investments IFIL

IFIL GROUP IN 2007

DIRECTORS' REPORT ON OPERATIONS

Società per Azioni
Capital Stock € 1,075,995,737, fully paid-in
Registered office in Turin - Corso Matteotti 26 – Turin Company Register No. 00914230016

IFIL GROUP IN 2007
DIRECTORS' REPORT ON OPERATIONS

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This is an English translation of the Italian original document “Relazione sulla gestione” approved by the IFIL S.p.A. board of directors on March 28, 2008 which has been prepared solely for the convenience of the reader.

The version in Italian takes precedence and for complete information about IFIL S.p.A. and the Group, reference should be made to the full original report in Italian “Il Gruppo IFIL nel 2007” containing the Directors' Report on Operations and the Separate and Consolidated Financial Statements also available on the corporate website: http://www.ifil.it

IFIL investments

Board of Directors

Chairman	Gianluigi Gabetti
Vice Chairman (Vicario)	John Elkann
Vice Chairman	Tiberto Brandolini d'Adda
Chief Executive Officer and General Manager	Carlo Barel di Sant'Albano
Non-independent directors	Edoardo Ferrero Ventimiglia, Franzo Grande Stevens, Pio Teodorani-Fabbri, Daniel John Winteler
Independent directors	Giancarlo Lombardi, Antonio Maria Marocco, Giuseppe Recchi, Claudio Saracco

Secretary to the Board Fernando Massara

Executive Committee

Chairman	Gianluigi Gabetti
Members	Tiberto Brandolini d'Adda, John Elkann, Carlo Barel di Sant'Albano

Audit Committee

Chairman	Antonio Maria Marocco
Members	Giancarlo Lombardi, Claudio Saracco

Compensation and Nominating Committee

Chairman	John Elkann
Members	Gianluigi Gabetti, Giuseppe Recchi

Board of Statutory Auditors

Standing Auditors	Cesare Ferrero (*Chairman*), Giorgio Giorgi, Paolo Piccatti
Alternate Auditors	Lionello Jona Celesia, Ruggero Tabone

Independent Auditors

Deloitte & Touche S.p.A.

Expiry of the terms of office

The terms of office of the board of directors and the board of statutory auditors, elected by the stockholders' meeting held on June 27, 2005, will expire concurrently with the stockholders' meeting that will be held to approve the separate financial statements for the year ending December 31, 2007.
The appointment of the independent auditors will expire concurrently with the stockholders' meeting that will be held to approve the separate financial statements for the year ending December 31, 2011.

LETTER TO THE STOCKHOLDERS

To our Stockholders,

2007 was an important year, because it enabled us to reap the fruit of the work accomplished in the recent past and, more particularly, because it laid the foundations on which to build the future growth of the company.

Consolidated profit reached € 672 million, confirming the good performance reported by all our holdings, while the value of the portfolio is at approximately € 7.8 billion. Investment activities also took some significant steps forward, in the direction that IFIL has decided to proceed, with particular reference to the international markets.

The doubling of IFIL's consolidated profit can be attributed, first and foremost, to the excellent performance of the Fiat Group which, in 2007, achieved – and in some cases exceeded – all the objectives laid out in the industrial plan presented three years before.
Thanks to the work accomplished on the commercial front and the launch of some very successful models, especially one: the new 500 – a perfect synthesis of tradition, functionality and of high symbolic value – sales from automobile activities increased by more than 13%. Marked progress in sales was also reported in the performance of other industrial operations: agricultural and construction equipment, components and production systems, and especially trucks and industrial vehicles. Thanks to the efforts made by management on the front of operations and organization, these increases were translated into significant improvements in terms of profitability and financial stability. Although the Group's trading profit established an all-time record, exceeding the ceiling of € 3 billion, the fact that industrial activities are now debt-free was no less important. This fact brings to an end the crisis that began in 2002 and now allows Italy's largest industrial group to concentrate its efforts on encouraging growth in the activities of all its divisions.

In the area of financial services, as well as benefiting from the positive trend of the Intesa Sanpaolo holding, IFIL made two investments which, despite their diversity, respond to the same logic. First it subscribed to the capital stock increase of Gruppo Banca Leonardo: a project which, just two years after the bank was formed, has already succeeded in conquering the trust and respect of many European financial operators, putting down solid roots in the main markets of the continent.
Secondly, through its investment in Perella Weinberg, IFIL established a privileged link with one of the most notable and successful companies in the world in the field of investment banking and savings. Quite apart from the considerable economic return that is expected, both operations assume particular value in terms of IFIL's strategic development, because, through long-term partnerships, it hopes to strengthen its capacity to seek and create new investments for the future in a completely international context.

With regard to services to companies, during 2007, IFIL increased its stake in SGS, confirming its appreciation of a company which combines excellent growth prospects with solid managerial ability. For the sixth consecutive year, the Swiss group confirmed its position as a world leader in its field and improved its corporate performance, establishing new records in terms of revenues and profit. In the field of real estate services, Cushman & Wakefield – which entered the IFIL portfolio at the end of March – conducted a thorough internal reorganization program and made a number of acquisitions, thus achieving substantial increases in sales and profitability: significant achievements in a year for operators in the real estate sector that was far from easy.

The intensive activities of Sequana Capital, which, in 2007, made some investments which have great future potential, deserve a special mention. In fact, the acquisitions of the activities of Map by Antalis and of Dalum, Zanders and Greenfield by Arjowiggins will make it possible to strengthen the competitiveness of the French company on international markets, by exploiting savings in production costs deriving from synergies and positioning its brands in the sector of high value-added paper.

In the sector of tourism and leisure time, the Alpitour Group saw the first results of its far-reaching restructuring program, begun in the prior year, increasing both the profitability indicators and those relating to the balance sheet. The elimination of debt and the net profit achieved are obvious signs of the effectiveness of the work undertaken by management, which will now be able to concentrate on consolidating those results and, especially, on developing new areas of activity. For Juventus, too, the result for the year was definitely positive: the capital stock increase enabled it to finance the medium-term plan worked out by the club's management, which was needed to strengthen the team and sustain the company's development plans over the next few years. Under the guidance of the club's new trainer, the 'first team' is showing that it has the right kind of talent and spirit to achieve its objectives, namely to return to international competitions. Achieving this target will represent a fundamental step in terms of implementing the plan and repaying the immense affection with which millions of fans follow Italy's best-loved football club.

The prospects for the current year seem to be conditioned, above all, by the difficult international economic situation. The crisis in the financial markets which began in the United States in the third quarter of 2007 later deteriorated and extended to other parts of the world, creating a situation of instability which, together with the increase in the cost of raw materials, did not take long to have repercussions on the level of the real economy. The substantial falls reported by the world markets suddenly interrupted the phase of expansion that had been in place for years, establishing a general climate of uncertainty but also creating interesting acquisition opportunities. As far as IFIL is concerned – thanks to the 10-year bond issue for € 750 million in May 2007, the company has considerable financial flexibility – a period of exciting challenges lies ahead. The ability of its management and the financial discipline that it has succeeded in developing in the course of time will be precious resources for avoiding the inherent dangers of the period ahead and seizing new investment opportunities wherever they present themselves.

Finally, I would like to thank the members of the board of directors and the statutory auditors and independent auditors, whose mandate is drawing to a close, for their precious contribution over the past three years.
I would also like to thank the auditors, managers and all the group's employees for their hard work.

Turin, March 28, 2008

Gianluigi Gabetti

IFIL GROUP PROFILE

IFIL S.p.A. is one of Europe's leading investment companies, controlled by the Agnelli family. Founded in 1919, it is headquartered in Turin and listed on the Italian stock exchange.
IFIL conducts diversified investments on an international scale with entrepreneurial vision and solid financial backing. At the same time, it cooperates continuously with the management teams of its holdings, while respecting their right to operate autonomously and with a perspective geared to the medium-/long-term.
The major investments of the IFIL Group are indicated below.

Fiat S.p.A., in which IFIL S.p.A. has a holding of more than 30% of ordinary and preferred capital stock, is listed on the Electronic Share Market of the Italian stock exchange (Blue Chip segment). Founded in 1899, the Fiat Group operates in the sectors of automobiles (Fiat, Lancia, Alfa Romeo, Abarth, Ferrari, Maserati and Fiat Light Commercial), agricultural and construction equipment (Case and New Holland), trucks and commercial vehicles, buses and special-purpose vehicles (Iveco, Irisbus, Astra and Magirus), components and production systems (Fiat Powertrain Technologies, Magneti Marelli, Teksid and Comau); it is also active in publishing and communications (La Stampa and Publikompass). Other sectors also offer financial services to the sales networks and the clientele in addition to rental services to customers.

The other holdings which comprise the dynamically managed diversified portfolio are listed below.

Cushman & Wakefield (C&W), in which the subsidiary Ifil Investissements S.A. has a 70.18% stake, is the largest privately held company for real estate services. The C&W Group has its headquarters in New York, where it was founded in 1917, and now has 221 offices and 15,000 employees in 58 countries.

Sequana Capital S.A., in which Ifil Investissements S.A. has a 26.65% stake, is a French company listed on the Euronext market which in 2006 has focused its operations on the paper sector where it operates through:

- Arjowiggins S.A. (100% holding), the world leader in the manufacture of high value-added paper products, with 7,800 employees in 82 countries;

- Antalis S.A. (100% holding), the leading European group in the distribution of paper products for printing and writing, with over 8,400 employees in 44 countries.

Intesa Sanpaolo S.p.A., in which IFIL S.p.A. has a 2.45% stake in ordinary capital stock, is listed on the Electronic Share Market of the Italian stock exchange (Blue Chip segment). It is one of the most important banking groups in Europe and is the foremost bank in Italy with a market share of 20% on average in all segments of business (retail, corporate and wealth management). With its network of 6,100 branches, the group offers its services to 10.7 million customers. It also operates in 13 Central-East European countries and in the Mediterranean basin with 1,200 branches and 7.2 million customers in the retail and commercial banking sectors. It also has an international network specialized in corporate customer support covering 34 countries including the United States, Russia, China and India.

