



René de La Serre
Chairman of the
Supervisory Board

Serge Weinberg
Chairman of the
Management Board
and CEO

Dear Shareholders,

For Pinault-Printemps-Redoute, the first half of 2001 was another period of solid earnings growth, despite the less favorable trading conditions. Sales expanded by 19.6% to €13.5 billion, reflecting sustained organic growth and the contribution of businesses acquired in the second half of 2000 and the first six months of the current year. Operating income increased by 14.7% to €907.3 million and net income Group share before amortization of goodwill rose at the same rate to €365.8 million.

These results reflect the business performance of our activities and the robustness of our margins.

They also confirm the sound strategic and operating rationale underlying our recent acquisitions. These results are all the more satisfactory since they have been achieved against the background with the following characteristics: a marked economic slowdown since the second quarter of 2001, the effect of developments that have been decided at the time of a more favorable trading environment, the consolidation of companies with lower margins and the full impact of Group investments carried out in 2000 and during the first half of 2001.

We are ready to face up to a lasting economic slowdown and for this reason, in the first quarter of 2001 we launched action plans to lower the cost base of Rexel and Redcats in North America, where the reversal of economic trends was the steepest. Then in May 2001, we began implementing a series of general measures throughout the Group as a precaution against a more lasting economic slowdown. These initiatives should begin to yield benefits in the months to come.

Our Group's aims extend far beyond simply warding off the effects of the downturn, however. In 2001 and 2002, we are committed to achieving further increases in both sales and earnings, by focusing on organic growth and operating efficiency. We intend to leverage the growing synergies within the Group in the areas of procurement and purchasing, while also scaling down development costs and keeping tight control over operating expenses.

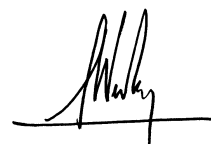
As you already know, on September 10, 2001, your Group signed an agreement with Gucci and LVMH, to raise its stake in Gucci to 53.2% as early as October 22, 2001. With this agreement, which provides definitive solution to all outstanding disputes, Pinault-Printemps-Redoute affirms its position in the luxury goods industry and confirms the strategy implemented in March 1999 to develop a multibrand luxury division around Gucci.

The economic and psychological impacts of the tragic events that took place in the United States on September 11, are difficult to assess today. In a very depressed stock market environment, the share price of Pinault-Printemps-Redoute strongly declined, despite solid first half results and a definitely peaceful climate in the Gucci deal. Our cost reduction policy, started as early as last spring, is even more justified.

That said, thanks to our initiatives in these areas, backed by the commitment of our teams and their ability to anticipate and react quickly to changing market conditions, we are confident that our Group will fulfil the ambitious goals set for 2001. These include sales growth of 15%, an equivalent increase in operating income and double-digit growth in net income.



René de La Serre
Chairman of the
Supervisory Board



Serge Weinberg
Chairman of the
Management Board

In 2001 and 2002, we are committed to achieving further increases in both sales and earnings, by focusing on organic growth and operating efficiency.



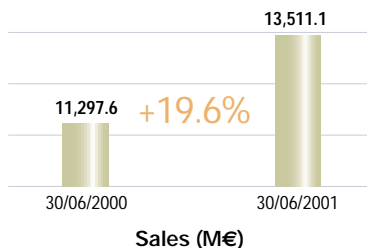
Solid earnings growth in first half 2001

STRONG GROWTH IN SALES

The strong performance of sales reflects a sustained organic growth in the Retail and the Luxury Goods divisions coupled with significant contributions by the companies acquired in the Business-to-Business division in 2000. It was achieved despite slower growth in the markets where the Group operates.

