

MESSAGE TO THE SHAREHOLDERS

2001 will forever be associated with the tragic events of 11th September in the United States of America. The Board of Directors and the employees of NPM/CNP join with us in expressing our sympathy to the families of the victims and our admiration for the American people and their leaders for their fortitude in these circumstances; their ability to overcome this tragedy and to bounce back afterwards has earned our respect and admiration

Ladies, Gentlemen, Shareholders,

Last year, we wrote “we manage the value and you set the discount”. This incited a great number of reactions on your part, as well as that of analysts and economic commentators with whom we also maintain a dialogue.

Today, if we had to reformulate that expression, we would say to you: “we manage the value, you estimate it”.

Communication of the discount has finished; it has disappeared as far as NPM/CNP is concerned.

Financial communication will undergo fundamental changes in the next few years, as a result of the changes in the regulatory framework of accounting. It will nevertheless continue to contribute to the process of determining the share price, which is effectively the result of supply and demand based primarily on the information flows supplied to the market by the Company, and which will from now on be based on new concepts.

As part of the process of the introduction of IAS accounting standards (now renamed IFRS) within the Group, we are obliged to take account of the fact that this new framework will itself

include adjustments to the market value of some assets; consequently, the concept of estimated value had to be replaced by an alternative idea that fits in with the philosophy of the new standards. One of the short-comings of the estimated value published until now by NPM/CNP was that it included a valuation based on conventional values for almost a quarter of NPM/CNP assets (BERTELSMANN and the private equity stakes). Even the term “estimated value” could itself give rise to the impression that it was an assessment made by NPM/CNP of the value of its assets.

This concept will now be replaced by “adjusted net assets”; the absence of any reference to the word “value” underlines the extent to which, in our opinion, it is up to the analyst, starting from this basis, to replace the amounts at which the various assets that are shown at book value (BERTELSMANN and the private equity stakes) by the value he/she attributes to them; in the concept of adjusted net assets, only listed assets are taken into account based on a market price. As an illustration, it should be noted that, during the recent disposals of SAINT LOUIS SUCRE and HÉLIO CHARLEROI, the overall selling price exceeded the accounting value by 70%, representing some EUR 3 of value created per NPM/CNP share on these two transactions only.

The discontinuation of the publication by NPM/CNP of its estimated value obviously means that the same thing will happen to the communication of the discount; the calculation of a discount between the share price and a figure that is no estimated value is of no interest.

The weekly publication in the Belgian financial press and on the Company's website will from now on be replaced by that of adjusted net assets.

In respect of the purely accounting aspects, we plan to make the transition to IFRS standards in a phased manner, which, for an initial period, will take the form of a separate annual document; this fits in with our objective of providing targeted and

differentiated information, as well as being a sort of educational process.

The regulatory environment as it applies to financial reporting has evolved; the European Commission has fixed 2005 as the deadline for listed European companies to comply with IFRS. Some of our shareholdings or subsidiaries (PARGESA and GBL) have already adopted these standards with immediate effect, independently of the numerous changes that have to be introduced during the next two years; we have opted for a middle way and have decided to introduce the changes over two financial years; this means that, early 2004, we will be able to provide full IFRS accounts for 2003 (including 2002 comparative figures).

QUALITY OF OUR FINANCIAL INFORMATION

The quality of the financial information we provide was honoured in 2001 by a third consecutive nomination for the Prize for the Best Financial Information awarded by the Belgian Association of Financial Analysts. We receive this distinction with pride and consider as a reward for true transparency, which is a worthy obligation, and as an encouragement to maintain and develop it.

Our decision to accelerate this process and to present you with accounts that comply with the new requirements, even before they come into force, is dictated by our desire to eliminate as quickly as possible any source of disparity between the accounts presented by PARGESA/GBL and the way in which they are incorporated into NPM/CNP's financial statements; this will also facilitate international comparisons.

Consequently, a balance sheet at 31 December 2001, drawn up in compliance with the current IFRS, will be communicated to you in May 2002. For the 2002 financial year, we will make available to you an income statement, a cash-flow statement and a balance sheet in the IFRS format, as a complement to the financial statements drawn up in accordance with the standards applied until now.

Some people have complained that our communications did not include forecasts or an explanation of our plans. But this is asking the impossible because - by the very nature of our role as investors - we cannot, in many cases, reveal our future intentions. In any case, a process that could result in rash statements, followed by profit warnings or denials, appears to us sufficiently destructive not to risk it.

Silence (obviously accompanied by communication after the event) seems to us to be an essential virtue.