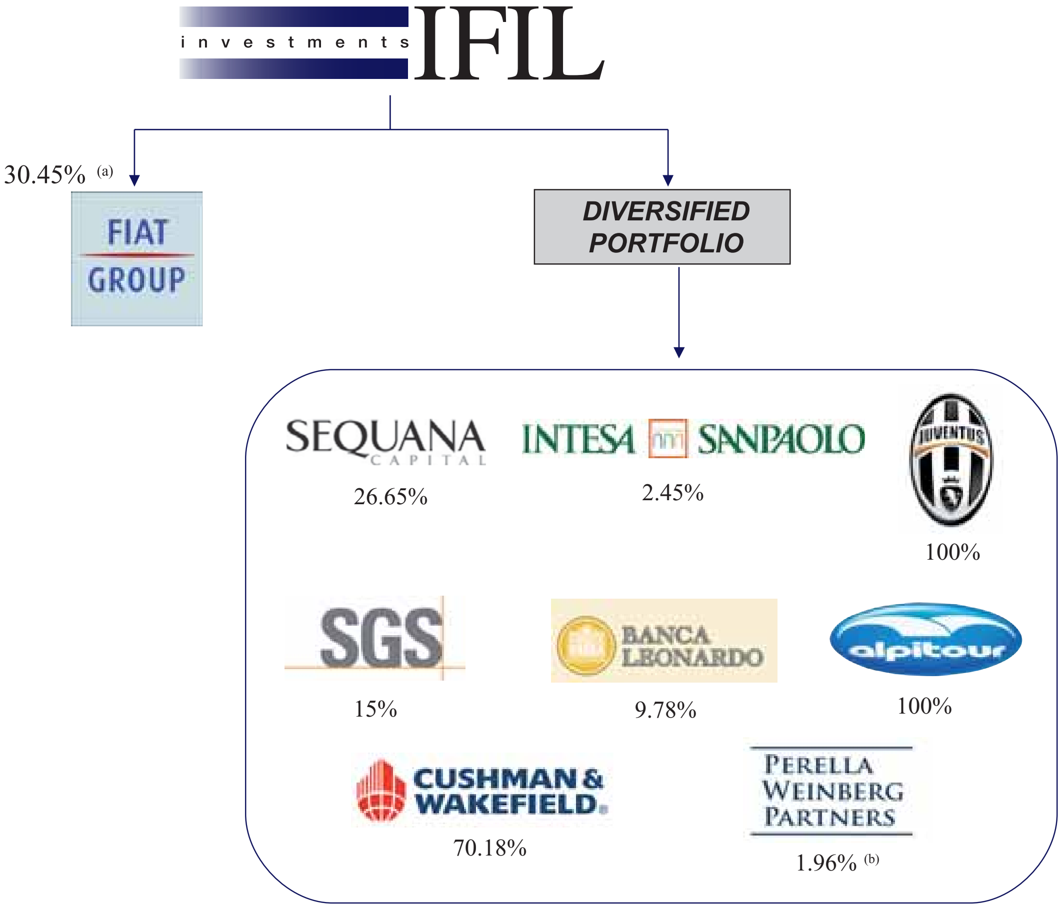
SGS S.A., in which Ifil Investissements S.A. has a 15% stake, is a Swiss company listed on the Virt-x market. Founded in 1878, the company is today the global leader in verification, inspection, control and certification activities with 50,000 employees and a network of more than 1,000 offices and laboratories throughout the world.

Gruppo Banca Leonardo S.p.A., in which Ifil Investissements S.A. has a 9.78% stake, is an independent investment bank offering corporate finance advisory and asset management services; it also provides private equity services under a joint venture with a leading European group.

Alpitour S.p.A., in which IFIL S.p.A. has a 100% stake, is the largest integrated group in the tourist sector in Italy. It operates with 4,000 employees and has more than 2.3 million customers across all areas of the tourism business: Tour Operating (Alpitour, Francorosso, Viaggidea, Villaggi Bravo, Volando and Karambola), Hotels (Alpitour World Hotel & Resorts), Incoming (Jumbo Tours), Aviation (Neos), Distribution (Welcome Travel Group) and Incentive & Eventi (A World of Events).

Juventus Football Club S.p.A., in which IFIL S.p.A. has a 60% stake, is listed on the Electronic Share Market of the Italian stock exchange (Star segment). Founded in 1897, it is one of the most prominent professional soccer teams in the world.

The following chart is updated to March 20, 2008, and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock.



(a) IFIL also holds 30.09% of Fiat preferred capital stock.
(b) Percentage interest held in the NoCo A LP limited partnership.

Net Asset Value

At March 20, 2008 the Net Asset Value is equal to € 7,777 million and is composed as follows:

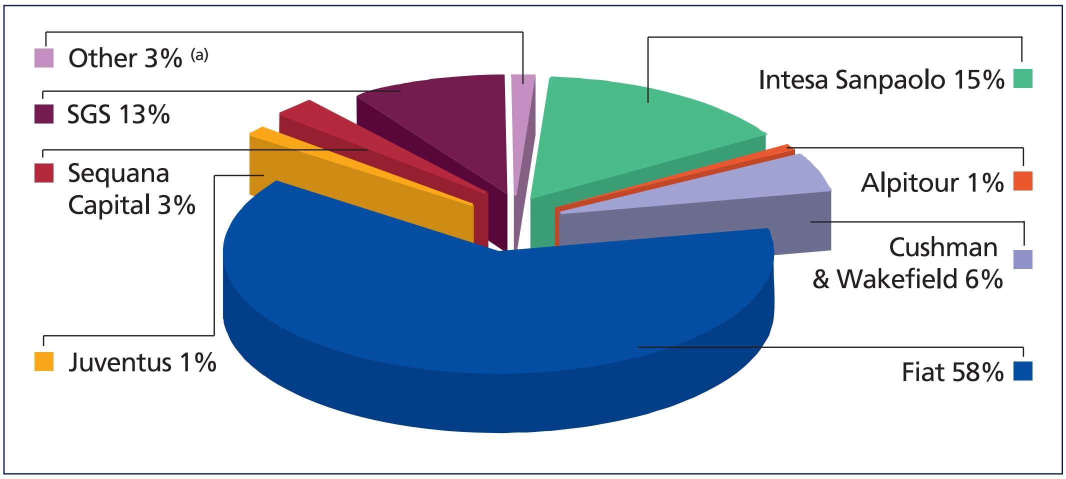
€ in millions	
Current value of the investment portfolio	7,974 (a)
Consolidated net financial position – Holdings System	(197) (a)
Total	**7,777**

(a) After subscribing to the bonds convertible into Vision shares.

With regard to the investment portfolio, listed equity holdings are valued at the closing market prices as of March 20, 2008. Unlisted equity holdings and other investments are stated at cost.

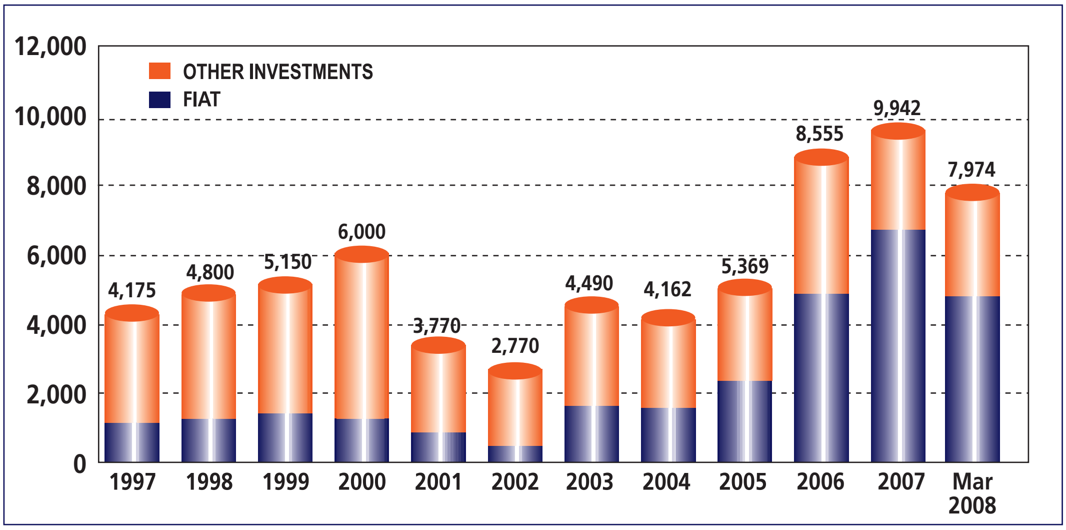
NAV is presented with the aim of aiding Analysts and Investors in forming their own assessments.

Investment portfolio at current values



(a) The portfolio includes DLMD S-Bonds, Ocean Club Méditerranée bonds, investments in NoCo A and NoCo B, the headquarters building and the investment, currently in the process of being finalized, in the bonds convertible into Vision shares.

Change in the investment portfolio at current values [a]



(a) The current value of the investment portfolio is calculated consistently with the change in the accounting representation.

Key operating and financial data

IFIL Group – Condensed consolidated figures (a) € in millions	**2007**	2006	Change
Profit attributable to the equity holders of the company	**672**	341	331
Share of earnings (losses) of holdings and dividends	**723**	346	377
Investments and other financial assets	**6,748**	5,855	893
Equity attributable to the equity holders of the company	**6,666**	6,222	444
Consolidated net financial position - Holdings System	**(104)**	386	(490)

Earnings per share (€) (b)	**2007**	2006	Change
Profit attributable to the equity holders of the company			
- ordinary shares	**0.63**	0.32	0.31
- savings shares	**0.65**	0.34	0.31
Equity attributable to the equity holders of the company	**6.27**	5.86	0.41

(a) The basis of preparation is presented in the section "IFIL Group – Review of the condensed consolidated results" of the Report on Operations.

(b) Details of the calculation are presented in Note 19 to the consolidated financial statements.