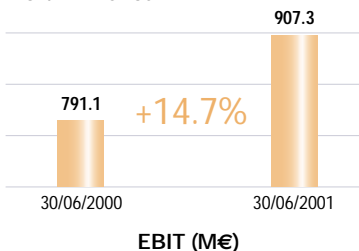
On a comparable structure and exchange rate basis, sales growth stood at 4.7% for the first-half of 2001. Excluding North America, organic growth expanded 7.1%, reflecting strong sales momentum for the Group in geographic areas where Pinault-Printemps-Redoute generates 79.2% of sales.

International sales surged by 27.1% compared to the first-half of 2000, reflecting the growing development of Fnac and Conforama in Europe, the good activity of the Luxury Goods division in the United States as well as the consolidation of Westburne by Rexel. International sales now represent 55.7% of total sales.

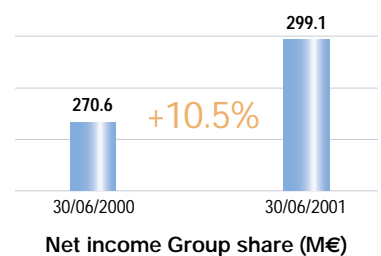
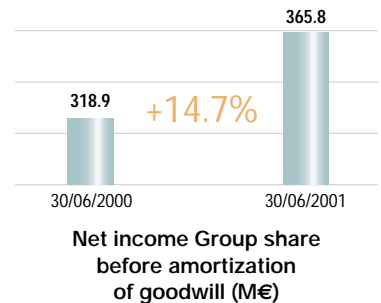


OPERATING EFFICIENCY IMPROVED AND DEVELOPMENT COSTS REMAINED STABLE

The sharp rise of the operating income testifies to the Group's success in controlling development costs in a period of rapid organic growth. It also reflects the ongoing improvement in operating efficiency, as well as the excellent performance of Group businesses outside North America.



Consolidated operating income was driven by a very healthy 15.8% increase outside North America. At 7.2% of sales, operating margin outside North America was on a par with that for first-half 2000, and this, despite the integration of new companies with lower margin and developments costs. The positive impact of the measures taken by Redcats and Rexel at the end of the first quarter to adapt themselves to the changed economic climate has not yet been fully felt in the first half. Development costs to support the international expansion of the Retail division and the build-up of the burgeoning e-commerce businesses were kept at 0.4% of sales.

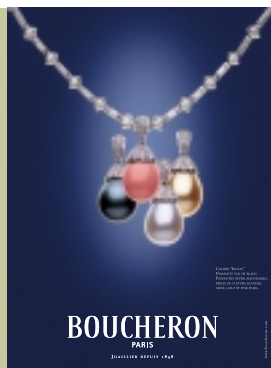
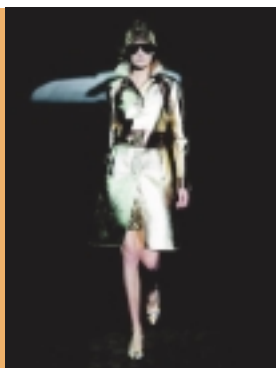


INVESTMENT STRATEGY AND FINANCIAL STRUCTURE

Net cash from operating activities before changes in working capital expanded by 11.2% to € 661.7 million. In the first half of 2001, net cash from operating activities strongly improved from € -181.7 million to € 428.4 million and financed almost entirely net operating investments, which came to € 439.1 million. Net financial investments totaled € 815.5 million in the first half of 2001. They related primarily to the main acquisitions made in 2000 and 2001.

At June 30, 2001, the Group's net debt-to-equity ratio stood at 79.3% versus 74.4% at year-end 2000.

Pinault-Printemps-Redoute affirms its position in the luxury goods industry



Two and a half years after the strategic agreement of March 1999, the agreement signed with LVMH and Gucci on September 10, 2001 confirms the Pinault-Printemps-Redoute's strategy in the luxury goods sector. The Group will secure a 53.2% controlling interest in Gucci and all legal disputes have been brought to a conclusion.

