranch), Special Tax Revenue, 5.00%, 9/1/36	480	472,560
Fontana Redevelopment Agency, (Jurupa Hills), 5.60%, 10/1/27	1,590	1,591,367
Los Angeles County Community Facilities District No. 3, (Valencia/Newhall Area), 5.00%, 9/1/22	240	272,772
Los Angeles County Community Facilities District No. 3, (Valencia/Newhall Area), 5.00%, 9/1/23	480	537,427

Security		Principal Amount (000 s omitted)		Value
Los Angeles County Community Facilities District No. 3, (Valencia/Newhall Area), 5.00%, 9/1/24	$	240	$	265,337
Los Angeles County Community Facilities District No. 3, (Valencia/Newhall Area), 5.00%, 9/1/25		335		366,651
Los Angeles County Community Facilities District No. 3, (Valencia/Newhall Area), 5.00%, 9/1/26		240		260,479
San Francisco Bay Area Rapid Transit District, Sales Tax Revenue, 5.00%, 7/1/28		2,400		2,666,448
Santaluz Community Facilities District No. 2, 6.10%, 9/1/21		250		253,372
Santaluz Community Facilities District No. 2, 6.20%, 9/1/30		490		493,396
South Orange County Public Financing Authority, Special Tax Revenue, (Ladera Ranch), 5.00%, 8/15/27		485		530,503
South Orange County Public Financing Authority, Special Tax Revenue, (Ladera Ranch), 5.00%, 8/15/28		725		789,293
Temecula Unified School District, 5.00%, 9/1/27		250		253,930
Temecula Unified School District, 5.00%, 9/1/37		400		401,416
Tustin Community Facilities District, 6.00%, 9/1/37		500		510,375
Whittier Public Financing Authority, (Greenleaf Avenue Redevelopment), 5.50%, 11/1/23		1,000		1,000,950
			$	**13,342,784**
Transportation 11.9%				
Bay Area Toll Authority, Toll Bridge Revenue, (San Francisco Bay Area), 5.25%, 4/1/29	$	1,000	$	1,146,150
Bay Area Toll Authority, Toll Bridge Revenue, (San Francisco Bay Area), Prerefunded to 4/1/16, 5.00%, 4/1/31		2,000		2,197,620
Los Angeles Department of Airports, (Los Angeles International Airport), 5.00%, 5/15/35[1][2]		2,120		2,260,111
Los Angeles Department of Airports, (Los Angeles International Airport), (AMT), 5.375%, 5/15/30		1,500		1,653,600
Port of Redwood City, (AMT), 5.125%, 6/1/30		1,170		1,169,836
San Francisco City and County Airport Commission, (San Francisco International Airport), 5.00%, 5/1/35		2,760		2,885,718
			$	**11,313,035**
Water and Sewer 2.8%				
California Department of Water Resources, 5.00%, 12/1/29	$	740	$	833,477
San Mateo, Sewer Revenue, 5.00%, 8/1/36		1,700		1,833,705
			$	**2,667,182**
Total Tax-Exempt Investments 165.1% (identified cost $149,858,015)			**$**	**157,523,476**
Auction Preferred Shares Plus Cumulative Unpaid Dividends (52.4)%			**$**	**(49,975,740)**
Other Assets, Less Liabilities (12.7)%			**$**	**(12,121,952)**
Net Assets Applicable to Common Shares 100.0%			**$**	**95,425,784**

The percentage shown for each investment category in the Portfolio of Investments is based on net assets applicable to common shares.

AGC	-	Assured Guaranty Corp.
AGM	-	Assured Guaranty Municipal Corp.
AMBAC	-	AMBAC Financial Group, Inc.
AMT	-	Interest earned from these securities may be considered a tax preference item for purposes of the Federal Alternative Minimum Tax.
BHAC	-	Berkshire Hathaway Assurance Corp.
CIFG	-	CIFG Assurance North America, Inc.
NPFG	-	National Public Finance Guaranty Corp.
RADIAN	-	Radian Group, Inc.