IFIL S.p.A. - Separate financial statement figures € in millions	**2007**	2006	Change
Profit for the year	**123**	625	(502)
Equity	**4,567**	4,587	(20)
Net financial position	**(749)**	(682)	(67)

	Per share (€)		Total (€ ml)	
Dividends paid out by IFIL S.p.A.	**2007**	2006	**2007**	2006
Ordinary shares	**0.10**	0.10	**102.1**	102.6
Savings shares	**0.1207**	0.1207	**4.5**	4.5
Total			**106.6**	107.1

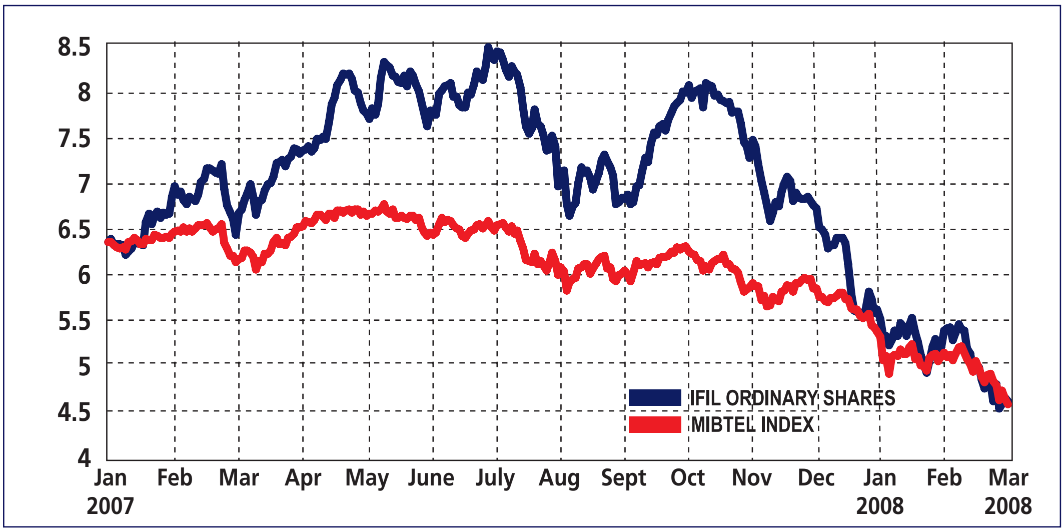
A motion for dividends relating to the year 2007 will be put forward to the stockholders' meeting called for the approval of the separate financial statements for the year ended December 31, 2007. The total amounts are calculated on the basis of the shares outstanding as of March 28, 2008.

Stock market performance

Whereas in the first part of 2007 the markets continued to record positive performance, the second half of the year registered an inversion of the trend. This heightened in the last two months when fears over growth prospects in the United States became stronger, largely fueled by the impact of the subprime mortgage crisis. In this scenario, IFIL ordinary shares, which are listed on the MIDEX Index of mid-cap companies and on the MIB 30 Index, continually out-performed the Mibtel index.

Overall 2007 performance by IFIL ordinary stock was positive at 5.4% (including dividends paid-out) against a decline of 4.5% in the Mibtel Index. The negative downturn of the stock during the last part of 2007 then sharply accelerated in the first part of 2008 mirroring the performance of the world's major indexes.

Performance by IFIL ordinary stock against the Mibtel Index [(a)]

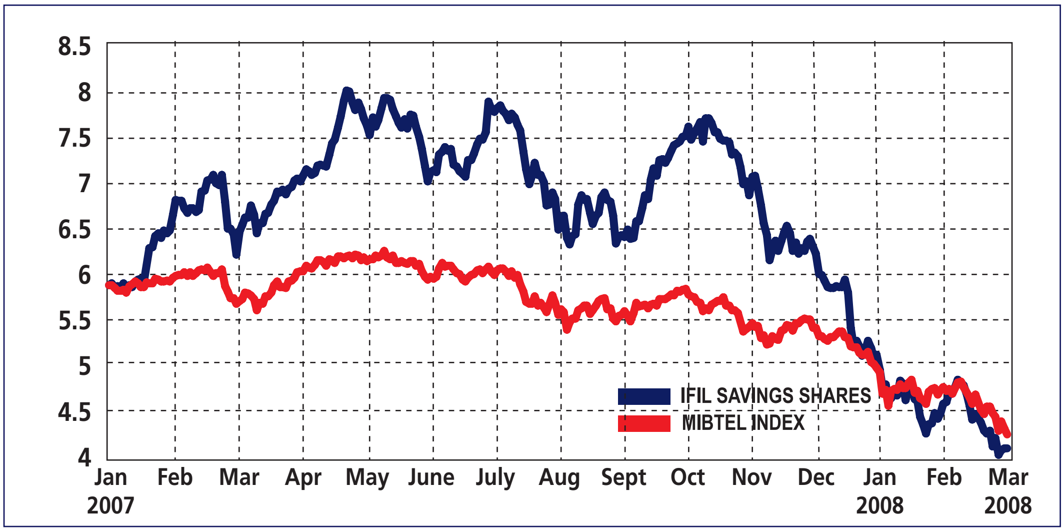


(a) The line graph is based on stock market data. Mibtel base 100 on IFIL stock.

During 2007, IFIL savings stock gained 5.8%, on average in line with IFIL ordinary stock and therefore out-performed the Mibtel Index.

Then in the first part of the 2008, IFIL savings stock basically performed in step with the decline in the Mibtel Index and IFIL ordinary stock.

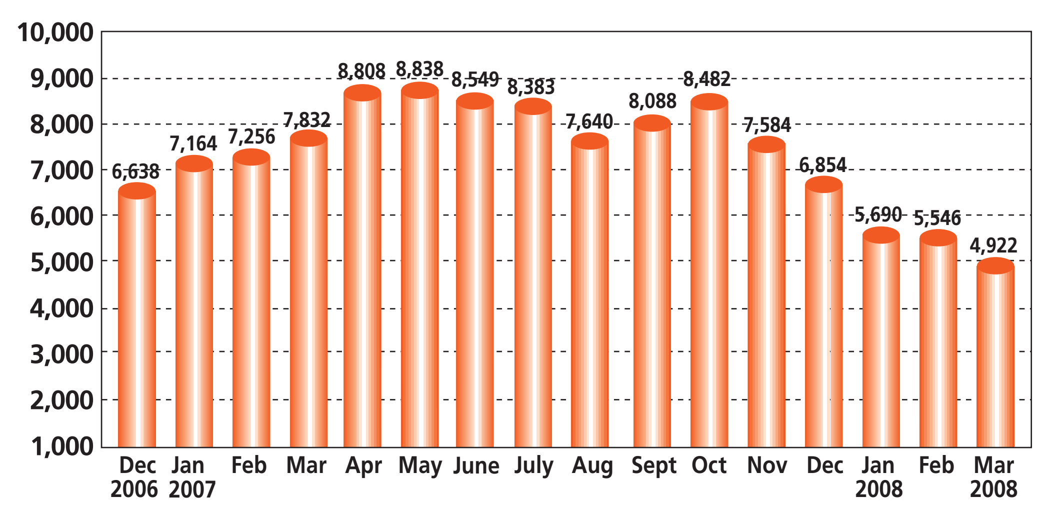
Performance by IFIL savings stock against the Mibtel Index [(a)]



(a) The line graph is based on stock market data. Mibtel base 100 on IFIL stock.

The above performance impacted IFIL's market capitalization which, in 2007, grew from € 6,638 million to € 6,854 million. During the first few months of 2008, market capitalization decreased to € 4,922 million.

Change in IFIL capitalization (€ in millions)



During 2007, the value of IFIL stock traded increased further while volumes were confirmed at 629 million ordinary shares and 37 million savings shares.

Market information	**2008** (a)	**2007**	2006	2005
Market price per ordinary share (€):				
. year-end	**4.595**	**6.39**	6.19	3.61
. high	**6.342**	**8.50**	6.34	3.83
. low	**4.515**	**6.22**	3.63	3.15
Market price per savings share (€):				
. year-end	**4.000**	**5.76**	5.67	3.78
. high	**5.844**	**7.90**	5.97	3.89
. low	**3.923**	**5.72**	3.84	3.16
Volumes traded during the year:				
. ordinary stock (in millions of shares)	**169**	**629**	695	757
. savings stock (in millions of shares)	**8**	**37**	36	28
Value of volumes traded during the year (€ in millions):				
. ordinary stock	**894**	**4,604**	3,424	2,609
. savings stock	**37**	**254**	179	97

(a) From January 1, to March 20, 2008.

FINANCIAL COMMUNICATIONS AND INVESTOR RELATIONS

Again in 2007, IFIL devoted special attention to relations with stockholders, institutional investors and financial analysts, as well as the national and international financial Press.

In particular:

- approximately 1,000 copies (in Italian and English) of the annual report, the first-half report and the quarterly reports have been distributed. These reports are sent, on request, to stockholders, and are also available on the corporate website at www.ifil.it;
- numerous in-depth meetings have been arranged with institutional investors and financial analysts, besides the Road Show presented for the placement of IFIL bonds 2007-2017;
- information has continuously been disseminated through the Italian economic and financial Press.

The corporate functions in charge of communications and investor relations are:

External Relations and Media Relations
Tel. + 39.011.5090320
Fax + 39.011.5090386
relazioni.esterne@ifil.it

Institutional Investors and
Financial Analysts Relations
Tel. + 39.011.5090345
Fax + 39.011.547660
relazioni.investitori@ifil.it

Stocks and Bonds Service
Tel. + 39.011.5090315
Tel. + 39.011.5090205
Fax + 39.011.5090321
servizio.titoli@ifil.it

INFORMATION ON THE OWNERSHIP STRUCTURE PURSUANT TO EX ART. 123 BIS OF LEGISLATIVE DECREE 58/98

Capital stock

IFIL S.p.A.'s capital stock, fully subscribed to and paid-in, amounts to € 1,075,995,737 at December 31, 2007 and consists of 1,038,612,717 ordinary shares (96.53% of capital stock) and 37,383,020 non-convertible savings shares (3.47% of capital stock), all with a par value of € 1 each.

Each share attributes the right to a proportional part of the profit approved for distribution and the equity resulting upon a wind-up, except for the rights established in favor of the savings shares with regard to the appropriation of profit, as described below.

Pursuant to art. 25 of the bylaws, the savings shares carry the right to a preference dividend, cumulative according to law, of 8.27% of their par value and to a total dividend higher than that of ordinary shares by 2.07% of the same par value. When, in any one year, the dividends assigned to the savings shares are below the percentages indicated above, the difference will be added to the preference dividend of the next two years.
The savings shares carry no voting rights and can either be registered or bearer shares, as elected by the stockholders.

In the event of exclusion of the ordinary shares and/or savings shares from trading, the preference dividend and the dividend higher than that of the ordinary shares to which the savings shares are entitled, will be automatically increased to the extent that they are equal, respectively, to 8.52% and 2.32%.

There are no restrictions on the voting rights or shares which confer special rights of control. There is not any share participation system for employees nor, consequently, any relative mechanism for the exercise of voting rights.