The agreement will be implemented in three stages:

- acquisition by Pinault-Printemps-Redoute, from October 2001, of 8,579,337 Gucci shares at a price of \$94 each;
- distribution by Gucci of a special dividend of \$7 per share in December 2001, to all shareholders other than PPR;
- option for Gucci shareholders to sell, in April 2004, their shares at a price of \$101.5 each.

Both the transaction and the financing package will have a neutral impact on earnings per share in 2001 and an accretive impact in 2002. Pinault-Printemps-Redoute will raise € 1.4 billion in financing through a € 700 million capital increase and a € 700 million convertible bond issue. An amount of € 896 million has been earmarked for the acquisition of Gucci shares and the remainder will be used to refinance the Group.

The agreement has also modified Gucci's corporate governance rules. The number of the company's Supervisory Board members has been raised to ten, including five representatives nominated by Pinault-Printemps-Redoute. Upon completion of the offer in 2004, the Supervisory Board will be comprised of a maximum of nine members of which the Group will have the right to name a maximum of five Board members.

Gucci: an excellent investment for Pinault-Printemps-Redoute

Since March 1999, Gucci has successfully implemented a highly selective external growth strategy focusing on value-enhancing acquisitions. By so doing, the company has grown from a single-brand player into a multi-brand luxury goods house. As the world's third-largest maker of luxury goods, Gucci is active in all aspects of the industry — from leather goods and footwear, through to ready-to-wear, perfumes and cosmetics, and upmarket jewelry and timepieces. Gucci enjoys a very strong balance sheet and abundant cash resources for future acquisitions.

Pinault-Printemps-Redoute in Spain

As evidenced by the 246% increase in sales generated outside France between 1996 and 2000, Pinault-Printemps-Redoute's international diversification strategy is delivering impressive returns. With a business presence straddling sixty countries and five continents, Pinault-Printemps-Redoute derived 55.7% of sales from international markets in the first half of 2001. A key region in the Group's expansion drive is Southern Europe, where Spain is a main focus of attention.

Sales in Spain:

€ 390 M in 2000

representing a 19% year-on-year increase

Employees:

2,241 at December 31, 2000

Store base: 51 outlets



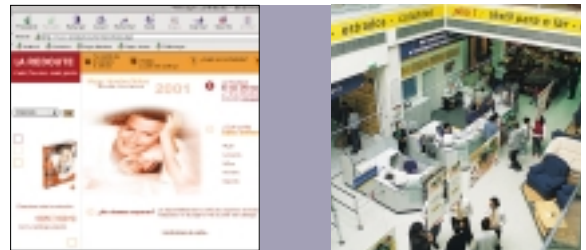
WEB SITES
www.conforama.es
www.fnac.es
www.laredoute.es

Whether in Retail (Conforama, Redcats and Fnac), Luxury Goods (Gucci and Yves Saint Laurent), Business-to-Business (Rexel and Guilbert) or Credit and Financial Services (Finaref), Pinault-Printemps-Redoute has business operations in Spain. This presence goes back to 1989, when Rexel became the first Pinault-Printemps-Redoute business to venture into the Spanish market on the back of its acquisition of electrical equipment distributor Utisan. The booming Spanish economy has given a formidable boost to the Group's businesses in all industries served. New stores have been opened, acquisitions made and logistics centers developed to support the sales drive in the Spanish market. To spur the expansion process and foster synergies between Group companies, a country committee was set up in Spain in January 1999, and identical committees now also operate in Portugal, Switzerland and the Netherlands. These committees are responsible for promoting information-sharing, procurement and cost optimization, market research and country-specific strategic development.

Developments in each business

La Redoute

Present in Spain since 1992, la Redoute distributes a 600-page catalogue twice yearly, selling fashion and home fabrics. In April 2000, the company's new e-commerce Web site (www.laredoute.es) went live. More recently, the company opened a 4,000-sq.m. warehouse and expanded its team of telesales representatives as part of the drive to become a front-running player in Spain's home-shopping market.