The Trust invests primarily in debt securities issued by California municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at February 28, 2014, 31.1% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution or financial guaranty assurance agency ranged from 0.4% to 14.7% of total investments.

(1) Security represents the municipal bond held by a trust that issues residual interest bonds.

(2) Security (or a portion thereof) has been pledged as collateral for residual interest bond transactions. The aggregate value of such collateral is $2,046,834.

A summary of open financial instruments at February 28, 2014 is as follows:

Futures Contracts

Expiration Month/Year	**Contracts**	**Position**	**Aggregate Cost**	**Value**	**Net Unrealized Depreciation**
6/14	38 U.S. 10-Year Treasury Note	Short	$ (4,708,962)	$ (4,732,188)	$ (23,226)
6/14	43 U.S. Long Treasury Bond	Short	(5,641,320)	(5,721,688)	(80,368)
					$ (103,594)

At February 28, 2014, the Trust had sufficient cash and/or securities to cover commitments under these contracts.

The Trust is subject to interest rate risk in the normal course of pursuing its investment objective. Because the Trust holds fixed-rate bonds, the value of these bonds may decrease if interest rates rise. The Trust purchases and sells U.S. Treasury futures contracts to hedge against changes in interest rates.

At February 28, 2014, the aggregate fair value of open derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in a liability position and whose primary underlying risk exposure is interest rate risk was $103,594.

The cost and unrealized appreciation (depreciation) of investments of the Trust at February 28, 2014, as determined on a federal income tax basis, were as follows:

Aggregate cost	**$ 134,755,288**
Gross unrealized appreciation	$ 9,719,853
Gross unrealized depreciation	(1,631,665)
Net unrealized appreciation	**$ 8,088,188**

Under generally accepted accounting principles for fair value measurements, a three-tier hierarchy to prioritize the assumptions, referred to as inputs, is used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including a fund s own assumptions in determining the fair value of investments)

In cases where the inputs used to measure fair value fall in different levels of the fair value hierarchy, the level disclosed is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

At February 28, 2014, the hierarchy of inputs used in valuing the Trust s investments and open derivative instruments, which are carried at value, were as follows:

Asset Description	Level 1	Level 2	Level 3	Total
Tax-Exempt Investments	$	$ 157,523,476	$	$ 157,523,476
Total Investments	**$**	**$ 157,523,476**	**$**	**$ 157,523,476**

Liability Description	Level 1	Level 2	Level 3	Total
Futures Contracts	$ (103,594)	$	$	$ (103,594)
Total	**$ (103,594)**	**$**	**$**	**$ (103,594)**

5

The Trust held no investments or other financial instruments as of November 30, 2013 whose fair value was determined using Level 3 inputs. At February 28, 2014, there were no investments transferred between Level 1 and Level 2 during the fiscal year to date then ended.

For information on the Trust s policy regarding the valuation of investments and other significant accounting policies, please refer to the Trust s most recent financial statements included in its semiannual or annual report to shareholders.

6

Item 2. Controls and Procedures

(a) It is the conclusion of the registrant s principal executive officer and principal financial officer that the effectiveness of the registrant s current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant on this Form N-Q has been recorded, processed, summarized and reported within the time period specified in the Commission s rules and forms and that the information required to be disclosed by the registrant on this Form N-Q has been accumulated and communicated to the registrant s principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant s internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant s internal control over financial reporting.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance California Municipal Income Trust

By: /s/ Payson F. Swaffield
Payson F. Swaffield
President

Date: April 21, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Payson F. Swaffield
Payson F. Swaffield
President

Date: April 21, 2014

By: /s/ James F. Kirchner
James F. Kirchner
Treasurer

Date: April 21, 2014

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12.4

%

NET INCOME

558,457

674,566

-17.2

%

NET INCOME w/o extr. gain/loss (4) (5)

580,931

656,732

-11.5

%

BASIC EARNINGS PER SHARE (ADS) w/o extr. loss (2) (4) (5):

1.27

1.44

-11.8

%

EPS PRE-TRADEMARK AMORTIZATION w/o extr. Loss (2) (4) (5) (6):

1.42

1.56

-9.2

%

Notes :

		2008	2007
(1)	Average exchange rate (in U.S. Dollars per Euro)	1.4707	1.3705
(2)	Weighted average number of outstanding shares	456,563,502	455,184,797

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

(4) Excluding non-recurring gain related to the sale of a real estate property in 2Q 2007. The impact of the sale was a gain of approximately 20 million before taxes and approximately 13 million after taxes

(5) Excluding the non-recurring loss on the write-off of credit related to the sale of Things Remembered. The impact of such write-off is a loss of approximately 15 million after tax or 0.03 per share.