IFIL S.p.A. has approximately 26,000 stockholders.
At March 20, 2008, IFI – Istituto Finanziario Industriale S.p.A. and Giovanni Agnelli e C. S.a.p.az. hold respectively 69.99% and 3% of ordinary capital stock.

The other ten major stockholders, indicated below, represent 12.49% of ordinary capital stock.

Stockholders	%	Ordinary stock
Mackenzie Cundill Group	5.10	52,973,183
Credit Suisse Securities (Europe) Limited	1.71	17,744,408
Generali Group	1.35	14,032,654
Banca d'Italia	1.01	10,446,584
Morgan Stanley Group	0.93	9,690,970
Goldman Sachs International Limited	0.71	7,417,025
BNP Paribas Group	0.53	5,492,786
JP Morgan Group	0.49	5,098,558
Meag Group	0.34	3,565,745
Citibank Group	0.32	3,368,779
	12.49	**129,830,692**

Source: Stockholders' Book supplemented by Consob communications received up to March 20, 2008.

Pursuant to art. 122 of Legislative Decree 58/1998, the only agreement known by the company to exist is that signed on March 27, 1990 between IFIL S.p.A. and Citicorp, now Citigroup, with headquarters in New York York (USA), on the subject of the right of first refusal on IFIL ordinary shares held granted by Citigroup.

Appointment of the board of directors

In accordance with art. 12 of the bylaws, the board of directors is appointed by using slates of candidates. If several slates are submitted, one of the members of the board of directors shall be chosen from the slate that has obtained the second highest number of votes. Slates may be submitted only by those stockholders who, individually or together with other own voting shares, represent at least 1% of the capital stock, which shall be indicated in the notice calling the stockholders' meeting. No single stockholder can present, either through a third party or trustee company, more than one slate of candidates, or cast votes in different slates. No stockholders belonging to the same group and stockholders who signed a stockholders' agreement regarding the stock of the company can present, either through a third party or trustee company, more than one slate of candidates, or cast votes in different slates. Each candidate may be included in only one slate, under penalty of ineligibility. The candidates included in the slates must be indicated in numerical order and satisfy the integrity requirements imposed by law. The candidate who is indicated at number one on the slate in numerical order must also satisfy the legal requirements of independence set forth by law. The slates presented must be deposited at the company's offices at least fifteen days prior to the date set for the meeting called for the election of the board of directors. Together with each slate and within the time limit indicated above, declarations in which the stockholders state their right to attend the meeting, an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as declarations in which single candidates accept the candidature and, on their own responsibility, state that they satisfy the envisaged requirements shall be deposited. The candidates who do not comply with these rules are ineligible. Once the stockholders' meeting determines the number of directors to be elected, the following procedure shall be applied:

1. all the directors except one shall be elected from the slate that has obtained the highest number of votes, on the basis of the numerical order in which they appear on the slate;
2. as provided by law, one director shall be elected from the slate that has obtained the second highest number of votes, on the basis of the numerical order in which the candidates appear on the slate.

Mandate for capital stock increases

The board of directors has been vested with the power, for a period of five years from the resolution passed by the special stockholders' meeting held on May 14, 2003, to increase at one or more times, also in divisible form, the capital stock up to an amount of € 1,500 million and to issue convertible bonds, at one or more times, up to the same figure but for amounts which, each time, shall not exceed those established by law.

The board of directors will put forward a motion to renew this resolution at the next special stockholders' meeting.

Authorization to purchase treasury stock

The ordinary stockholders' meeting held on May 14, 2007 authorized, for a period 18 months, pursuant to art. 2357 of the Italian Civil Code and art. 132 of Legislative Decree 58 dated February 24, 1998, the purchase of a maximum of 55 million IFIL ordinary and/or savings shares for a maximum amount of € 450 million.

The board of directors will put forward a motion to the ordinary stockholders' meeting to renew this resolution.

By the power vested in the IFIL S.p.A. board of directors by this authorization, in its meeting held on February 18, 2008, the board approved the start of a Buyback Program for treasury stock aimed at the efficient management of the company's capital and with a view towards investment purposes.

The Buyback Program calls for a maximum disbursement of € 150 million for IFIL ordinary and/or savings stock.

Additional information is provided in the specific paragraph under “Major events in 2007 and in the first quarter of 2008”.

Effects of a possible change in control on the most important agreements in force

At December 31, 2007, a possible change in control over IFIL S.p.A. would give the bondholders the right to ask for the early redemption of the non-convertible bonds 2006-2011 and 2007-2017 for a total of € 950 million and would give the two lending banks the right to ask for the early repayment of the three committed lines of credit of € 250 million, which are currently not drawn down.

Agreements between the company and the directors

The meeting of the board of directors of IFIL S.p.A. held on June 9, 2005 approved the use of a secretarial service and a car with a driver for the chairman, Gianluigi Gabetti, also after his current term of office expires.

In the event of the termination of the employment relationship on the part of the company that is not for a just cause, as a departure from the provisions of art. 27 of the collective national labor agreement, the chief executive officer and general manager, Carlo Barel di Sant'Albano, will be paid an indemnity equal to two times the annual fixed remuneration.

MAJOR EVENTS IN 2007 AND IN THE FIRST QUARTER OF 2008

Acquisition of the controlling interest in the Cushman & Wakefield Group

On March 30, 2007, the subsidiary Ifil Investissements S.A. purchased 71.52% of the capital stock of Cushman & Wakefield (C&W) from Rockefeller Group International Inc. (RGI), a subsidiary of the Mitsubishi Group, for an investment of $625 million (€ 473.7 million), in addition to transaction costs of € 9.4 million. The remaining 28.48% stake is held by C&W management and employees.

On March 30, 2007, IFIL S.p.A. also made an interest-earning loan at market rates to C&W for $126.3 million, equal to € 94.9 million, which was repaid in full by June 1, 2007.

Subscription to the Juventus Football Club S.p.A. capital increase

On April 20, 2007, the stockholders' meeting of Juventus Football Club S.p.A. approved the capital stock increase of € 104.8 million proposed by the board of directors in order to finance the company's medium-term development plan. The stock increase was carried out in June 2007 through the issue of 80,621,332 shares (in a ratio of 2 new shares for every 3 shares held) at € 1.30 per share (of which € 1.20 is additional paid-in capital).

On June 14, 2007, IFIL S.p.A. subscribed to its portion of the increase for 48,373,666 shares for an investment of € 62.9 million.

Increase of the investment in SGS S.A.

In 2007, Ifil Investissements S.A. purchased 143,944 SGS shares on the market, equal to 1.84% of capital stock, for an investment of € 121.5 million.
Currently, Ifil Investissements S.A. holds 1,173,400 SGS shares representing 15% of capital stock.

Subscription to the Gruppo Banca Leonardo S.p.A. capital increase

On April 30, 2007, Ifil Investissements S.A. subscribed to 11,055,537 shares issued as part of the capital increase by Gruppo Banca Leonardo for an investment of € 35.4 million.
Ifil Investissements S.A. currently holds 25,255,537 Gruppo Banca Leonardo shares, equal to 9.78% of outstanding capital stock.

Other investments

On May 2, 2007, Ifil Investissements S.A. succeeded Exor Group S.A., a company controlled by Giovanni Agnelli & C. S.a.p.az., in a commitment for a maximum investment of $80 million in the limited partnership NoCo B LP which groups a series of funds managed by Perella Weinberg Partners L.P. As a result of this commitment, on December 31, 2007, Ifil Investissements S.A. invested $17 million (€ 11.9 million).

On September 30, 2007, Ifil Investissements S.A. purchased a 100% stake in the capital stock of the American company ANCOM USA Inc, from Exor Group S.A., for a total payment of approximately $27 million (€ 19.1 million). ANCOM USA Inc holds 1.96% of the limited partnership NoCo A LP, under which the Perella Weinberg Group conducts all of its activities.

Sale of a stake in Sequana Capital S.A.

On July 6, 2007, Ifil Investissements S.A. reached an agreement for the sale of an approximate 22% stake in Sequana Capital S.A. to DLMD – a company controlled by Pascal Lebard, general manager of Sequana Capital S.A.
After having obtained approval from the competent authorities, on July 27, 2007, Ifil Investissements S.A. sold 10,806,343 Sequana Capital shares at € 21 per share for a total equivalent amount of € 226.9 million.
Ifil Investissements S.A. partially financed the deal for a total equivalent amount of € 27.2 million by subscribing to 2,723 S-Bonds issued by DLMD, maturing July 27, 2010.

After this deal (which led to a loss on consolidation of € 54.3 million, including transaction costs), Ifil Investissements S.A. holds 13,203,139 Sequana Capital S.A. shares, equal to 26.65% of outstanding capital stock.
Ifil Investissements S.A. and DLMD signed a three-year stockholders' agreement aimed at keeping the stockholder base of Sequana Capital S.A. stable.

Sale of the investment in Turismo&Immobiliare S.p.A.

After having obtained authorization from the competent authorities, on September 18, 2007, Ifil Investissements S.A. sold its 25% holding in Turismo&Immobiliare to the Marcegaglia Group, Pirelli RE and Gabetti Property Solutions for € 5.2 million; the IFIL Group realized a gain on the sale of € 0.9 million on consolidation.

Issue of non-convertible bonds

On June 12, 2007, IFIL S.p.A. issued 10-year non-convertible bonds to Italian and foreign investment professional investors for a nominal amount of € 750 million. The purpose of the bond issue was to raise new funds for IFIL S.p.A. in order to refinance its existing debt as part of the strategy to extend its debt maturities. The bonds were admitted for trading on the Luxembourg stock exchange.

Closing of the dispute regarding the sale of La Rinascente

On February 14, 2006 and September 5, 2006, the buyer of the investment in La Rinascente filed two separate arbitration proceedings against Ifil Investissements S.A. seeking compensation for an amount of approximately € 52 million for extraordinary expenses relating to certain points of sale in addition to legal questions in connection principally with the accounting treatments used in the financial statements of La Rinascente.
On June 27, 2007, Ifil Investissements S.A. settled the dispute on the basis of which the buyer of the investment in La Rinascente renounced all claims filed in the above arbitration proceedings against Ifil Investissements S.A. and any other claim and/or demand, also in the future, relating to the sale of the investment in La Rinascente. The settlement involved a total payment of € 8 million (of which € 6.1 million was borne by Ifil Investissements S.A. and € 1.9 million by Auchan Group).