Conforama

Conforama's presence in the Spanish market dates from 1992, when the company's first store opened in Valencia. The acquisition of the Brico Hogar chain of seven home improvement stores quickened the pace of development. Today, Conforama's outlets in Spain number eleven — Madrid (two stores), Barcelona (one), Valencia (two), Bilbao (three), Alicante (one), Granada (one) and Palma (one). Between now and 2004, five more stores are to be opened in Seville, Oviedo, Pamplona, Cadiz and Malaga.

Fnac

Fnac inaugurated its first store in Madrid in 1993, at a time when Spain's leisure culture was at an embryonic stage. Spanish shoppers were quick to embrace the chain's retail concept and this popularity helped Fnac to break new ground, for example, in paperbacks, then new to the Spanish market. Fnac opened its seventh store in Spain in Oviedo this year and plans to open its third store in

GROUP'S DEVELOPMENTS

Pinault-Printemps-Redoute in Spain

Barcelona before the year-end. As in all the other countries where Fnac has a business presence, the company has developed an e-commerce site (www.fnac.es), which carries an assortment of 200,000 products and generates an average of 100,000 page views per day.

Gucci

Since acquiring the marketing rights for the Spanish market from its former franchisee in February 2001, Gucci has three directly-operated stores in Spain (Madrid, Barcelona and Bilbao). Yves Saint Laurent has two outlets (Madrid and Barcelona).

Rexel

With 28 branches in Spain and a 3% share of the local market, Rexel is the country's third-largest distributor of low-voltage electrical equipment. A major project is currently under way to combine four of the company's five local entities to form Rexel España. The reorganization is expected to simplify internal reporting and billing procedures, enhance inventory management and better position the company as a supplier of value-added services to industry in Spain.

E-commerce

Internet sales were multiplied by 2.8 on first-half 2000, amounted to € 191.1 million, close to the level achieved during the whole of the year 2000 (€ 195.1 million). These activities already account for 10% of some of the companies total sales, with an already positive profitability.

Conforama and Surcouf upgrade their web sites

Conforama unveiled the new version of its e-commerce web site for its home market, www.conforama.fr, last May. The new site, which retails 5,000 products or some 80% of the company's merchandise range, boasts real-time connections to all Conforama outlets in France. Each time that an online shopper adds a product to his/her shopping basket, the site checks whether the requested item is in stock at the selected outlet, offering a choice between home delivery and pick-up at the store.

Guilbert

The company primarily serves large corporate customers, but is currently developing a complementary offering for small concerns with 2 to 20 employees in conjunction with Kalamazoo, the business acquired from Boise Cascade Office Products in September 2000. The acquisition of Kalamazoo allowed Guilbert to become the number-two player in the Spanish market for office furniture and supplies.

Finaref

Finaref arrived in Spain in 1999 and operates an office providing support and advisory services to the Group's retail businesses. Finaref will leverage the partnership signed with the French consumer credit issuer Cetelem in early September 2001 to reinforce its presence in Spain, which is one of the most promising consumer credit markets in Europe. Finaref will also play a role in the Group's retail business development in Spain by issuing store cards to promote customer loyalty and by providing credit solutions to local consumers.



Surcouf's new site (www.surcouf.com) faithfully reflects the Paris-based personal computer retailer's "PC mart" retail concept with its promise of extensive product coverage and availability, and expert advice for customers. Visitors to the site can consult all 18,000 products in Surcouf's offering, which has been organized into 150 different online product categories or "stands". The site provides detailed product specifications, drafted by in-house sales staff, and further allows visitors to browse through consumer and comparison-shopping guides.

Fnac opened its 58th store at Boulogne-Billancourt, a Paris suburb in France.

Conforama opened its third store near Lisbon in Portugal and acquired 3 affiliates in France, representing 8,900 sq.m. of selling space.

Nuitéa continues its development in France by opening 2 stores in Marseilles and Lyons.

