

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

To the shareholders,

Anniversaries normally lead us to look at the past, at how far we have come. I prefer to turn this on its head and to project these last 40 years into the future, almost as if this were our first day of business. Throughout our journey, there have certainly been many successes for us to be proud of - and we will be celebrating these this fall at the Centre Pompidou in Paris - but it is equally true that "our" future begins each and every day, and it is our duty to keep pace with the passing of time with optimism and vigor.

For us, for example, the results achieved in 2005 should be seen, above all, as the basis upon which to grow even further in 2006. These results demonstrate that our Group is equipped to meet the challenges of the years to come, because we can count on a stable shareholder base and a highly skilled management team. Equally important is the ability of each of us to work as a team and play an active role, working towards a common goal shared throughout the organization's value chain: this is the glue that gives strength to our entrepreneurial culture.

Our network of sales partners, in particular, continues to strengthen and become more sophisticated day by day. It is together that we invest in the updating of shops, in the services we provide, in the value of our brands, and in the style and quality of our collections. All this is driven by a philosophy of being in direct contact with the market and as close as possible to the final consumer.

The ability to weave a global "network of skills", selecting the best industrial and commercial resources available upon which to further develop Benetton know-how, has enabled us to make bold forays into markets that only western shortsightedness could see as being "emerging". A case in point is India, where our 15 years of presence has provided us with a significant competitive advantage, or China. Both these countries are acting as invaluable springboards for the development of other Asian markets.

Tomorrow, as today, we will continue to focus on development. This means investing in technology, innovation, and organization, in order to be as competitive, fast, and dynamic as we can. This approach will enable us to be highly reactive, both in coming up with ideas - and putting them into action with the projects, products and solutions that anticipate coming trends.

Because, in reality, our future begins now - at 40!

Luciano Benetton
Chairman, Benetton Group S.p.A.