Proceedings relative to the contents of the press releases issued by IFIL S.p.A. and Giovanni Agnelli e C. S.a.p.az. on August 24, 2005

In the opposing judgment against the administrative sanctions imposed by Consob under Resolution 15760 notified on February 13, 2007, the Court of Appeals of Turin, in its decision of December 5, 2007, reduced the administrative sanctions from € 16 million to € 6.3 million. The reduction for IFIL was from € 4.5 million to € 1 million and for Mr Gabetti from € 5 million to € 1.2 million. Furthermore, the additional administrative sanction levied against Mr Gabetti was reduced by two months, from six to four months, the periods of which is now over, as are the periods for the administrative sanctions against Mr Grande Stevens, as the legal advisor, and Mr Marrone.
As for the penal proceedings communicated to these individuals, the judge in the preliminary investigations of December 4, 2007 declared the notification pursuant to ex art. 415 bis of the Italian Penal Code null and void and sent the case to the public prosecutor's office. The proceedings are therefore again in the preliminary stages.

Subscription of bonds convertible into Vision Investment Management shares

On February 20, 2008, Ifil Investissements S.A. reached an agreement to invest € 61 million (US $90 million) in 5-year bonds with a mandatory conversion into shares at maturity and thus become a prominent stockholder of Vision Investment Management Limited (Vision), one of the most important alternative asset managers in Asia.

Vision, which has offices in Hong Kong, was founded in June 2000 by Jerry Wang, one of the pioneers in the sector in Asia. Vision launched its benchmark product, Vision Asia Maximus Fund, in 2002 and since then has become one of the largest local managers of hedge funds specialized in Asian markets.

Ifil Investissements S.A. will use available liquidity for the investment. The bonds will guarantee a fixed annual yield of 5% until conversion at maturity in spring 2013. The finalization of the transaction, subject to the approval of the competent authorities, is expected to take place in spring 2008.

The proceeds from the bonds will mainly be used by Vision management to buy back treasury stock from a group of the company's founding financial investors – which currently hold 32% of ordinary capital stock issued by Vision – and to ensure future resources to sustain the development plan in the alternative asset management sector in Asia. Vision management and employees remain the largest stockholders of the company with a controlling stake.

Upon conversion of the bonds, Ifil Investissements S.A. will receive shares equal to a 40% stake in Vision.

Buyback program

In its meeting held on February 18, 2008, the IFIL S.p.A. board of directors approved the start of a Treasury Stock Buyback Program aimed at efficiently managing the Company's capital from an investment standpoint.

The Buyback Program falls under the resolution for the purchase of treasury stock approved by the stockholders' meeting held on May 14, 2007 and will be in effect until November 13, 2008. The Program calls for a maximum disbursement of € 150 million and covers the purchase of IFIL ordinary and savings shares on the market at a price of not less than or more than 15% of the price recorded by the stock in the trading session of the day prior to each single purchase transaction.

The purchases will be made on regulated markets and the maximum number of shares purchased daily may not exceed 25% of the average daily trading volumes, respectively, of IFIL ordinary shares and IFIL savings shares, as provided by EC regulation 2273/2003.

Under this Program, during the period February 26 – March 17, 2008, IFIL S.p.A. purchased 4,465,200 ordinary shares (0.43% of the class of stock) at the average cost per share of € 5.07 for a total of € 22.6 million, and also 275,000 savings shares (0.74% of the class of stock) at the average cost per share of € 4.26 for a total of € 1.2 million. The total investment amounts to € 23.8 million (15.9% of the total disbursement stated in the Program).

After these purchases IFIL currently holds, directly and indirectly, the following treasury stock:

	Number of shares	Amount		% of class
		Per share (€)	Total (€ in thousands)	
Ordinary, held by IFIL S.p.A.	16,868,198	4.05	68,328	1.62
Ordinary, held by subsidiary Soiem S.p.A.	810,262	3.41	2,762	0.08
Total ordinary shares	**17,678,460**	**4.02**	**71,090**	**1.70**
Savings shares, held by IFIL S.p.A.	**275,000**	**4.26**	**1,172**	**0.74**

Dividends approved by the investment holdings from profit for the year ended December 31, 2007

On the basis of the resolutions passed by the boards of directors, the following dividends should be collected:

Holding	Class of stock	Number of shares	Dividends Per share (€)	Dividends Total (€/ml)
Fiat S.p.A.	ordinary	332,587,447	0.40	133.0
Fiat S.p.A.	preferred	31,082,500	0.40	12.4
Intesa Sanpaolo S.p.A.	ordinary	289,916,165	0.38	110.2
Sequana Capital S.A.	ordinary	13,203,139	0.70	9.2
SGS S.A.	ordinary	1,173,400	22.3 (a)	26.2
Banca Leonardo Group	ordinary	25,255,537	0.11	2.8
Total				**293.8**

(a) Equal to CHF 35.

Resolutions passed by the IFIL S.p.A. board of directors' meeting held on March 28, 2008

In its meeting held on March 28, 2008, the board of directors approved the consolidated financial statements and the draft separate financial statements for the year ended December 31, 2007, authorizing their publication starting from March 29, 2008.

A motion will be put forward to the stockholders' meeting fixed for May 13, 2008 (in first call) and May 14, 2008 (in second call) for the distribution of dividends of € 0.10 per ordinary share and € 0.1207 per savings share, for a total amount of € 108.4 million, unchanged compared to the prior year. Taking into account the treasury stock currently in portfolio, the payment should decrease to approximately € 106.6 million. The ex dividend date is May 19, 2008 and the dividends will be paid starting from May 22, 2008.

The board has also voted to put forward a motion to the stockholders' meeting to renew the authorization for the purchase and the disposition of treasury stock. This authorization would allow the board to purchase on the market, for a period of 18 months from the resolution passed by the stockholders' meeting, up to a maximum of 55 million ordinary and/or savings shares, for a maximum disbursement of € 450 million, at a price of not less than or more than 15% of the price recorded by the stock in the trading session of the day prior to each single purchase transaction. The authorization request to purchase treasury stock is considered opportune, among other things, for purposes of efficient capital management, as well as from an investment standpoint, and also for any equity-based compensation plans and for carrying out stock exchanges.

A motion will also be put forward to the special stockholders' meeting to renew the five-year mandate pursuant to articles 2443 and 2420 ter of the Italian Civil Code, to increase capital stock, at one or more times, up to a maximum of € 1,500 million and to issue, at one or more times, convertible bonds up to the same amount. The current mandate is expiring and a new mandate would allow the Company to act quickly so that any future capital transactions would respond to the financial needs deriving from investment transactions.

The board of directors, based on the proposal put forward by the Compensation and Nominating Committee, has approved a stock option Plan that will be submitted to the stockholders' meeting, pursuant to art. 114 bis of Legislative Decree 58/1998 (TUF).

The grantees of the Plan, which is for a period of more than 11 years, are the chief executive officer and general manager, Carlo Barel di Sant'Albano, for 3,000,000 stock options corresponding to the same number of ordinary shares, and employees of the IFIL Group (IFIL S.p.A. and the companies of the "Holdings System") who are or will be regarded as key people in the organization, on the basis of the positions held or activities performed, for a maximum of 12,000,000 stock options. Currently, there are 15 employees with these characteristics.

The adoption of the Plan is aimed at attracting and retaining managerial resources who hold important positions in the company and at the same time have them involved in pursuing operating performance targets and matching the economic incentives to the value of the company for the stockholders. The vesting period of the options granted will start from May 14, 2014 to May 14, 2016 and precisely: the first part, equal to 25% of the options, will vest on May 14, 2014, the second part, again equal to 25% of the options, will vest on May 14, 2015 and the third part, equal to 50% of the options, will vest on May 14, 2016. The exercise price of the options granted will be equal to the arithmetic average of the official stock market prices recorded at Borsa Italiana S.p.A. in the month prior to the date of the stockholders' meeting that will approve the Plan.
The Plan will be implemented by assigning the grantees, gratuitously, options on treasury stock purchased by the company or by companies of the IFIL Group in accordance with existing laws. Details of the Plan will be described in the report prepared by the board of directors which will be made available within the period established by law.
Finally, a motion for payment of a part of the variable compensation of employees (MBO) with treasury stock will also be submitted by the board of directors for approval by the stockholders' meeting, pursuant to art. 114 bis of Legislative Decree 58/1998 (TUF).

Moreover, the ordinary and special stockholders' meeting shall appoint the board of directors and the board of statutory auditors as well as vote on some amendments to the bylaws required to conform to new laws and regulations.

BUSINESS OUTLOOK

For IFIL S.p.A., a profit is expected to be reported for the year 2008.

Taking into account the forecasts formulated by the major holdings, summarized below, a profit is forecast for the IFIL Group for 2008.

Fiat Group
The Fiat Group has confirmed its 2008 targets for a consolidated net income in the range of € 2.4 billion to € 2.6 billion (equal to € 1.9 and € 2 per share).

Cushman & Wakefield Group
Owing to the prolonged difficult market conditions which are particularly affecting the American and English credit markets, the Cushman & Wakefield Group aims to maintain the levels of operating profitability of the past year and thus report a net positive result for 2008.

Sequana Capital Group
For the year 2008, the Sequana Capital Group forecasts a further increase in operating profit.
Antalis, in particular, expects a significant growth in operating profit owing to the synergies generated by the acquisition of Map Merchant Group. Arjowiggins, on the other hand, predicts a reduction in operating profit in the first half of 2008 due to higher external costs and an unfavorable trend in exchange rates. This trend should reverse in the second half, thanks principally to the anticipated price increase policy and another recently introduced program to reduce costs.

Alpitour Group
During the year 2007/2008, the Alpitour Group will aim to consolidate the profitability achieved in 2006/2007 and further improve the financial situation and the return on invested capital.

Juventus Football Club
As a result of the relevant investments made to strengthen the First Team which will produce a significant increase in the related costs, Juventus Football Club expects to close the year 2007/2008 with a loss.