Companies highlights

Citadium and **Made in Sport**, which have complementary positions in sporting goods, merged in order to develop synergies in purchasing, selling and events.

Fnac.com has now the possibility to use the Redcats's 3,000 pick-up points for the delivery of its online products.

Yves Saint Laurent launches a new fragrance, "Nu", in October 2001.

From left to right:

Fnac France,

The last advertising campaign of Citadium,

Conforama Portugal



PRINTEMPS

Opening of the new luxury goods floor

The entire first floor at Printemps de la Mode on boulevard Haussmann (3,000 sq.m.) in Paris will now be fully dedicated to luxury goods. The renovation, which cost € 6 million of investment will enable to offer 30 luxury brands including the Gucci group brands. Printemps has decided to dedicate a privilege space for high jewelry and timepieces products, a highly successful sector.

CONFORAMA

Development of Nuitéa Expansion in Poland Development of Emmezeta in Italy

Nuitéa reinforces its store network

Nuitéa is continuing its development strategy in France with the opening of 2 new stores in Marseilles and Lyons. These new stores display the bedroom furnishing and fittings format by offering a wide range of products (bedding, beds, interior design and decoration, textiles, bed linen etc), along with personalized advice

and services (delivery, installation, assembly...). Launched in October 1999, Nuitéa has 8 stores in France.

Conforama continues its expansion in Poland

Conforama's commitment to expand in the strategic market of Eastern Europe is further demonstrated with the opening of a second store in Warsaw in June. Conforama plans to open 3 stores in Warsaw by 2002 and longer term to open further stores in other Polish major cities.



Emmezeta intensifies its development in Italy

Emmezeta pursues its development policy in Italy with the opening of its seventeenth shopping center in Syracuse in Sicily, on 9,000 sq.m. As part of its ongoing development program, Emmezeta, a subsidiary of Conforama, is set to expand to 24 stores by 2003.



A new catalogue for children

VertBaudet, Redcats' children specialist, launched its first catalogue of decoration, bed linen and furniture for children's bedrooms, for the autumn-winter 2001-2002 season. This 60-page colorful catalogue, called "Histoires de chambres" offers products and ideas to decorate children's bedrooms.



This is part of the strategy of the specialized catalogues companies to focus on three development axes: international, multi-channel and complementary products. VertBaudet has 6 stores in France and generated, through its catalogue, around 30% of its sales outside France thanks to its presence in the United Kingdom and in Portugal.



Continued international development
Creation of a children division

Continued international development

Italy: In May 2001, Fnac opened its second Italian store in Genoa on 1,650 sq.m. The first Fnac store was open in Milan in October 2000.

Brazil : After the opening of 2 stores in Sao Paulo in 1999, Fnac confirms its desire to expand in Brazil with the opening of a new store in Rio de Janeiro. Located in the Barrashopping center, this store offers on 3,200 sq.m. all the products and services of the company.



Spain: Present in the Iberian Peninsula since 1993, Fnac opened last June its seventh store in Oviedo in the Asturias region of Spain. This is the largest commercial store entirely dedicated to the sale of cultural and technological goods in the area.



Fnac creates a children division

Fnac Junior and Eveil & Jeux merged to create a unique children division. Fnac's objective is to create a multi-channel group dedicated to children, with an offer available in stores, on catalogues and on the Internet.



Eveil et Jeux already has three complementary catalogues (Eveil & Jeux, Graine d'Eveil et Bien Joué) and an e-commerce site while Fnac Junior has 21 stores in France.



Disposal of plumbing activities of Rexel Canada

In May 2001, Rexel sold the plumbing, waterworks, refrigeration and industrial products distribution businesses of Rexel Canada (formerly Westburne). The sale of this businesses is in line with Rexel strategy to focus solely on the distribution of electrical products and allows Rexel to generate new financial resources in order to pursue its growth strategy in its core activity.



