

**Stockholders' Meeting approves the 2001 financial statements
BENETTON DIVIDEND OF 0.41 EURO
2002 first quarter results approved by the Board**

Ponzano, 14th May 2002. The Benetton Group Stockholders' Meeting, convened today and chaired by Luciano Benetton, approved the 2001 financial statements with normalised net income for the Group of 163 million euros and consolidated revenues of 2.1 billion euros. The Meeting resolved to distribute a dividend of 0.41 euro per share, payable from 23rd May, totalling 74.4 million euros.

UNITED COLORS
OF BENETTON.

Analysis of the 2001 financial statements shows that the overall growth in turnover was 4 per cent (2.02 billion euros in 2000); the clothing division, in particular, recorded an increase of 9.5 per cent in terms of turnover and 8 per cent in volume.

In 2001, normalised consolidated net income was 163 million euros against a normalised value for the previous financial year of 174 million euros, which does not include the extraordinary income realised in 2000 from the sale of the Formula 1 team. Self-financing in the year improved by 63 million euros, to 374 million. Working capital increased to 811 million euros compared with 772 million euros in 2000. Stockholders' equity at 31st December 2001 rose to 1,241 million euros (from 1,175 million), continuing a strategy of giving special attention to stockholders' remuneration with a pay out ratio of 50 per cent.

The financial year closed with indebtedness of 640 million euros, against 536 million in 2000, with investments of 311 million euros, both for acquisition of property and commercial businesses in support of the continued development of the store network, and for execution of a European manufacturing project aimed at achieving ever greater speed of competitive response to the market.

In the extraordinary part of the Stockholders' Meeting, the Board was authorised to issue a bond for a maximum of 500 million euros, which for an amount of 258.2 million euros substitutes a similar bond issue expiring in the month of July 2002.

Letter to our Shareholders

In the latter part of 2001, I always gave the same response to anyone asking me what I thought of the situation post-September 11 and the slowdown in world economic growth: I am optimistic because I believe that it is the confidence of markets, businessmen and politicians alone that can help produce a recovery.

At the present date, I am still able to make the same statement with the support of actual facts. In the United States over 20 new Benetton stores were opened in the latter part of 2001, with nearly the same number planned for 2002. This means that confidence was not lacking even in this darkest of crises and that our US partners consider that our Group is worthy of backing since it is prepared to fight back and invest.

With net sales of around 2.1 billion euros in 2001 and normalized net income of 163 million euros, we are a global group, both in size, resources and repute. But we are also a flexible group, used to dealing with change and contradictory situations: an example of the Italian temperament and handiwork, capable of giving added value to a product in terms of style and quality.

In 2001 our efforts mainly focused on the growth potential of the casual wear sector, particularly through quantitative and qualitative enhancements to the sales network.

The network of flagship megastores, including those under direct management, located in the historic centers and shopping districts of major cities, has grown much faster than expected: at year end the megastores numbered over 100 worldwide, a threshold that we had expected to reach only in 2002.

Investments in opening new megastores, which represent the best international showcase for Benetton's style and image, will continue at a relentless pace also in the years to come. We continue to believe in the validity of our organizational model, with over 2,000 entrepreneurs acting as our partners in the management of our stores. We shall also focus on expanding the dimensions of sales outlets under third-party management, to medium sized stores which are better able to respond to the requirements of the presentation and coordinated proposal of our collections.

These innovations to the stores represent the Group's main response to the changing market: to customers, who, rather than simply buying, need to find inspiration for their purchase. At the same time, we have improved our ability to react to demand, partly thanks to major investments in information technology to link up the retail outlets in a genuine network. For example, we are now capable of delivering new collections every 15 days.

The product range was completed in 2001 with the addition of the new label The Hip Site. This is aimed at teenagers in the 11 to 16 age bracket, who want to be noticed for their fresh, fashionable clothing. We have also revitalized our menswear collections, which now boast much wider choice, personality and style than in the past.