IFIL S.p.A. – REVIEW OF THE RESULTS OF THE SEPARATE FINANCIAL STATEMENTS

The year 2007 shows a profit of € 123.4 million, including a net amount of € 18.8 million deriving from a further partial impairment reversal on Fiat preferred shares (+€ 19.3 million) and the accrual for deferred taxes (-€ 0.5 million) owing to lower taxes charged on such shares.
The year 2006 showed a profit of € 625.3 million including a net amount of € 620.1 million deriving from the impairment reversal on Fiat ordinary and preferred shares (€ 645.3 million) and the accrual for the related deferred taxes (-€ 25.2 million).

The condensed income statement and balance sheet and comments on the most important items are presented below.

IFIL S.p.A. - Condensed income statement

€ in millions	Note	**2007**	2006	Change
Dividends from investments	1	**171.4**	53.0	118.4
Impairment reversals on investments	2	**19.3**	645.3	(626.0)
Net financial expenses	3	**(39.0)**	(19.4)	(19.6)
Gains on sales of securities		**0.0**	(0.7)	0.7
Net general expenses	4	**(22.8)**	(20.1)	(2.7)
Net other nonrecurring expenses	5	**(9.2)**	(7.6)	(1.6)
Profit before income taxes		**119.7**	650.5	(530.8)
Deferred income taxes	2	**3.7**	(25.2)	28.9
Profit		**123.4**	625.3	(501.9)

IFIL S.p.A. - Condensed balance sheet

		12/31/2007		12/31/2006		
€ in millions	Note	**Amount**	**%**	Amount	%	Change
Investments	6	**5,328.5**	**95.3**	5,321.9	99.1	6.6
Cash and cash equivalents		**165.6**	**3.0**	0.3	0.0	165.3
Financial assets held for trading		**47.8**	**0.8**	0.0	0.0	47.8
Non-current other financial assets		**0.3**	**0.0**	0.1	0.0	0.2
Current financial assets		**4.3**	**0.1**	2.2	0.1	2.1
Other current assets		**47.4**	**0.8**	44.5	0.8	2.9
Total Assets		**5,593.9**	**100.0**	5,369.0	100.0	224.9
Equity	7	**4,566.9**	**81.6**	4,587.5	85.4	(20.6)
Financial liabilities						
- current		**23.6**	**0.4**	485.0	9.1	(461.4)
- non-current		**943.6**	**16.9**	199.2	3.7	744.4
		967.2	**17.3**	684.2	12.8	283.0
Other current and non-current liabilities		**59.8**	**1.1**	97.3	1.8	(37.5)
Total Equity and liabilities		**5,593.9**	**100.0**	5,369.0	100.0	224.9

1. **Dividends from investments**

Dividends from investments in 2007 amount to € 171.4 million, collected from Fiat for € 61.2 million and Intesa Sanpaolo for € 110.2 million. Dividends from investments in 2006 amounted to € 53 million and were entirely collected from Sanpaolo IMI.

2. **Impairment reversals on investments**

Impairment reversals on investments refer exclusively to 240,583,447 Fiat ordinary shares and 31,082,500 Fiat preferred shares which in 2001, 2002 and 2004 had been written down to their market price.

At December 31, 2006, the carrying amount of Fiat ordinary shares was adjusted by the total impairment reversal up to the original purchase cost, for € 537.1 million. The carrying amount of Fiat preferred shares was adjusted by the partial impairment reversal for € 108.2 million (out of a total of € 135.5 million) to the market price on December 29, 2006 (€ 12.06) which was still below (for € 27.3 million) the original purchase cost. Deferred taxes for € 25.2 million were accrued on these reversals.

At December 31, 2007, the carrying amount of a part of the Fiat preferred shares was adjusted by a further partial impairment reversal for € 19.3 million, up to the stock market price on December 28, 2007 (€ 14.46), which was still below (for € 8 million) the original cost of purchase. In 2007, deferred taxes of € 0.5 million were accrued due to lower tax charges on these shares.
Furthermore, deferred taxes accrued in total in 2006 and 2007 (€ 25.7 million) were reduced by € 4.2 million (credited to the income statement in 2007) following the reduction of the IRES tax rate from 33% to 27.5%.

The per share and total carrying amount of Fiat ordinary and preferred shares are presented in Note 6.

3. **Net financial expenses**

Net financial expenses of € 39 million increased by € 19.6 million compared to 2006 (€ 19.4 million) due mainly to higher short-term interest rates in the first half and a different composition of funding sources in the second half. In effect, the issue of the 10-year non-convertible bonds for € 750 million allowed the Group to extend the average debt maturities against a higher cost.

4. **Net general expenses**

Net general expenses amount to € 22.8 million and increased by € 2.7 million compared to € 20.1 million in 2006. The change is due to higher legal fees (+€ 2 million), head office restructuring expenses (+€ 1 million) and sundry expenses (+€ 0.3 million), partially compensated by lower compensation paid (-€ 1.4 million).

5. **Net other nonrecurring expenses**

Net other nonrecurring expenses in 2007 amount to € 9.2 million and include the income of € 3.5 million originating from the reduction decided by the Court of Appeals of Turin in respect of the pecuniary administrative sanction levied on the company by Consob, as well as the accrual for the current-year cost of € 12.7 million for the stock option plan approved for management of the subsidiary Alpitour.
In 2006, the amount of € 7.6 million included the accrual for the pecuniary administrative sanction of € 4.5 million levied on the company by Consob as well as the accrual for the current-year cost of € 3.1 million in that year for the stock option plan approved for management of the subsidiary Alpitour.

6. Investments

Details are as follows:

€ in millions	**12/31/2007**	12/31/2006	Change
Accounted for at cost			
Fiat S.p.A. (ordinary shares)	**2,619.4**	2,619.4	0.0
Fiat S.p.A. (preferred shares)	**250.4**	231.1	19.3
	2,869.8	2,850.5	19.3
Ifil Investissements S.A.	**641.5**	641.5	0.0
Alpitour S.p.A.	**100.0**	100.0	0.0
Ifil Investment Holding N.V.	**68.3**	68.3	0.0
Juventus Football Club S.p.A.	**74.2**	11.3	62.9
Soiem S.p.A.	**10.0**	10.0	0.0
Ifil New Business S.r.l.	**0.0**	0.0	0.0
	3,763.8	3,681.6	82.2
Available-for-sale investments			
Intesa Sanpaolo S.p.A. (ordinary shares) (a)	**1,564.7**	1,640.3	(75.6)
Total investments	**5,328.5**	5,321.9	6.6

(a) Measured at fair value on the basis of the market price at the end of the year, with recognition of the unrealized gains or losses in equity.

The net increase of € 6.6 million in the carrying amount of investments is due to the following movements:

€ in millions	
Investments at December 31, 2006	**5,321.9**
Subscription to Juventus Football Club capital stock increase	62.9
Impairment reversal on Fiat preferred shares	19.3
Fair value adjustment of the investment in Intesa Sanpaolo	(75.6)
Change during the year	**6.6**
Investments at December 31, 2007	**5,328.5**

The comparison between carrying amounts and market prices of listed investments is as follows:

				Market price at			
	Number of	Carrying amount		December 28, 2007		March 20, 2008	
	shares	Per share	Total	Per share	Total	Per share	Total
	held	(€)	(€ ml)	(€)	(€ ml)	(€)	(€ ml)
Fiat S.p.A. (ordinary shares)	332,587,447	7.88	2,619.4	17.50	**5,819.6**	13.06	**4,343.6**
Fiat S.p.A. (preferred shares)	31,082,500	8.06	250.4	14.46	**449.4**	9.78	**303.9**
			2,869.8		**6,269.0**		**4,647.5**
Intesa Sanpaolo S.p.A. (ord. sh.)	289,916,165	5.40	1,564.7	5.40	**1,564.7**	4.22	**1,222.9**
Juventus Football Club S.p.A.	120,934,166	0.61	74.2	0.97	**117.5**	0.76	**91.7**
Total			4,508.7		**7,951.2**		**5,962.1**

7. Equity

Equity at December 31, 2007 is equal to € 4,566.9 million (€ 4,587.5 million at December 31, 2006). The negative change of € 20.6 million is due to the following changes:

€ in millions		
Equity at December 31, 2006	**4,587.5**	
Dividends paid out	(107.1)	
Fair value adjustment of investment in Intesa Sanpaolo	(75.6)	
Deferred taxes released on change in fair value	36.7	(a)
Other net changes	2.0	
Profit for the year 2007	123.4	
Net change during the year	**(20.6)**	
Equity at December 31, 2007	**4,566.9**	

(a) Inclusive of the effect deriving from the reduction of the IRES tax rate from 33% to 27.5% (€ 35.7 million).

8. Net financial position

Details are as follows:

€ in millions	**12/31/2007**	12/31/2006	Change
Cash and cash equivalents	**165.6**	0.3	165.3
Financial assets held for trading	**47.8**	0.0	47.8
Other financial assets, current and non-current	**4.6**	2.3	2.3
Non-convertible bonds	**(943.6)**	(199.2)	(744.4)
Bank debt	**0.0**	(274.7)	274.7
Debt with related parties	**0.0**	(208.9)	208.9
Other current financial liabilities	**(23.6)**	(1.4)	(22.2)
Net financial position	**(749.2)**	(681.6)	(67.6)

The negative change of € 67.6 million in 2007 is due to the following cash flows.

€ in millions	
Net financial position at December 31, 2006	**(681.6)**
Dividends collected	171.4
Dividends paid out	(107.1)
Subscription to Juventus Football Club capital stock increase	(62.9)
Net financial expenses	(39.0)
Net general expenses	(22.8)
Payment of Consob administrative sanction	(4.5)
Other net changes	(2.7)
Net change during the year	**(67.6)**
Net financial position at December 31, 2007	**(749.2)**

9. Reconciliation between the separate financial statements of IFIL S.p.A. and the consolidated financial statements of the Group

The following reconciliation of the profit for the year and the equity in the separate financial statements of IFIL S.p.A. for the years ended December 31, 2007 and December 31, 2006 and the corresponding figures in the consolidated financial statements of the IFIL Group at the same dates are presented as required by Consob Communication 6064293 dated July 28, 2006.