Agreement on the operating management of Facet by Finaref from Cetelem and development of the partnership with Cetelem in southern Europe

Subject to the approval of the supervisory authorities, Finaref will take over the participation of Cetelem in Facet and will then take over the distribution and management of store cards and consumer loans for Conforama customers in October 2002. At the same time, Finaref and Cetelem plan to develop their credit partnership internationally by creating joint ventures in Italy, Spain and Portugal.

COMPANIES HIGHLIGHTS

GUCCI
gucci group n.v.

New perfumes licenses for YSL Beauté
Reinforcement of capacities for the production of shoes
Acquisition of Balenciaga

New perfumes licenses for YSL Beauté

Gucci signed two license agreements with Alexander McQueen and Ermenegildo Zegna to enable YSL Beauté to develop, manufacture and distribute around the world, perfumes and beauty products, under the Alexander McQueen brand as well as a new perfume signed Ermenegildo Zegna. These two perfumes are due to being launched in 2003. The acquisition of these licenses enriches YSL Beauté portfolio of brands and luxury perfumes, composed of the Yves Saint Laurent

and Roger & Gallet brands and the Oscar de la Renta, Van Cleef & Arpels and Fendi licenses.

Gucci group strengthens footwear production capacities

Regain, one of the finest men's footwear companies in Italy, joined Gucci group in August. This acquisition is an important step in Gucci groups' strategy to build its already strong and profitable presence in the footwear business. Together with Regain, Gucci plans to set up



a state-of-the art men's shoes modeling and prototyping for the group's brands.

Gucci group acquires Balenciaga



Balenciaga, one of the world's great fashion brands, joined the multi-brand Luxury Goods division in July 2001. Working with Nicolas Ghesquière, who will continue as Creative Director of Balenciaga, Gucci group plans to accelerate the development of Balenciaga as a global luxury brand, building on its exceptional fashion heritage and focusing primarily on women's ready-to-wear, accessories and fragrances.

SHAREHOLDER'S DIARY

agenda

Invitations for Actionaria and shareholders' meetings are available at the Shareholders Service department.

Actionaria exhibition

For the third year running, Pinault-Printemps-Redoute will be taking part on "Actionaria", France's first forum for retail investors and listed companies.

Actionaria Palais des Congrès:

2, place de la Porte Maillot, 75017 Paris, France.

Shareholders' meetings

Lyons

Friday, November 9
(Forum de l'investissement)

Lille

Friday, December 7
(Forum de l'investissement)

Strasbourg

Thursday, December 13

Forthcoming results

Third-quarter sales

October 23, 2001

2001 sales

End of January

Presentation of 2001 results

Early March

SHAREHOLDER'S DIARY

site visits

Fnac.com Aubervilliers - Paris region ⁽¹⁾

Fnac has entrusted its mail order subsidiary, Fnac Direct, with operational responsibility for its fnac.com website, France's premier e-commerce web site in the entertainment/leisure goods category. Located a few kilometers north of Paris, Fnac Direct's Aubervilliers facility houses general management, sales, customer care, marketing, product listing, procurement and order fulfillment functions in two separate buildings.

Tuesday,
October 30, 2001

Starts 2.30 pm
Duration 1 hour
Capacity
Group of 15 people



JPG mail-order center Survilliers - Paris region ⁽¹⁾

With twenty-five years' experience as a mail order retailer of office furniture and supplies, Guilbert's JPG subsidiary, acquired in September 2000, sells a range of 10,000 products to customers throughout France. From its 30,000-sq.m. warehouse in Survilliers, just ten minutes from Roissy-CDG airport, JPG offers a same-day delivery service to customers in the Paris region and an overnight service to the rest of France.

Tuesday,
January 15, 2002

Starts 2.00 pm
Duration 2 hours
Capacity
Group of 15 people



Conforama-Cogedem (Lyons) ⁽²⁾

Cogedem, Conforama's Lyons-based logistics subsidiary, operates three depots with 49,600 sq.m. of warehouse space and ships some four million parcels each year to the chain's 180 directly-operated stores and affiliates in France and abroad.