To suggestions that the information we provide is too complex, we respond that the format of our publications enables both experts and the general public to find the information they require, in a "Russian doll" type structure, going from the aggregate to the detail or vice versa.

The most important thing for you, and therefore for us, is the global return offered by NPM/CNP in the long term.

Our aim is to establish a three-way unity of objective between you, us and the managers of our shareholdings.

That is why we are doing our best to align the objectives of the managers of our shareholdings with yours by linking a significant proportion of their remuneration to the value created for NPM/CNP and its shareholders.

Similarly, the executive directors and the employees of NPM/CNP are also shareholders of NPM/CNP; they collectively hold some 700,000 NPM/CNP shares, largely financed by bank lending through LOVERFIN.

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Like you, they consider that their key objective is the Total Performance for the Shareholders (TPS), in the form of a dividend - enabling LOVERFIN to cover the cost of its debt - and of capital gain - the major part of the return -, while maintaining a reasonable risk profile. The dividend is the part of the performance that is cashed in "as a certainty" by the Company, which transfers it to its own Shareholders; this is the return in cash which, at NPM/CNP, is based on the

restricted consolidated operating profit, which in turn is essentially made up of dividends received from its investments. The dividend is therefore a strong indicator of our economic health: the 5% annual rate of growth is not without significance.

The capital gain is potentially more volatile and has to be judged over the long-term; since NPM/CNP was taken over by the FRÈRE Group in 1988, shareholders who have remained loyal have achieved a total performance in excess of 13%, at a compound annual rate.

If we chose a shorter reference period, beginning the analysis end 1991, at the end of an unusual series of eight capital increases, representing an amount exceeding EUR 1.1 billion for

the years 88 to 91, the performance would reach 16.3% per year (compared with about 13% for the Brussels stock exchange and the French index CAC 40).

Even if some of our shareholdings have moved into internet developments within their field of activities, we have not succumbed - as some others did, showing exceptional returns for a while - to the presumed charms of what was called, even just a few months ago, the new economy; we give priority to a prudent management approach, even if this is sometimes more subtle. Whatever the reference period chosen, the performance must be analysed in comparison with the relatively low risk profile of an investment in NPM/CNP.

Our consolidated results were affected by the events of September but ended the year up, making 2001 a satisfying vintage, thanks to capital gains.

This latter is certainly an integral part of the role of a holding company, being in some way the end result: an investment follows a sometimes long and demanding period of research and negotiation; the shareholding must be managed during the entire period of ownership, with the focus on the process of value creation; finally, the disposal, which more and more often takes the form of an insertion into a new group, makes it possible to realise the value created, in the form of a capital gain.

Looking at the key events of the year just ended, the highlights are as follows:

- at GBL, the agreement to exchange 29.9% of RTL GROUP for 25.1% of BERTELSMANN, which was followed at the end of 2001 by the purchase by BERTELSMANN of 22% of RTL GROUP held by the PEARSON Group,
- at the level of NPM/CNP, the disposal of "private equity" share-

holdings which have come to maturity or in which we did not have the responsibility of control.

The BERTELSMANN deal has the imprint of the FRÈRE Group. It is too early to interpret the results for you, our Shareholders, but it seems appropriate to underline that it made possible to diversify GBL's media interests, which were until then focused on commercial television and radio with the investment in a first rate Group operating in a much wider range of activities (music, press, mail order sales, etc.); there is a more detailed presentation of this Group on page 39.

Our involvement in constituting TOTALFINAELF several years ago was driven by the same logic; we effectively exchanged a position as the main shareholder in a prestigious company, but relatively small on the world stage, for what was certainly a much smaller stake (but which still makes us the largest shareholder) in a group of a completely different order of dimension, allowing for an improved diversification of assets, and in particular a re-balancing of activity towards the upstream sector. The results published by TOTALFINAELF show that our decision was the right one and emphasize the relevance of the strategic options adopted by this group's management.

We will not remind you all the various stages of the disposal by GBL of its shareholding in TRACTEBEL, finally leading to the setting up of the SUEZ Group as we know it today and in which GBL holds more than 7% of the capital. There also, the quality and performance of the recently published results illustrate the pertinence of the operational choices.

These transactions demonstrate that our Group does not consider the control of a company or a dominant position in its capital as a guarantee of generating greater value. A smaller share-

Since 1988, shareholders achieved a performance in excess of 13%, at a compound annual rate; since 1991, it reaches 16.3% per year.

holding in a group that is better placed to stand up to international competition is often preferable in this respect. In other terms, it is sometimes better to be a small fish in a big pool than a large fish in a small one.

