

The human values we share

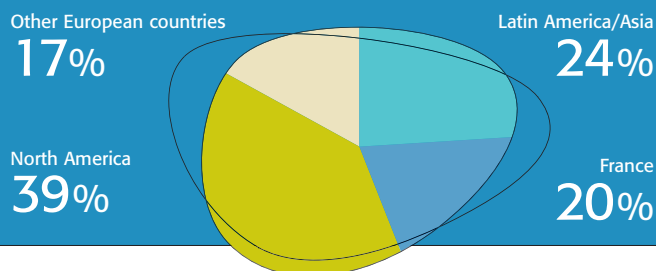
One of the values that have forged Essilor's positive reputation as an employer around the world is our abiding belief in our employees as the key to our success. Essilor's human commitment is reflected in our pursuit of strong, steady progress that fosters individual responsibility and relies on personal development potential. We express this commitment in tangible form through our expenditures on training. We see this as a vital necessity for the ongoing improvement of our corporate performance through the continuous enhancement of employee skills and competencies.

In all the countries where Essilor operates, we make sure that our subsidiaries comply with the fundamental conventions of the International Labor Organization, in particular those concerning the freedom of association and the recognition of the right to collective bargaining, the abolition of all forms of forced labor, the

Environmental and social policy



Workforce by geographic area



elimination of child labor, and the elimination of workplace and occupational discrimination.

Essilor operations foster regional development and improve local living conditions. We listen to and dialogue with our employees so we can identify their key concerns. This enables us to implement agreements and action plans tailored to the specific local context such as:

- Partial financing of transportation expenses by the company.
- Subsidized company restaurants in most of our business units.
- Special attention to drinking water and general hygiene issues.
- Presence of occupational medicine services, infirmaries or healthcare units.
- Provision of adequate insurance coverage.
- Safety training (OHSAS 18001 certification obtained in China in 2002).
- Steady increase (significant in certain countries) in women in the workforce thanks to successful programs to foster gradual shifts in local attitudes.
- Sponsorship and funding of local sports activities.
- Organization of various social activities to celebrate specific events.

In the less developed countries, Essilor's drive to help persons with disabilities enter the workplace is often hampered by the lack of suitable channels for hiring potential applicants. Nevertheless, in 2002, Essilor added several dozen people with disabilities to its existing local workforces.

For Essilor, safety in the workplace is a priority that expresses our values regarding respect for individuals and risk prevention for all employees in all countries. Therefore, every security procedure adopted for a process (or machine) at one of our facilities is adopted in identical form for all similar processes (or machines) in the rest of the world.

Consolidating our environmental protection programs

Very early on, Essilor voluntarily undertook to determine the exact potential or actual impact – however slight – of its operations on the environment.

Our main priorities in this area are to reduce energy and water consumption, improve waste management and recovery, pursue our steady efforts to cut gas emissions and, of course, continue our environmental communication and education programs for our workforce.

As part of our ISO 14001 certification drive, we are curtailing the impact of our business on biological equilibrium, natural habitats, and protected animal and plant species in situations where environmental analysis has revealed the existence of a risk, however small. Despite the minimal probability of occurrence, in addition, every Essilor facility has drawn up contingency plans to cope with pollution accidents. Two new locations in France, Dijon and Sézanne, have won ISO 14001 certification.

In 2002, Essilor published a "Project Hygiene, Safety and Environment Guide" that spells out basic principles such as prevention and control of industrial hazards and pollution. Essilor maintains a central Hygiene, Safety, and Environment Department with a worldwide network of local correspondents. All facilities are audited at least once a year.

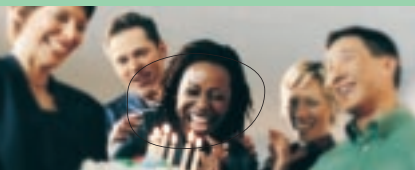


Civic and societal action programs

A number of Essilor departments, units, and subsidiaries donate to non-profit groups, schools, training organizations, and entities involved in research on improving eyesight, preserving eye integrity, health, and safety, preventing eye disease, combating blindness, and assisting the blind or visually impaired. In some emerging countries, Essilor's civic action often ranges beyond the scope of its business operations, in order to provide solutions better suited to the real needs of the local population.

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- Initiatives to educate eye care professionals: Varilux® Academy in Asia - Varilux® University in Europe - Essilor Academy in the U.S.
- Support for many non-profit groups and non-governmental organizations:
Helen Keller International Foundation (U.S.) - Virilanie Association (Philippines) - Association Valentin Haüy (France) - Fédération des Aveugles et Handicapés Visuels de France - Special Olympics Organization (International) - Prevent Blindness America (U.S.)
- Supplier of ophthalmic lenses, testing equipment, lens-cutting and lens-mounting equipment for the Childsight® program (U.S.), and the Special Olympics-Lions Clubs International Opening Eyes™ Program (International).