Tuesday,
November 6, 2001

Starts 2.30 pm
Duration 1h30
Capacity
Group of 20 people



Isnard-Rexel (Lyons) ⁽²⁾

World leader in the distribution of electrical equipment, Rexel has recently completed a major program of store upgrades at locations throughout France, including the Isnard outlet in Lyons. With 500 sq.m. of selling space, an inventory capacity of 1,000 sq.m. and online links to a regional logistics center, the Isnard outlet is well equipped to serve local customer needs in the Lyons area.

Wednesday,
January 30, 2002

Starts 2.00 pm
Duration 2 hours
Capacity
Group of 20 people



(1) Transport assured from the 18, place Henri-Bergson in Paris. (2) Transport assured from a central point of Lyons.



To register for any of the visits,

call **+33 1 44 90 63 25**

Or write to: shareholder@pprgroup.com

SHAREHOLDER'S DIARY

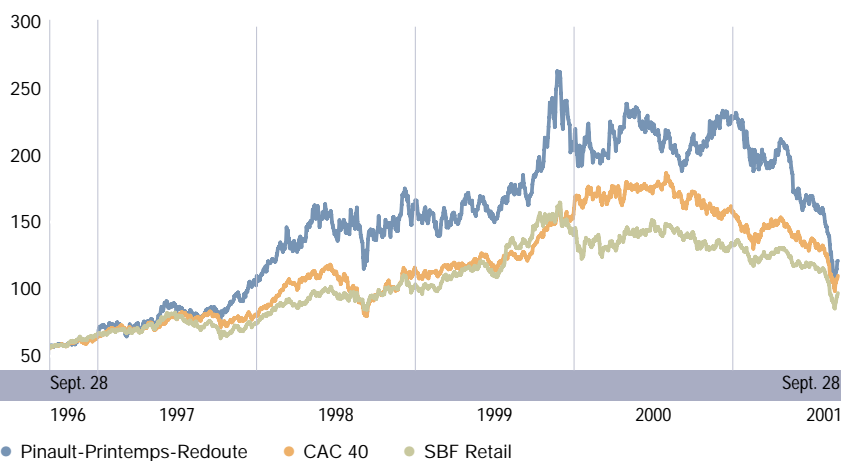
stock market

On September 28, 2001, Pinault-Printemps-Redoute share was down 39.3% from their price one year ago. Pinault-Printemps-Redoute is no exception, since the CAC 40 index fell 35.4% during this period. The sharp drop in so-called TMT stocks (technology, media and telecommunications), which sparked the initial decline in the stock market, has spread to all industrial sectors, as economic indicators confirmed the fear of a sudden downturn in the US economy after ten years of almost uninterrupted growth. The first signs of a slowing economy in Europe have also weakened investor confidence. Stock markets dropped sharply after the terrorist attacks against the United States, on concern of how this tragedy would impact the global

economy and in particular the tourism, travel and luxury goods sectors, general consumer spending and

consequently the retail sector. This naturally caused PPR shares to fall.

PPR SHARE PRICE AGAINST CAC 40 AND SBF RETAIL INDICES (IN EUROS)



in euros	30/06/01	30/06/00	31/12/00
Share price - End period	171.0	232.7	228.9
Share price - High	235.3	268.0	268.0
Share price - Low	166.2	188.0	185.2
Number of shares	118,829,305	118,781,100	118,779,305
Market capitalization (million)	20,320	27,640	27,189
Earnings per share	2.52	2.28	6.46
Diluted earnings per share	2.50	2.28	6.37

Shareholder relations

Shareholders' website
www.pprshareholder.com

Pinault-Printemps-Redoute
 18, place Henri-Bergson
 75381 Paris Cedex 08 - France

Phone: 33 1 44 90 61 22

E-mail:
shareholder@pprgroup.com