(6) EPS before trademark amortization is not a US-GAAP measure. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see the tables attached.

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT

FOR THE THREE-MONTH PERIODS ENDED

DECEMBER 31, 2008 AND DECEMBER 31, 2007

In thousands of Euro (1)	4Q08 (2)	% of sales	4Q07	% of sales	% Change
NET SALES	**1,236,476**	**100.0%**	**1,188,500**	**100.0%**	**4.0%**
COST OF SALES	(436,458)		(423,605)		
GROSS PROFIT	**800,018**	**64.7%**	**764,895**	**64.4%**	**4.6%**
OPERATING EXPENSES:					
SELLING EXPENSES	(448,566)		(391,988)		
ROYALTIES	(24,346)		(33,009)		
ADVERTISING EXPENSES	(69,154)		(81,600)		
GENERAL AND ADMINISTRATIVE EXPENSES	(121,470)		(86,154)		
TRADEMARK AMORTIZATION	(19,034)		(20,463)		
TOTAL	**(682,570)**		**(613,214)**		
OPERATING INCOME	**117,448**	**9.5%**	**151,681**	**12.8%**	**-22.6%**
OTHER INCOME (EXPENSE):					
INTEREST EXPENSES	(35,252)		(30,313)		
INTEREST INCOME	3,384		6,019		
OTHER - NET	(33,780)		16,109		
OTHER INCOME (EXPENSES)-NET	**(65,648)**		**(8,185)**		
INCOME BEFORE PROVISION FOR INCOME TAXES	**51,800**	**4.2%**	**143,496**	**12.1%**	**-63.9%**
PROVISION FOR INCOME TAXES	(10,368)		(44,114)		
INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	**41,432**		**99,382**		
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	(2,607)		(2,455)		
NET INCOME	**38,825**	**3.1%**	**96,926**	**8.2%**	**-59.9%**
BASIC EARNINGS PER SHARE (ADS):	**0.08**		**0.21**		
FULLY DILUTED EARNINGS PER SHARE (ADS):	**0.08**		**0.21**		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	**456,816,446**		**456,047,831**		
FULLY DILUTED AVERAGE NUMBER OF SHARES	**457,405,862**		**458,478,516**		

Notes :

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

(2) **Including the non-recurring loss on the write-off of credit related to the sale of Things Remembered. The impact of such write-off is a loss of approximately 15 million after tax or 0.03 per share.**

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED

DECEMBER 31, 2008 AND DECEMBER 31, 2007

In thousands of Euro (1)	2008 (3)	% of sales	2007 (2)	% of sales	% Change
NET SALES	**5,201,611**	**100.0%**	**4,966,054**	**100.0%**	**4.7%**
COST OF SALES	(1,744,907)		(1,575,618)		
GROSS PROFIT	**3,456,705**	**66.5%**	**3,390,436**	**68.3%**	**2.0%**
OPERATING EXPENSES:					
SELLING EXPENSES	(1,706,474)		(1,591,438)		
ROYALTIES	(115,639)		(129,644)		
ADVERTISING EXPENSES	(339,258)		(348,198)		
GENERAL AND ADMINISTRATIVE EXPENSES	(473,829)		(423,878)		
TRADEMARK AMORTIZATION	(71,742)		(63,965)		
TOTAL	**(2,706,942)**		**(2,557,123)**		
OPERATING INCOME	**749,763**	**14.4%**	**833,313**	**16.8%**	**-10.0%**
OTHER INCOME (EXPENSE):					
INTEREST EXPENSES	(135,267)		(89,498)		
INTEREST INCOME	13,265		17,087		
OTHER - NET	(37,890)		19,780		
OTHER INCOME (EXPENSES)-NET	**(159,892)**		**(52,631)**		
INCOME BEFORE PROVISION FOR INCOME TAXES	**589,870**	**11.3%**	**780,681**	**15.7%**	**-24.4%**
PROVISION FOR INCOME TAXES	(194,657)		(273,501)		
INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	**395,213**		**507,180**		
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	(15,492)		(14,976)		
NET INCOME	**379,722**	**7.3%**	**492,204**	**9.9%**	**-22.9%**
BASIC EARNINGS PER SHARE (ADS):	**0.83**		**1.08**		
FULLY DILUTED EARNINGS PER SHARE (ADS):	**0.83**		**1.07**		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	**456,563,502**		**455,184,797**		
FULLY DILUTED AVERAGE NUMBER OF SHARES	**457,717,044**		**458,530,609**		

