

SHAREHOLDERS' MEETING APPROVES 2003 FINANCIAL STATEMENTS. Dividend increases to 0.38 euro per share

Ponzano, 12 May 2004. Today's Benetton Group shareholders' meeting, chaired by Luciano Benetton, approved the 2003 financial statements, which closed with consolidated revenues of 1,859 million euro, net income of 108 million euro and normalised net income of 139 million. It was decided to distribute a dividend of 0.38 euro per share (0.35 euro in the previous financial year), payable on 27 May, equivalent to a total of 69 million euro, confirming a pay out ratio of 50 per cent in relation to normalised net income.

UNITED COLORS
OF BENETTON.

Other items in the 2003 financial statements include, in particular, stable self financing at around 330 million euro and net indebtedness reducing to 468 million euro.

The meeting also reconfirmed existing Board members and appointed PricewaterhouseCoopers as external auditors, after expiry of the mandate of the previous auditors.

The letters to shareholders from the chairman and managing director of the Benetton Group follow.

Letter to the Shareholders from the Chairman and Founder of the Benetton Group, Luciano Benetton

"Dear Shareholders,

In almost 40 years of existence (due to be celebrated in 2005), Benetton has shown that it is a flexible group, geared to change and to contradictory scenarios, well equipped to face the future.

The main reason for this is our business model, which even today makes us unique and extremely hard to imitate: a model based on three fundamental values. The first is brand awareness, brands that are symbols of the Italian temperament and Italian effort, which are able to give our products added value in terms of style and quality of life.

The second value is the structure of the Benetton model, based on the one hand on a consolidated sales network of entrepreneurial partners; and, on the other, based on industrial know-how that is constantly updated and refined thanks to major investment in innovation.

The third value is the quality of the product, which we consolidate and sustain through continuous research into raw materials and design. It is a quality that is "made in Italy" which we intend to guarantee so that we can offer the market something extra in terms of identity, innovation and attention to details.

Today we are ever more realistic and at the same time, while conscious of the difficulties of the current economic climate, we are optimistic. In particular, we are thinking of important development in China and India, because we know that we can count on a wealth of structures, resources

and experience in Asian markets: above all in Japan and South Korea, where Benetton brands are well known and greatly appreciated. This is a new challenge to do even better than which we already do well."

Letter to the Shareholders from the Managing Director of the Benetton Group, Silvano Cassano

"Dear Shareholders,

During 2003, the Benetton Group confirmed its solidity and achieved important results despite the situation of worldwide economic uncertainty: in particular, satisfactory profits, strong cash flow, and debt that continues to fall despite constant investment over the years.

Starting from Benetton's long-standing emphasis on quality, style and innovation, the 2004-2007 Guidelines presented to the financial community in 2003 aim for sustainable growth thanks, above all, to strong brand positioning, continuous updating of the product mix, even faster commercial expansion and significant investment in production facilities.

Improved brand definition for United Colors of Benetton, Sisley, Playlife and Killer Loop, needed to ensure a more precise and strong perception of each label on the part of customers, will go hand in hand with expansion of the product range with an emphasis on higher-margin items, such as menswear collections and tailored garments, and on accessories and licensed products.

As regards our markets, in addition to developing the sales network in the European market (also in terms of floor-space), the Benetton Group is determined to increase its presence in large emerging nations such as Russia, China, India, in South Korea and the various Eastern European markets.

Production investments in turn aim to speed up response times and bring us closer to the market and its requests. These are concrete objectives whose achievement will be helped by the new industrial organisation based on autonomous production and logistics centres, which make it easier to reach the various regional markets more rapidly.

We expect to see a positive economic impact from these interventions already in 2005 and I am convinced that the coming year's results will confirm that we are on the right track."

For further information and contacts:

Media
+39 0422 519036

Investor Relations
+39 0422 519412