The sport sector is a great challenge for the Benetton Group. To respond to trends in the equipment sector, notably the downturn in the market for in-line skates, incisive measures for reorganization were implemented during the year involving the entire organization. The Playlife sportswear line reported positive results, with good prospects for future growth

We are operating a twin-track policy in the area of distribution. On the one hand, we are expanding and consolidating the network of Playlife stores. On the other, we are rationalizing our relations with traditional sports stores, partly by proposing more technical, focused collections.

Aware that the future begins with every new day, we shall continue to work in 2002 with the optimism of determination, to improve ourselves along the way. In this way we shall be prepared to meet the economic recovery which, in my view, is not far away.

The Chairman
Luciano Benetton

2002 first quarter results

The Board of Directors, following today's Stockholders' Meeting, approved the results for the first quarter 2002, which saw revenues of 446.8 million euros against 464.7 million euros for the first quarter of the previous financial year, with a small decrease mainly due to the expected contraction of sports revenues in the in-line skates segment.

In this quarter, the Group's net income was 19.1 million euros, against 18 million in the previous year (which included net extraordinary expense of five million euros). Gross operating income to 200.4 million euros (199.3 million in the previous financial year), with the ratio to sales up by two percentage points, to around 45 per cent. Self-financing was around 75 million euros compared with 69 million of the first quarter 2001.

The end-year forecast indicates that the Group should achieve growth rates in revenues in line with those of 2001 even though the current conditions of the market mitigate these expectations. The management of the Group's economic activities and the improvement of margins, both in the casual and the sport sectors, allow nevertheless the forecast of a significant growth in income. At the end of 2002, net indebtedness should decrease, compared with that registered at the end of 2001.

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Group results

Consolidated income statement

(in millions of Euros)	1 st quarter		1 st quarter		Change	%
	2002	%	2001	%		
Revenues	446.8	100.0	464.7	100.0	(17.9)	(3.9)
Cost of sales	(246.4)	(55.1)	(265.4)	(57.1)	19.0	(7.2)
Gross operating income	200.4	44.9	199.3	42.9	1.1	0.6
Variable selling costs	(28.1)	(6.3)	(33.0)	(7.1)	4.9	(14.8)
Contribution margin	172.3	38.6	166.3	35.8	6.0	3.6
General and administrative expenses	(127.1)	(28.5)	(116.6)	(25.1)	(10.5)	9.0
Income from operations	45.2	10.1	49.7	10.7	(4.5)	(8.9)
Gain (losses) on foreign exchange	2.0	0.5	1.5	0.3	0.5	33.2
Financial charges, net	(9.7)	(2.2)	(9.4)	(2.0)	(0.3)	3.2
Extraordinary income (expenses)	(0.5)	(0.1)	(3.0)	(0.6)	2.5	(83.6)
Income before taxes	37.0	8.3	38.8	8.4	(1.8)	(4.7)
Income taxes	(17.8)	(4.0)	(20.4)	(4.4)	2.6	(12.9)
Income attributable to minority interests	(0.1)	(0.0)	(0.4)	(0.1)	0.3	(77.4)
Net income	19.1	4.3	18.0	3.9	1.1	6.3

Financial position

(in millions of Euros)	03.31.2002	12.31.2001	Change	03.31.2001
Working capital	955	811	144	915
Total capital employed	2,031	1,896	135	1,873
Net indebtedness	756	640	116	662
Shareholders' equity	1,260	1,241	19	1,199
Minority interests	15	15	-	12

Summary statement of cash flows

(in millions of Euros)	1 st quarter		Year
	2002	2001	
Self-financing	75	69	374
Change in working capital	(139)	(156)	(68)
Sale of investments	-	-	27
Operating and financial investments	(49)	(50)	(274)
Payment of dividends	-	-	(85)
Payment of taxes	(2)	(1)	(89)
Net financial requirements	(115)	(138)	(115)