	Profit		Equity	
€ in millions	**2007**	2006	**12/31/2007**	12/31/2006
Separate financial statements of IFIL S.p.A.	**123**	625	**4,567**	4,587
Difference between the carrying amounts of investments and corresponding equity at the end of the prior year			**1,635**	1,508
Net balance between the changes during the year in the equity of consolidated companies and companies accounted for by the equity method (excluding the result)			**(85)**	411
Share of the profit (loss) of consolidated companies and companies accounted for by the equity method, net of consolidation adjustments	**609**	514	**609**	514
Share of the profit of the Sequana Capital Group for the first half presented in discontinued operations (48.805%)	**47**		**47**	
Elimination of dividends collected from consolidated companies and companies accounted for by the equity method	**(89)**	(185)	**(89)**	(185)
Elimination of impairment losses and reversals on consolidated investments and companies accounted for by the equity method	**(19)**	(620)	**(19)**	(620)
Adjustments of gains on the sale of investments	**1**		**1**	
Other consolidation adjustments		7		7
Consolidated financial statements of the IFIL Group (attributable to the equity holders of the company)	**672**	341	**6,666**	6,222

IFIL GROUP – REVIEW OF THE CONDENSED CONSOLIDATED RESULTS

IFIL holds some important investments through the Luxembourg subsidiary Ifil Investissements and controls two companies incorporated under Irish law (operating with the aim of optimizing the management of the financial resources of the Group), Soiem (a service company), as well as certain companies contributing to investment activities (Ifil USA, Ifil Asia and Ifil France). The aggregate of these companies constitutes the so-called “Holdings System” (the complete list of these companies is presented in the next table).

In order to facilitate the analysis of the equity and financial position and the results of operations of the Group, it is IFIL's practice to present condensed financial statements (balance sheet and income statement) for the period prepared by applying the “condensed” consolidation criteria. Such condensed consolidated financial statements are presented along with the annual consolidated financial statements and the interim consolidated financial statements for the first-half of each year. The quarterly consolidated data is also presented in the condensed format in the quarterly reports at March 31 and September 30 of each year.

In the preparation of the condensed consolidated balance sheet and income statement, the financial statements or accounting data drawn up in accordance with IFRS by the parent and by the subsidiaries in the “Holdings System” are consolidated line-by-line; the investments in the operating subsidiaries and associates (Fiat, Sequana Capital, Cushman & Wakefield, Alpitour and Juventus Football Club) are accounted for by the equity method, always on the basis of their financial statements or accounting data prepared in accordance with IFRS.

The following table shows the consolidation and valuation methods used for the investments:

	% holding in capital stock outstanding	
	12/31/2007	12/31/2006
Companies of the Holdings System consolidated line-by-line		
- IFIL Investments S.p.A.	**-**	-
- Ifil Investment Holding N.V. (Netherlands)	**100**	100
- Ifil Investissements S.A. (Luxembourg)	**100**	100
- Ifilgroup Finance Ltd (Ireland)	**100**	100
- Ifil International Finance Ltd (Ireland)	**100**	100
- Soiem S.p.A. (Italy)	**100**	100
- Ifil USA Inc (USA)	**100**	100
- Ifil Asia Ltd (Hong Kong)	**100**	100
- Ifil France S.A. (France) (a)	**100**	-
- Ancom USA Inc (USA) (b)	**100**	-
- Ifil New Business S.r.l. (Italy) (c)	**100**	100
- Eufin Investments Unlimited (United Kingdom) (c)	**100**	100
Companies accounted for by the equity method		
- Fiat Group	**29.01**	28.60
- Sequana Capital Group	**26.71**	48.88
- Cushman & Wakefield Group	**72.13**	-
- Alpitour Group	**100**	100
- Juventus Football Club S.p.A.	**60**	60

	% of capital stock	
	12/31/2007	12/31/2006
Investments accounted for at fair value (d)		
- Intesa Sanpaolo S.p.A.	**2.45**	4.96 (e)
- SGS S.A.	**15.00**	13.16
Investments accounted for at cost		
- Gruppo Banca Leonardo S.p.A.	**9.82**	9.43
- Turismo&Immobiliare S.p.A. (f)	-	25
- NoCo A LP	**1.96** (g)	-

(a) Set up on July 27, 2007, consolidated line-by-line in the last quarter of 2007.
(b) Purchased on September 30, 2007 and consolidated line-by-line in the last quarter of 2007.
(c) Dormant company.
(d) Based on the market price at the end of the year with the unrealized gain or loss recognized in equity.
(e) Percentage refers to the investment in Sanpaolo IMI S.p.A. merged in Banca Intesa with effect on January 1, 2007.
(f) Sold on September 18, 2007.
(g) Percentage holding in the limited partnership acquired on September 30, 2007.

The condensed consolidated **income statement** and **balance sheet** and notes on the most significant items are presented on the following pages.

IFIL GROUP – Condensed consolidated income statement

The **profit attributable to the equity holders of the company** for the year 2007 is € 671.7 million, with an increase of € 330.2 million compared to the profit reported for the year 2006 (€ 341.5 million). The increase is due to the higher contribution to earnings by investment holdings (+€ 317.7 million) and higher net financial income (+€ 30.9 million), partially compensated by other net negative changes (-€ 18.4 million).

€ in millions	Note	**2007**	2006	Change
Share of the profit (loss) of companies accounted for by the equity method	1	**610.9**	293.2	317.7
Net financial income:				
- Dividends from investments	2	**111.6**	53.0	58.6
- Gains (losses) on the sale of securities and investments		**0.9**	(0.7)	1.6
- Net other financial income (expenses)	3	**(10.1)**	19.2	(29.3)
Net financial income		**102.4**	71.5	30.9
Net general expenses		**(25.9)**	(23.2)	(2.7)
Net other nonrecurring income (expenses)	4	**(17.2)**	0.2	(17.4)
Profit before income taxes		**670.2**	341.7	328.5
Income taxes		**1.5**	(0.2)	1.7
Profit attributable to the equity holders of the company		**671.7**	341.5	330.2

IFIL GROUP – Condensed consolidated balance sheet

		Balances at		
€ in millions	Note	**12/31/2007**	12/31/2006	Change
Non-current assets				
Investments accounted for by the equity method	5	**4,081.0**	3,291.8	789.2
Other financial assets	6	**2,667.3**	2,563.5	103.8
Property, plant and equipment		**13.8**	13.2	0.6
Deferred tax assets		**1.4**	0.0	1.4
Total Non-current assets		**6,763.5**	5,868.5	895.0
Current assets				
Financial assets and cash and cash equivalents	9	**862.4**	862.8	(0.4)
Trade receivables and other receivables		**47.9**	47.2	0.7
Total Current assets		**910.3**	910.0	0.3
Assets held for sale		**0.0**	0.0	0.0
Total Assets		**7,673.8**	6,778.5	895.3
Equity attributable to the equity holders of the company	8	**6,666.5**	6,222.3	444.2
Non-current liabilities				
Provisions for employee benefits and provisions for other liabilities and charges		**2.6**	2.4	0.2
Bonds and other debt	9	**943.6**	199.2	744.4
Deferred tax liabilities and other liabilities		**10.3**	52.6	(42.3)
Total Non-current liabilities		**956.5**	254.2	702.3
Current liabilities				
Bonds and other debt	9	**23.6**	277.6	(254.0)
Trade payables and other liabilities		**27.2**	24.4	2.8
Total Current liabilities		**50.8**	302.0	(251.2)
Total Equity and Liabilities		**7,673.8**	6,778.5	895.3

1. Share of the profit (loss) of companies accounted for by the equity method

In 2007, the share of the profit (loss) of companies accounted for by the equity method is a profit of € 610.9 million (€ 293.2 million in 2006). The positive change of € 317.7 million reflects the higher profit contribution by the Fiat Group (+€ 276.4 million), the Sequana Capital Group (+€ 2.4 million, also including the loss of € 54.3 million on the sale of the 22% stake in capital stock), the Alpitour Group (+€ 4.5 million), the result for the nine months following the acquisition of the Cushman & Wakefield Group (+€ 34.9 million), a lower profit contribution by Juventus Football Club (-€ 0.8 million) and other changes (+€ 0.3 million).

	Profit (loss)		IFIL's share		
€ in millions	**2007**	2006	**2007**	2006	Change
Fiat Group	**1,953.0**	1,065.0	**566.6**	304.6	262.0
Consolidation adjustments			**(1.0)** (a)	(15.4) (a)	14.4
Total Fiat Group			**565.6**	289.2	276.4
Sequana Capital Group					
first half	**95.8**	-	**46.8**		
second half	**46.4**	-	**12.4**		
	142.2	958.0	**59.2**	504.2	(445.0)
Consolidation adjustments			**(46.7)** (b)	(494.1) (c)	447.4
Total Sequana Capital Group			**12.5**	10.1	2.4
Cushman & Wakefield Group	**48.4** (d)	-	**34.9**	0.0	34.9
Alpitour Group	**7.5** (e)	3.0 (e)	**7.5**	3.0	4.5
Juventus Football Club S.p.A.	**(16.0)** (f)	(14.7) (f)	**(9.6)**	(8.8)	(0.8)
Other			**-**	(0.3)	0.3
Total			**610.9**	293.2	317.7

(a) Mainly for the assignment of preference dividends to the minority interest.
(b) Of which -€ 54.3 million for losses (including transaction costs of € 0.8 million) realized on the sale of the 22% stake in Sequana Capital and +€ 7.6 million for lower goodwill impairment losses on the AWA Group, since it was partially amortized by IFIL in prior years.
(c) For the elimination of the gain net of taxes on the Sequana Capital/SGS Public Exchange and Purchase Offer (-€ 465.8 million) and for the diluting effect of the reduction in the stake held (-€ 28.3 million).
(d) Data for the period April 1 – December 31, subsequent to acquisition.
(e) Data for the period November 1 – October 31.
(f) Data for the period January 1 – December 31 prepared for purposes of consolidation by IFIL.

For a review of the operating performance of the companies accounted for by the equity method reference should be made to the following sections.

2. Dividends from investments

Dividends from investments in 2007 amount to € 111.6 million and include dividends collected from Intesa Sanpaolo S.p.A. for € 110.2 million (€ 53 million in 2006) and Gruppo Banca Leonardo for € 1.4 million.

3. Net other financial income (expenses)

In 2007, net other financial expenses amount to € 10.1 million whereas, in 2006, the balance of net financial income totaled € 19.2 million. The negative change of € 29.3 million is mainly due to the change in the consolidated net financial position of the "Holdings System" (which over the course of the year went from a cash position of € 386.2 million to a borrowings position of € 104.5 million as a result of significant investments), in addition to an increase in IFIL S.p.A. borrowing costs as described previously.