Notes :

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

(2) **Including non-recurring gain related to the sale of a real estate property in 2Q 2007. The impact of the sale was a gain of approximately 20 million before taxes and approximately 13 million after taxes**

(3) **Including the non-recurring loss on the write-off of credit related to the sale of Things Remembered. The impact of such write-off is a loss of approximately 15 million after tax or 0.03 per share.**

LUXOTTICA GROUP

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2008 AND DECEMBER 31, 2007

In thousands of Euro	**December 31, 2008**	**December 31, 2007**
CURRENT ASSETS:		
CASH	288,450	302,894
MARKETABLE SECURITIES	23,550	21,345
ACCOUNTS RECEIVABLE	630,018	665,184
SALES AND INCOME TAXES RECEIVABLE	151,609	89,000
INVENTORIES	570,987	575,016
PREPAID EXPENSES AND OTHER	144,054	139,305
DEFERRED TAX ASSETS - CURRENT	131,907	117,853
TOTAL CURRENT ASSETS	**1,940,575**	**1,910,597**
PROPERTY, PLANT AND EQUIPMENT - NET	**1,170,698**	**1,057,782**
OTHER ASSETS		
INTANGIBLE ASSETS - NET	3,928,804	3,907,957
INVESTMENTS	5,503	17,668
OTHER ASSETS	175,234	194,329
SALES AND INCOME TAXES RECEIVABLE	965	1,042
DEFERRED TAX ASSETS - NON-CURRENT	83,447	67,891
TOTAL OTHER ASSETS	**4,193,952**	**4,188,887**
TOTAL	**7,305,225**	**7,157,266**
CURRENT LIABILITIES:		
BANK OVERDRAFTS	432,465	455,588
CURRENT PORTION OF LONG-TERM DEBT	286,213	792,617
ACCOUNTS PAYABLE	398,080	423,432
ACCRUED EXPENSES AND OTHER	390,783	441,721
ACCRUAL FOR CUSTOMERS RIGHT OF RETURN	31,363	26,557
INCOME TAXES PAYABLE	18,353	19,314
TOTAL CURRENT LIABILITIES	**1,557,255**	**2,159,229**
LONG-TERM LIABILITIES:		
LONG-TERM DEBT	2,519,289	1,926,523
LIABILITY FOR TERMINATION INDEMNITIES	55,522	56,911
DEFERRED TAX LIABILITIES - NON-CURRENT	233,551	248,377
OTHER	385,687	229,972
TOTAL LONG-TERM LIABILITIES	**3,194,049**	**2,461,782**
COMMITMENTS AND CONTINGENCIES:		
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	**47,328**	**41,097**
SHAREHOLDERS EQUITY:		
463,368,233 ORDINARY SHARES AUTHORIZED AND ISSUED - 456,933,447 SHARES OUTSTANDING	27,802	27,757
NET INCOME	379,722	492,204

RETAINED EARNINGS	2,099,068	1,975,196
TOTAL SHAREHOLDERS EQUITY	**2,506,592**	**2,495,158**
TOTAL	**7,305,225**	**7,157,266**