The observation made above obviously only applies when the shareholding obtained is liquid.

In terms of “private equity”, we worked this year to dispose of our investments in companies we did not control and those that had come to maturity.

During 2001 and the early months of 2002, this policy resulted in three disposals. The most visible is that of our minority holding in the French group SAINT LOUIS SUCRE to a German company, SÜDZUCKER. This deal enabled to create a global European group capable of surviving, among other challenges, major reforms in the Common Agricultural Policy that are inevitable in the medium-term. It is obvious that the capital gain of EUR 45 million earned in the restricted consolidated accounts (EUR 36 million in the consolidated accounts) played a role in our decision, even if the very short period of holding is not part of NPM/CNP’s philosophy.

At the level of our partnership with the LOTUS BAKERIES group through INTERWAFFLES, our old adage applied: “sell shareholdings that are worth more to someone else than they are to us”. Effectively, LOTUS BAKERIES can profitably integrate the new Courcelles plant into its industrial plan; the facility could not realise its economic potential on its own, given the current low volumes. Furthermore, as NPM/CNP exchanged its holding for shares in LOTUS BAKERIES, it will participate in the value created by the subsequent industrial rationalisation.

The disposal of our 50% in HÉLIO CHARLEROI to the QUEBECOR

WORLD Group was based on the same principle; a third party, by integrating the productive facility of our shareholding within its industrial structure, could realise greater value from it than we could on our own. In this case too, NPM/CNP remains partner of the acquirer, as the transfer of property will not take place until 2004; in the meantime, NPM/CNP will remain involved to a limited extent in the Company’s management and will work alongside QUEBECOR WORLD with the aim of ensuring the optimal integration of HÉLIO CHARLEROI in the acquiring group, in the best interests of the Company, its employees, its customers and the region in which it operates.

You know that we decided, as a sort of “research and development” project, to participate, on a case by case basis, in the creation of smaller companies. In this way, in 1998, we created INNO.COM and then, in 2000, we set up METRO, in association with the CONCENTRA and ROULARTA groups.

To respect the philosophy of these ventures, we wrote off the investments in full, in 1998 and 2000 respectively.

INNO.COM has performed in line with its business plan and ended this year at break-even, after three years in existence, although following the economic slowdown that came right in the middle of the company’s growth phase, a loss was reported for the fourth quarter of 2001.

As far as METRO is concerned, the crisis in the advertising market meant that it could not capitalise economically and financially on the success achieved in terms of readership. With the aim of respecting the objective of “seed money”, we considered it more appropriate, together with our colleagues at ROULARTA, to hand over the responsibility for developing METRO to our specialist partner in the sector, CONCENTRA. The significant

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additional investments that will be needed to develop the company played a part in our decision.

The role of a holding company certainly implies that risks will be taken, even if the aim is to minimise them. Sometimes, they become reality.

SHAREHOLDINGS AND TOTAL PERFORMANCE FOR THE SHAREHOLDERS

The ultimate measure of our performance, as investors in shareholdings, is the Total Performance for the Shareholders.

This is the way we align your expectations with those of your Company's management; it is a completely objective figure, the result of taking account of all the cash-flows (investments, dividends and disposals) when an investment is closed. This figure is calculated for the entire period of ownership but is expressed as a compound annual rate.

In the case of the disposal of SAINT LOUIS SUCRE, your Group achieved a performance of more than 34% per annum, admittedly on an unusually short period of ownership, one and a half year; the disposal of HÉLIO CHARLEROI will generate a performance of more than 27% a year. In this latter case, it should be recalled that when NPM/CNP acquired this shareholding, it had a very low value, as the company was in a very fragile state; this had the double corollary of an increased risk profile and, in case of success, a disproportionate return.

There are cases, such as that of the transfer of our stake in INTERWAFFLES to LOTUS BAKERIES, which has just taken place, where, rather than being paid in cash, we receive remuneration in shares.

When the investment is subject to a "gradual exit", this has successive impacts on the performance.

The history of our investment in SUZY-DRIEHOEK-DESOBRY is a good example in this respect. The sale in 1999 of, successively, DRIEHOEK, DESOBRY and, to a certain extent, SUZY, had resulted in a compound annual rate of 15% on the investment in the three companies. This rate had been calculated without taking account of the valuation of the residual shareholding of 50% in INTERWAFFLES.

The transfer of our 50% in INTERWAFFLES to LOTUS BAKERIES resulted in this internal rate being increased to

19%, by valuing the shares obtained in exchange at the share price on the day the agreement was made (EUR 42 per LOTUS share); without willing to be too positive about the future, but in view of our confidence in the plans developed by the management of LOTUS BAKERIES, we believe that we will be able to increase this internal rate.

