

**Shareholders' Meeting approves the 1999 financial results
BENETTON DIVIDEND RISES TO 200 LIRE
Deliberated distribution of total 360 billion lire (187.2 million
US\$) + 10% for net income and volumes**

Ponzano, 28 April 2000. The Shareholders' Meeting of Benetton Group S.p.A., meeting today under the chairmanship of Luciano Benetton, approved the 1999 financial results, which closed with consolidated net income of 322 billion lire (167.5 million US\$), up 10% on the 293 billion of the previous year, and with consolidated revenues of 3,838 billion lire (1,996 million US\$).

UNITED COLORS
OF BENETTON.

Confirming the strategy of particular attention to stockholders' earnings, introduced last year, the Meeting resolved to distribute a dividend of 200 lire per share, equal to about 5% of Benetton's share value on the Stock Market, where Benetton shares recorded an increase of over 35 per cent during the year. The dividend, which amounts to a total of 360 billion lire (187.2 million US\$), will be payable from 25th May 2000.

The Meeting also resolved to renew the Board of Directors, nominating as new board member Luigi Arturo Bianchi, professor of commercial law at the Bocconi University in Milan.

Analysis of the 1999 financial results highlights a 10% growth in terms of volumes, while consolidated revenues (3,834 billion lire – 1,994 million US\$ in 1998) take into account the deconsolidation of revenues of Benetton Shoes Japan and Spiller. Activities of these companies had contributed overall to around 90 billion lire (46.8 million US\$) of the previous year's revenues.

1999's debt of 576 billion lire (299.6 million US\$), compared with 378 billion lire (196.6 million US\$) in 1998, reflects both the increased dividends distributed during the year and the acceleration of the investment program, particularly regarding the acquisition of highly prestigious and visible properties to support the development in the quality of the sales network.

Cash flow rose to 501 billion lire (260.6 million US\$), compared to 466 billion lire (242.3 million US\$) in the preceding financial year. Working capital increased to 1,434 billion lire (745.8 million US\$), compared to 1,365 billion lire (710 million US\$) in '98. Stockholders' equity decreased to 2,161 billion lire (1,124 million US\$) from 2,219 billion lire (1,154 million US\$), in line with the strategy adopted by the company, paying particular attention to stockholders' remuneration. Gross manufacturing margin rose to 44% from 41% in 1998, with operating income rising in turn to 16% from 12%. The strong improvement in margins evidences the continuous enhancement of the management of the entire cycle, from product to production and distribution.

In the clothing sector, 1999 saw the continuous opening of new megastores, some of which directly managed by the Group, which constitute immediate and effective "show cases" of Benetton's quality and style in historic and commercial city centres throughout the world. In

addition to the complete range of garments and accessories, the new megastores offer a useful series of complementary services, becoming welcoming meeting places.

Sportswear, in particular, has been concentrated in the Playlife and Killer Loop brands, the latter with a younger, streetwear character, combining the comfort and reliability typical of sport with the style and colours characteristic of "Made in Italy". The growth in sportswear in 1999 is confirmed by the continuous development of the Playlife sales network, especially in Europe, and, as far as image and international prestige are concerned, by the Italian Olympic Committee's selection of Benetton and Playlife for the creation of the Italian Olympic Team's official clothing for Sydney 2000.

The reorganisation completed, the sports equipment sector achieved its best results in winter sports, in particular in the demanding Japanese market. Research and development has guaranteed the creation of new avant-garde sports equipment, such as the Nordica skis which were recently judged by the International Ski Federation as best skis of the slalom World Cup for the 1999-2000 season, the year of their debut. Overall, R&D activities in 1999 resulted in the definition of 23 exclusive patents, in addition to 8 from the clothing sector.

During 1999, an e-commerce project was launched which will make it possible, by the end of 2000, to create a portal for sale via Internet of United Colors of Benetton, Sisley, Playlife and Killer Loop clothing collections, and of Nordica, Rollerblade, Prince and Killer Loop sports equipment lines. For this project, in addition to a network logic, which has always been present in its system, Benetton can draw on advanced distribution and logistics know-how, developed over the years to meet the requirements of speed and globalisation.

The Meeting was attended by shareholders representing, in person or by proxy, 1,282,656,516 shares, equal to 70,6 per cent of the share capital. The main shareholder is the Benetton family, which holds 69.34 per cent of the equity.

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