UNITED COLORS OF BENETTON.

Benetton Group Stockholders approve 1996 Financial Statements
DIVIDEND RISES TO LIRE 500, NET INCOME + 11.5%,
NET BORROWING ELIMINATED, BONUS SHARE ISSUE

Ponzano, Italy, April 29, 1997. Benetton Group S.p.A. stockholders approved the 1996 financial statements at a meeting held today, chaired by Luciano Benetton. A dividend of Lire 500 per share, more than 18 per cent higher than the Lire 425 declared in 1996, will be payable from May 19, 1997.

During the extraordinary meeting also held today, stockholders approved both a one-for-twenty-five bonus share issue and the issue of bonds totalling up to 500 billion Lire.

The substantial increase in the dividend reflects strong growth of 11.5 per cent in the consolidated net income, reaching 246 billion Lire (220 billion Lire in 1995). Other highlights include elimination of the Group's net borrowing for the first time in its history. Net financial charges fell to 12.6 billion Lire, from 46.6 billion Lire in 1995, now representing just 0.4 per cent of consolidated revenues.

The record results achieved in 1996 derive from continuous innovations that have enhanced the Group's business systems combined, in recent years, with incisive action to contain operating costs.

Analysis of the 1996 financial statements reveals self-financing of 668 billion Lire. Net liquidity of 133 billion Lire follows an improvement of 273 billion Lire compared to the previous year, after the payment of dividends totalling about 80 billion Lire in 1996. Operating capital has decreased by almost 150 billion Lire, from 1,285 billion Lire to 1,137 billion Lire, while consolidated stockholders' equity amounts to 1,821 billion Lire, 10 per cent higher than at the end of 1995.

Consolidated revenues of 2,871 billion Lire (2,939 billion Lire in 1995) were influenced by the marked appreciation of the lira against major currencies (over 8 per cent on average), and by the disposal of certain businesses no longer considered to be strategic. Despite the appreciation of the lira, gross margin has remained over the optimal 40 per cent; operating income was 14 per cent of revenues.

The overall volume of sales rose by almost 4 per cent, with about three million more garments sold compared to 1995. Substantial growth was achieved principally within the European Union: France, the UK, Spain, Portugal and Germany, as well as in Eastern Europe and some parts of the Middle East.

The rise in the volume of products sold, achieved despite a stagnant consumer market, was principally due to the increase in size of retail outlets, while the number of stores remained almost unchanged. In fact, the development and renewal of the retail network continued during 1996, notably through the opening of new megastores in London (the world's largest Benetton store), New York, San Francisco, Barcelona, Moscow and Riyadh. These stores offer complete ranges of clothing and accessories covering all Benetton brands, thereby consolidating public awareness and the Group's global image.

On the industrial front, work has been completed on the Castrette manufacturing facilities, now the most advanced of their kind in the world. Other investment in innovation has focused on adopting the latest technology in data processing and applications systems and, above all, on the continuous improvement of integrated logistics. Here, new automated systems have considerably improved efficiency and the speed of customer service, whilst reducing transport expenses by more than 10 billion Lire. All in all, this has achieved net savings in 1996 of almost 45 billion Lire, thanks to projects for the reorganization and optimization of costs in various sectors of the business and in certain markets, particularly Japan.

Regarding the Group's plans for development, Benetton is involved in a number of feasibility studies aimed at a potential acquisition in sectors strategically coherent with the Group's core business. These analyses, undertaken in collaboration with leading international merchant banks, relate to a number of candidate companies, among which Benetton Sportsystem (a subsidiary of Edizione Holding) remains one of the options being assessed from an industrial and financial perspective.

Today's meeting of the stockholders was attended by 13 stockholders representing, either directly or by proxy, 125,276,002 shares or 71.77 per cent of capital. Edizione Holding is the largest registered stockholder with a 71.28 per cent interest in the Company.