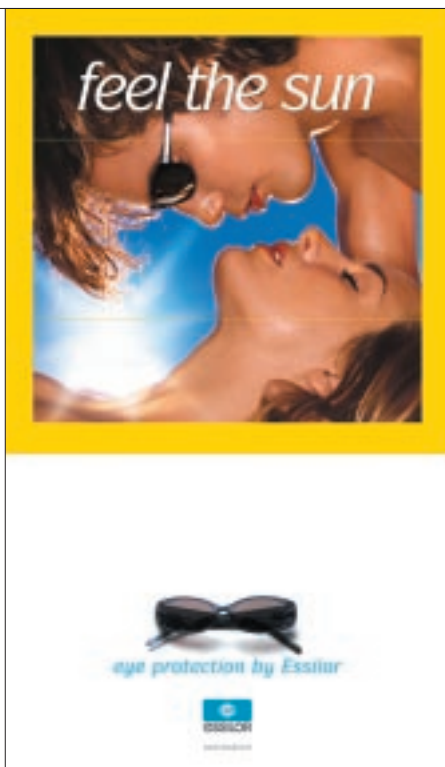
*Illustration from
Varilux® advertising
in the U.S. trade press*

Income statement

at December 31, 2002

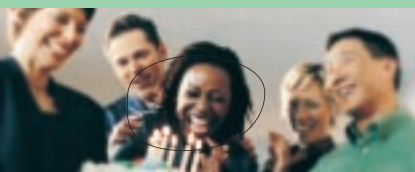


*Advertising campaign
for sun lenses
in the Netherlands*



€ thousand

	2002	2001	2000
Sales	2,138,269	2,070,379	1,978,418
Production transferred to inventory	41,065	390	10,613
Production of assets for own use	37,458	22,286	31,102
PRODUCTION	2,216,792	2,093,055	2,020,133
Purchases of materials and change in inventory	466,234	425,321	419,418
Other purchases	502,144	470,391	480,790
ADDED VALUE	1,248,414	1,197,343	1,119,925
Taxes, other than income tax	35,127	41,425	32,448
Personnel expenses	738,175	723,213	698,198
GROSS OPERATING INCOME	475,112	432,705	389,279
Depreciation, amortization and provisions, net	(127,515)	(117,597)	(109,306)
Other income (expenses), net	(7,015)	(4,509)	(5,903)
OPERATING INCOME	340,582	310,599	274,070
NET INTEREST EXPENSE	(36,670)	(48,298)	(41,296)
NON-OPERATING EXPENSE, NET	(26,183)	(29,007)	(9,489)
PRE-TAX INCOME AFTER NON-OPERATING ITEMS	277,729	233,294	223,285
Corporate income tax	78,289	69,218	62,464
NET INCOME OF FULLY CONSOLIDATED COMPANIES	199,440	164,076	160,821
Net income of companies accounted for by the equity method	6,637	2,647	3,735
Amortization of goodwill	23,670	23,927	28,450
Minority interests	54	220	666
NET INCOME	182,353	142,576	135,440

**ASSETS** € thousand

	2002	2001	2000
Intangible assets	124,667	132,389	120,829
Goodwill	292,008	356,767	399,447
Property, plant and equipment	526,626	572,026	572,184
FIXED ASSETS, NET	943,301	1,061,182	1,092,460
Investments in companies accounted for by the equity method	94,616	77,315	67,207
Other long-term investments	50,176	60,328	44,623
OTHER NON-CURRENT ASSETS	144,792	137,643	111,830
Inventories and work in progress	325,239	348,386	351,273
Advance payments to suppliers	8,250	10,135	7,551
Operating receivables	395,735	399,795	374,759
Deferred tax assets	43,515	54,893	51,106
Other receivables	26,830	27,204	10,406
Capital subscribed, called, unpaid			2,225
Marketable securities	189,483	22,131	53,720
Cash	62,978	73,987	58,115
Prepayments and other assets	13,955	11,377	14,607
CURRENT ASSETS	1,065,985	947,908	923,762
Deferred charges	3,712	2,665	2,827
TOTAL ASSETS	2,157,790	2,149,398	2,130,878

Balance sheet

at December 31, 2002

LIABILITIES AND SHAREHOLDERS' EQUITY € thousand

	2002	2001	2000
Capital stock	35,939	35,377	32,399
Additional paid-in capital	189,674	149,888	308,119
Reserves	892,486	795,895	703,078
Treasury stock	(45,212)	(27,498)	(204,961)
Cumulative translation adjustment	(42,817)	111,127	72,764
Net income	182,353	142,576	135,441
SHAREHOLDERS' EQUITY	1,212,423	1,207,365	1,046,840
Minority interests	1,728	1,724	773
Minority interests in income	54	220	666
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	1,214,205	1,209,309	1,048,279
Provisions for pensions and other post-retirement benefits	53,386	49,190	45,338
Provisions for contingencies and charges	40,166	30,195	31,218
TOTAL PROVISIONS	93,552	79,385	76,556
Borrowings	415,551	417,421	578,114
Advances and deposits received from customers	3,523	3,484	4,016
Operating liabilities	397,044	395,344	357,611
Miscellaneous liabilities	31,247	42,245	64,182
Deferred income	2,668	2,210	2,124
TOTAL LIABILITIES	850,033	860,704	1,006,047
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,157,790	2,149,398	2,130,882

Essilor is the sole source for all information in this document.

All financial and legal information for Essilor shareholders can be found in the reference document filed with the *Commission des Opérations de Bourse*, which is available on request at our head office or can be downloaded from our www.essilor.com website.

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2003 publication schedule

1st quarter 2003 sales announcement: April 24
Annual shareholder's meeting: May 16
1st half 2003 sales announcement: July 23
1st half 2003 results announcement: September 10
3rd quarter 2003 sales announcement: October 23



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