It is not necessary to remind you, our loyal shareholders and the readers of our annual report, that for many years now we have published, at the end of each financial year, the performance achieved on our shareholdings, taking account of a residual value determined on the basis of prudent criteria (stock market valuation, equity valuation or cost of acquisition).

It is important to underline that these rates often arise from investments financed almost exclusively from shareholders' funds.

The decision was not to add purely financial risks to the industrial risks resulting from the investment; there have been only few recent exceptions, mainly in respect of the investments in SAINT LOUIS SUCRE, CHEVAL BLANC and ENTREMONT, for which we have, as you know, benefited from the gearing effect that is represented by bank lending.

Our readers will therefore be careful, "given the historic gearing level of zero", to take this into account in their judgement in respect of the declared performance. As an illustration, if we take an investment of 100 francs 5 years ago, at a compound annual rate of 15%, we can work out that, where totally financed from shareholders' funds, the overall rate of return for the shareholder remains 15%, whereas, if a gearing ratio of 50% is used and the cost of borrowing is 6%, the internal rate of return on the investment of shareholders' funds is no longer 15% but close to 22%.

We do not want to give you the impression that we keep silent about the write-down of EUR 26 million which we booked on IJSBOERKE, even if this represented only 0.7% of our estimated value on 31 December 2001 (1.4% before the write-down).

We did not manage this investment well during these first four years of ownership.

Our initial intention in acquiring a leader in the production and sale of ice creams and a domestic sales network capable of generating significant growth, ran into difficulties in transforming itself from a family-run SME into a dynamic and flexible company.

Our ambitions led us to overload a structure that turned out to be too cumbersome and onerous. The management lacked flexibility and did not clearly understand the reality of the situation. Furthermore, the lack of growth meant that the recovery that had been planned in 2000 could not be achieved.

Since then, the organisation has been simplified and responsibility handed over to a new management, on whom we now rest our hopes. Today, the IT tool of CRM (Customer Relationship Management), which was introduced upon our initiative, gives us good reason to hope for a recovery thanks to a better quality of service and optimised operations. 2002 should be a significant year in terms of recovery and 2003 should, in the absence of unforeseen events, see a return to break-even.

In contrast, some investments yield a level of success that exceeds all our hopes. A case in point is CHEVAL BLANC, where, since we acquired it in 1998, the favourable climatic conditions combined with the manager's know-how and the intrinsic quality of the land meant that very high quality wines could be produced whose selling price rose considerably; given the complexities of accounting for sales "en primeur" (with staggered delivery), these favourable trends will only show up fully in the income statement over the next few years. The operating profit on this investment should therefore rapidly be satisfactory, with the prospect of a comfortable capital gain in due course and all this with a low risk profile. The holding of such an asset, that one could have considered initially as an unprofitable venture, responds in reality to the search for a balance between risk and return.

With regard to "value investing", the highlight of 2001 was taking a position as a major shareholder of the TAITTINGER/LE LOUVRE Group; at the end of 2001, our investment had a latent loss in value of EUR 37 million; the Board of Directors did not consider it appropriate to book any write-down on this investment, having regard to the quality of the assets owned by this group and to the nature of the difficulties encountered in the Champagne and luxury hotel sectors, judged to be temporary following 11 September. On 20 March 2002, the latent loss was reduced to EUR 26 million.

Our two other shareholdings in “value investing”, TOTALFINAELF (see also the comments made above) and FCC, achieved excellent results in 2001; in our view, these two groups continue to offer good growth prospects.

In treasury management, our trading performance was considerably less favourable than in previous years.

We remain objective and note that the events of September only had a small impact on the general volatility of the markets and the possibility for us of entering into profitable deals. It is true that our prudence was a handicap during certain periods when profits could have been earned. On the other hand, we would have been severely penalised at other times.

The low interest rate paid on the bonds redeemable in TOTALFINAELF shares issued in June 2000, as well as the

growth in dividend flows from our investments and the low level of our overheads mean that we can nevertheless close the year with a very reasonable restricted consolidated operating profit; even if it is slightly down on 2000, it largely covers the dividend distributed.

We are not aware of any information that would lead us to believe that we need to revise our policy of dividend growth; this should therefore, like last year, grow by 5% for the 2002 financial year.

We remain confident in the future and in the quality of the assets that make up our portfolio, supported in our action by dedicated colleagues and loyal shareholders; we thank them very sincerely.



Gilles Samyn
Managing Director

Gérald Frère
Chairman