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED

DECEMBER 31, 2008 AND DECEMBER 31, 2007

- SEGMENTAL INFORMATION -

In thousands of Euro	Manufacturing and Wholesale	Retail	Oakley	Inter-Segment Transactions and Corporate Adj.	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%*
Capital Expenditures	125,489	170,946			296,436
Depreciation & Amortization	85,987	123,129		55,821	264,937
Assets	2,750,630	1,509,658		3,044,937	7,305,225
2007 (2)					
Net Sales	1,992,740	3,233,802	86,964	(347,452)	4,966,054
Operating Income	527,991	361,809	3,717	(80,224)	813,293
% of sales	*26.5%*	*11.2%*	*4.3%*		*16.4%*
Capital Expenditures	112,973	213,293	8,503		334,769
Depreciation & Amortization	68,981	118,100	7,682	38,050	232,813
Assets	2,321,204	1,405,299	1,937,292	1,493,471	7,157,266
2007 Pro-forma (1) (2)					
Net Sales	2,577,786	3,407,907		(446,693)	5,539,000
Operating income	593,898	376,660		(112,453)	858,105
% of sales	*23.0%*	*11.1%*			*15.5%*
Depreciation & Amortization	97,012	126,473		64,681	288,166

Notes :

(1) **These consolidated adjusted amounts are a non-GAAP measurement. The company has included this measurement to give comparative information for the two periods discussed, aligning the consolidation periods of Oakley for both years 2007 and 2008. They reflect the consolidation of Oakley results for the twelve months of 2007 (as it is in 2008) and same trademark amortization as in 2008. This information does not purport to be indicative of the actual result that would have been achieved had the Oakley acquisition been completed as of January 1, 2007.**

(2) **Excluding non-recurring gain related to the sale of a real estate property in 2Q 2007. The impact of the sale was a gain of approximately 20 million before taxes and approximately 13 million after taxes**

LUXOTTICA GROUP

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT

PREPARED IN ACCORDANCE WITH US GAAP AND IAS / IFRS FOR THE YEAR ENDED DECEMBER 31, 2008

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

In thousands of Euro (2)	US GAAP 2008	IFRS 2	IAS 2	IFRS 3	IAS 12	IAS 19	IAS 36	IAS 38	IAS 39	Total
		Stock option	Inventories	Business combination	Income Taxes	Employee benefit	Impairment of Assets	Intangible Depreciation	Derivatives / Amortized cost	adj. IAS-I
NET SALES	**5,201,611**									
COST OF SALES	(1,744,907)		3,490	(868)						2
GROSS PROFIT	**3,456,705**		**3,490**	**(868)**						**2**
OPERATING EXPENSES:										
SELLING EXPENSES	(1,706,474)		(5,177)	(16,776)			(354)			(22
ROYALTIES	(115,639)									
ADVERTISING EXPENSES	(339,258)							1,747		1
GENERAL AND ADMINISTRATIVE EXPENSES	(473,829)	31,885		(32,337)		265				
TRADEMARK AMORTIZATION	(71,742)									
TOTAL	**(2,706,942)**	**31,885**	**(5,177)**	**(49,113)**		**265**	**(354)**	**1,747**		**(20**
OPERATING INCOME	**749,763**	**31,885**	**(1,687)**	**(49,981)**		**265**	**(354)**	**1,747**		**(18**
OTHER INCOME (EXPENSE):										
INTEREST EXPENSES	(135,267)			(3,223)	(1,321)				16,808	12
INTEREST INCOME	13,265									
OTHER - NET	(37,890)	4,247			90				23	4
OTHER INCOME (EXPENSES)-NET	**(159,892)**	**4,247**		**(3,223)**	**(1,231)**				**16,831**	**16**
INCOME BEFORE PROVISION FOR INCOME TAXES	**589,870**	**36,132**	**(1,687)**	**(53,204)**	**(1,231)**	**265**	**(354)**	**1,747**	**16,831**	**(1**
PROVISION FOR INCOME TAXES	(194,657)	(2,594)	665	18,388	(5,607)	(339)	140	(670)	(5,824)	4
INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED	**395,213**	**33,538**	**(1,022)**	**(34,815)**	**(6,838)**	**(74)**	**(214)**	**1,077**	**11,007**	**2**

SUBSIDIARIES										
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	(15,492)			**7,787**						7
NET INCOME	**379,722**	**33,538**	**(1,022)**	**(27,029)**	**(6,838)**	**(74)**	**(214)**	**1,077**	**11,007**	**10**
BASIC EARNINGS PER SHARE (ADS) (1)	**0.83**									
FULLY DILUTED EARNINGS PER SHARE (ADS) (1)	**0.83**									
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	**456,563,502**									
FULLY DILUTED AVERAGE NUMBER OF SHARES	457,717,044									

Notes :

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

(2) Including the non-recurring loss on the write-off of credit related to the sale of Things Remembered. The impact of such write-off is a loss of approximately 15 million after tax or 0.03 per share

Non-U.S. GAAP Measure: 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 with that of other companies in its industry.

Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company s business.

EBITDA and EBITDA margin are not measures of performance under accounting principles generally accepted in the United States (U.S. 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 U.S. GAAP.

Rather, these non-GAAP measures 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 these measures are not defined terms under U.S. 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 U.S. 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 U.S. GAAP financial measure, as well as the calculation of EBITDA margin on net sales.

Non-U.S. GAAP Measure: EBITDA and EBITDA margin

Millions of Euro	**4Q08**	**4Q07**	**4Q07 pro forma(1)**
Operating income (+)	117.4	151.7	150.6
Depreciation & amortization (+) (+)	68.6	64.0	73.2
EBITDA (=)	186.1	215.7	223.8
Net sales (/)	1,236.5	1,188.5	1,257.9
EBITDA margin (=)	15.0%	18.1%	17.8%

(1) These pro forma figures 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.

Non-U.S. GAAP Measure: EBITDA and EBITDA margin

Millions of Euro	**FY08**	**FY07(2)**	**FY07 pro forma(1)(2)**
Operating income (+)	749.8	813.3	858.1
Depreciation & amortization (+) (+)	264.9	232.8	288.2
EBITDA (=)	1,014.7	1,046.1	1,146.3
Net sales (/)	5,201.6	4,966.1	5,539.0
EBITDA margin (=)	19.5%	21.1%	20.7%

(1) These pro forma figures 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.

(2) Excluding non-recurring gain related to the sale of a real estate property in 2Q 2007. The impact of the sale was a gain of approximately 20 million before taxes and approximately 13 million after taxes.

Non-U.S. GAAP Measure: Net Debt to EBITDA ratio

Net debt to EBITDA ratio: Net debt means the sum of bank overdrafts, current portion of long-term debt and long-term debt, less cash. EBITDA represents 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 with that of other companies in its industry.

Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company s business. The ratio of net debt to EBITDA is a measure used by management to assess the Company s level of leverage, which affects our ability to refinance our debt as it matures and incur additional indebtedness to invest in new business opportunities.

The ratio also allows management to assess the cost of existing debt since it affects the interest rates charged by the Company s lenders.

EBITDA and ratio of net debt to EBITDA are not measures of performance under accounting principles generally accepted in the United States (U.S. 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 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 U.S. GAAP.

Rather, these non-GAAP measures 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 these measures are not defined terms under U.S. 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 U.S. 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 U.S. 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 U.S. GAAP financial measure, see the tables on the preceding pages.

Non-U.S. GAAP Measure: Net debt and Net debt / EBITDA

Millions of Euro	Dec 31, 2007	Dec 31, 2008
Long-term debt (+)	1,926.5	2,519.3
Current portion of long-term debt (+) (+)	792.6	286.2
Bank overdrafts (+)	455.6	432.5
Cash (-)	-302.9	-288.5
Net debt (=)	2,871.8	2,949.5
EBITDA	1,066.1	1,014.7
Net debt/EBITDA	2.7x	2.9x
Net debt @ avg exchange rate (1) for the period	3,010.3	2,821.2
Net debt / EBITDA @ avg. exchange rates (1)	2.8x	2.8x

(1) Calculated using the 12-month average exchange rate as of December 31, 2007 and December 31, 2008, respectively

Non-U.S. 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 with 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-U.S. GAAP Measure: EPS before Trademark Amortization

Millions of Euro, unless otherwise noted	**FY08 (2)**	**FY07 (1)**	**r**
Trademark amortization and other similar intangible assets (+)	72	64	
Taxes on trademark amortization and other similar intangible assets (-)	(26)	(24)	
Trademark amortization and other similar intangible assets, net of taxes (=)	45	40	
Average number of shares outstanding as of FY December 31 (in thousands) (/)	456,564	455,185	
Trademark amortization and other similar intangible assets, net of taxes, per share (=)	**0.10**	**0.09**	
EPS (+)	**0.87**	**1.05**	**-17.8%**
EPS before trademark amortization and other similar intangible assets, net of taxes (=)	**0.96**	**1.14**	**-15.4%**
US$ / average exchange rate	1.4707	1.3705	
EPS before trademark amortization and other similar intangible assets, net of taxes in US$	**1.42**	**1.56**	**-9.2%**

(1) Excluding non-recurring gain related to the sale of a real estate property in 2Q 2007. The impact of the sale was a gain of approximately 20 million before taxes and approximately 13 million after taxes, equivalent to 0.03 at EPS level.

(2) Excluding the write-off of credit related to the sale of the Things Remembered business. The impact of such write-off is a loss of approximately 15 million after tax or 0.03 per share.

Non-U.S. GAAP Measure: EPS before Trademark Amortization

Millions of Euro, unless otherwise noted	**4Q08 (1)**	**4Q07**	**r**
Trademark amortization and other similar intangible assets (+)	19	20	
Taxes on trademark amortization and other similar intangible assets (-)	(7)	(8)	
Trademark amortization and other similar intangible assets, net of taxes (=)	12	13	
Average number of shares outstanding as of December 31 (in thousands) (/)	456,816	456,048	
Trademark amortization and other similar intangible assets, net of taxes, per share (=)	**0.03**	**0.03**	
EPS (+)	**0.12**	**0.21**	**-44.3%**
EPS before trademark amortization and other similar intangible assets, net of taxes (=)	**0.14**	**0.24**	**-39.7%**
US$ / average exchange rate	1.3180	1.4486	
EPS before trademark amortization and other similar intangible assets, net of taxes in US$	**0.19**	**0.35**	**-45.1%**

(1) Excluding the write-off of credit related to the sale of the Things Remembered business. The impact of such write-off is a loss of approximately   15 million after tax or   0.03 per share.

Non-US GAAP Measures: Free Cash Flow

Free cash flow represents income from operations before depreciation and amortization (i.e. EBITDA see table on page 17) plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. The Company believes that free cash flow is useful to both management and investors in evaluating the Company s operating performance compared with other companies in its industry. In particular, our calculation of free cash flow provides a clearer picture of the Company s ability to generate net cash from operations, which 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 (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 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 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 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 U.S. GAAP measurements, to assist in the evaluation of our operating performance.

See the table on the following page for a reconciliation of free cash flow to EBITDA and the table on page 17 for a reconciliation of EBITDA to operating income, which is the most directly comparable U.S. GAAP financial measure.

Non-U.S. GAAP Measure: Free cash flow

Millions of Euro	**Dec 31, 2008**
EBITDA (1)	**1,014.7**
r working capital	(77.0)
Capex	(296.4)
Operating cash flow	**641.3**
Financial charges (2)	(122.0)
Taxes	(202.2)
Extraordinary charges (3)	(15.1)
Free cash flow	**302.0**

(1) EBITDA is not a U.S. GAAP measure; please see table on page 17 for a reconciliation from operating income

(2) Equal interest income minus interest expenses

(3) Equal extraordinary income minus extraordinary expenses

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LUXOTTICA GROUP S.p.A.

Date: March 17, 2009

By: /s/ ENRICO CAVATORTA
ENRICO CAVATORTA
CHIEF FINANCIAL OFFICER