4. Net other nonrecurring income (expenses)

In 2007, net other nonrecurring expenses amount to € 17.2 million and comprise transaction costs and expenses incurred to close the dispute over the sale of La Rinascente (€ 8 million), the current-year cost of € 12.7 million for the stock option plan approved for management of the subsidiary Alpitour, as well as income of € 3.5 million resulting from the reduction decided by the Court of Appeals of Turin in respect of the administrative sanction levied on the company by Consob.
In 2006, net other nonrecurring expenses amounted to € 0.2 million and included the accrual for the administrative sanction of € 4.5 million levied on the company by Consob in relation to the content of the press release dated August 24, 2005, the current-year cost of € 3.1 million for that year for the stock option plan approved for management of the subsidiary Alpitour, as well as the release of the provision set aside in prior years for the Alpitour stock option plan 2000 which was not exercised by the expiration date of August 31, 2006, equal to € 7.8 million.

5. Investments accounted for by the equity method

Details are as follows:

	Carrying amount at		
€ in millions	**12/31/2007**	12/31/2006	Change
Fiat Group	**3,125.3**	2,610.6	514.7
Sequana Capital Group	**341.0**	588.8	(247.8)
Cushman & Wakefield Group	**466.1**	0.0	466.1
Alpitour Group	**78.8**	70.4	8.4
Juventus Football Club S.p.A.	**69.8**	17.7	52.1
Turismo&Immobiliare S.p.A.	**0.0**	4.3	(4.3)
Total	**4,081.0**	3,291.8	789.2

6. Non-current other financial assets

Details are as follows:

	Carrying amount at		
€ in millions	**12/31/2007**	12/31/2006	Change
Intesa Sanpaolo S.p.A.	**1,564.7**	1,640.3	(75.6)
SGS S.A.	**956.6**	870.0	86.6
Gruppo Banca Leonardo S.p.A.	**82.4**	47.0	35.4
NoCo A LP	**18.7**	-	18.7
Subsidiaries of the “Holdings System" in a wind-up	**0.0**	1.0	(1.0)
Other investments			
DLMD bonds	**27.6**	-	27.6
Ocean Club Méditerranée bonds	**5.1**	5.0	0.1
NoCo B LP	**11.9**	-	11.9
Sundry	**0.3**	0.2	0.1
Total	**2,667.3**	2,563.5	103.8

The original acquisition cost of the investment in Intesa Sanpaolo is € 883.4 million; the change in fair value of the investment amounts in total to € 681.3 million.

The original carrying amount of the investment in SGS is € 469.7 million; the change in fair value of the investment amounts in total to € 486.9 million.

7. Comparison between carrying amounts and market prices of listed investments and other listed financial assets

Details are as follows:

	Number of	Carrying amount		Market price at December 28, 2007		Market price at March 20, 2008	
	shares held	Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)
Investments							
Fiat Group							
- ordinary shares	332,587,447	8.59	**2,858.2**	17.50	**5,819.6**	13.06	**4,343.6**
- preferred shares	31,082,500	8.59	**267.1**	14.46	**449.4**	9.78	**303.9**
			3,125.3		**6,269.0**		**4,647.5**
Sequana Capital Group	13,203,139	25.83	**341.0**	21.95	**289.8**	16.13	**213.0**
Juventus Football Club S.p.A.	120,934,166	0.58	**69.8**	0.97	**117.5**	0.76	**91.7**
Other financial assets							
Intesa Sanpaolo S.p.A.	289,916,165	5.40	**1,564.7**	5.40	**1,564.7**	4.22	**1,222.9**
SGS S.A.	1,173,400	815.25	**956.6**	815.25	**956.6**	846.98	**993.8**
Ocean Club Méditerranée bonds	76,614	66.57	**5.1**	66.36	**5.1**	65.92	**5.0**
Total			**6,062.5**		**9,202.7**		**7,173.9**

8. Equity attributable to the equity holders of the company

Details are as follows:

€ in millions	**12/31/2007**	12/31/2006	Change
Capital and reserves	**6,715.0**	6,270.8	444.2
Treasury stock	**(48.5)**	(48.5)	0.0
Total	**6,666.5**	6,222.3	444.2

The change during the year is analyzed as follows:

€ in millions	
Equity attributable to the equity holders of the company at December 31, 2006	**6,222.3**
Change in fair value of the investments in Intesa Sanpaolo (-€ 75.6 million) and SGS (-€ 21.5 million)	(97.1)
Deferred taxes released on the change in fair value of the investment in Intesa Sanpaolo	36.7 (a)
Share of translation differences (-€ 105.5 million) and other net changes (+€ 45.4 million) shown in the equity of the companies consolidated and those accounted for by the equity method	(60.1)
Dividends paid-out by IFIL S.p.A.	(107.0) (b)
Profit attributable to the equity holders of the company	671.7
Net change during the year	**444.2**
Equity attributable to the equity holders of the company at December 31, 2007	**6,666.5**

(a) Inclusive of the effect deriving from the reduction of the IRES tax rate from from 33% to 27.5% (€ 35.7 million).
(b) Net of € 0.1 million of intragroup dividends.

At December 31, 2007, IFIL S.p.A. holds, directly and indirectly, the following treasury stock:

	Number of IFIL ordinary shares	% of class of stock	Amount Per share (€)	Total (€ ml)
Held by IFIL S.p.A.	12,402,998	1.19	3.68	45.7
Held by the subsidiary Soiem S.p.A.	810,262	0.08	3.41	2.8
Balance at December 31, 2007	**13,213,260**	**1.27**	**3.67**	**48.5**

There were no transactions involving treasury stock during the year 2007.

9. Consolidated net financial position of the "Holdings System"

The consolidated net financial position of the "Holdings System" at December 31, 2007 shows a borrowings position of € 104.5 million with a negative change of € 490.7 million compared to the cash position at the end of 2006 (€ 386.2 million).
The consolidated net financial position of the "Holdings System" is composed as follows:

	12/31/2007			12/31/2006		
€ in millions	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Financial assets and cash and cash equivalents	**862.4**	**0.3**	**862.7**	862.8	0.2	863.0
Bonds 2007-2017		**(744.2)**	**(744.2)**	0.0	0.0	0.0
Bonds 2006-2011		**(199.4)**	**(199.4)**	0.0	(199.2)	(199.2)
Bank debt and other financial liabilities	**(23.6)**		**(23.6)**	(277.6)	0.0	(277.6)
Total financial liabilities	**(23.6)**	**(943.6)**	**(967.2)**	(277.6)	(199.2)	(476.8)
Consolidated net financial position of the "Holdings System"	**838.8**	**(943.3)**	**(104.5)**	585.2	(199.0)	386.2

At December 31, 2007, IFIL S.p.A. has irrevocable credit lines for € 660 million, of which € 150 million is due by December 31, 2008 and € 510 million at later expiration dates.

Standard & Poor's rates IFIL's long-term debt at "BBB+" and its short-term debt at "A-2", both with a stable outlook.

The net negative change of € 490.7 million during the year 2007 is due to the following flows:

€ in millions		
Consolidated net financial position of the "Holdings System" at December 31, 2006		**386.2**
Dividends collected from:		
- Intesa Sanpaolo S.p.A.	110.2	
- Fiat S.p.A.	61.2	
- Sequana Capital S.A.	14.4	
- SGS S.A.	13.3	
- Banca Leonardo S.p.A.	1.4	
		200.5
Dividends paid out by IFIL S.p.A.		(107.0) (a)
Investments in equity holdings and other financial assets:		
- Acquisition of 71.52% stake in C&W capital stock	(483.1)	
- Purchase of 143,944 SGS S.A. shares (1.84% stake)	(121.5)	
- Subscription to Juventus Football Club S.p.A. capital stock increase	(62.9)	
- Subscription to Gruppo Banca Leonardo S.p.A. capital stock increase	(35.4)	
- Subscription to 2,723 S-Bonds 2010 issued by DLMD	(27.2)	
- Purchase of 100% stake in Ancom USA and bonds issued by it	(19.1)	
- Investment in NoCo B LP	(11.9)	
		(761.1)
Disposals:		
- Sequana Capital to DLMD, 22% stake (net of transaction costs)	226.1	
- Turismo&Immobiliare, 25% stake	5.2	
		231.3
Other net changes:		
- Net general expenses	(25.9)	
- Other nonrecurring expenses	(8.0)	
- Payment of Consob administrative sanction	(4.5)	
- Net other financial expenses	(10.1)	
- Net sundry expenses	(5.9)	
		(54.4)
Net change during the year		**(490.7)**
Consolidated net financial position of the "Holdings System" at December 31, 2007		**(104.5)**

(a) Net of € 0.1 million of intragroup dividends.

10. Reconciliation between the consolidated net financial position of the "Holdings System" and the net financial position of the consolidated financial statements with line-by-line consolidation

€ in millions	**12/31/2007**	12/31/2006	Change
Consolidated net financial position - Holdings System	**(104)**	386	(490)
Net financial position of the companies consolidated line-by-line:			
- Sequana Capital Group (a)	**-**	(380)	380
- Cushman & Wakefield Group	**3**	-	3
- Alpitour Group	**17**	(29)	46
- Juventus Football Club S.p.A.	**7**	(75)	82
Consolidated net financial position - line-by-line consolidation	**(77)**	(98)	21

(a) In the consolidated financial statements at December 31, 2007, the investment in the Sequana Capital Group has been deconsolidated with effect from July 1, 2007 following the sale of the 22% stake in the company.

The composition of the consolidated net financial position – line-by-line consolidation is presented in Note 35 to the consolidated financial statements of the IFIL Group.

11. Reconciliation between the condensed consolidated financial statements and the IFIL Group consolidated financial statements

The following table presents a reconciliation between the condensed consolidated financial statements and the IFIL Group consolidated financial statements prepared in accordance with IFRS.

The first column ("Condensed consolidation") presents the data that has been commented on in the preceding pages reclassified according to the consolidated financial statement format.

The second column ("Eliminations") shows the adjustments necessary to reverse the carrying amount of the investments accounted for in the condensed consolidated financial statements by the equity method and the share of the results of those investments in order to arrive at the line-by-line consolidation of the respective financial statements or accounting data, which are shown in the next columns.

Reconciliation of the consolidated balance sheet

€ in millions	Condensed consolidation	Eliminations and consolidation adjustments	C&W Group	Alpitour Group	Juventus F.C.	**IFIL Group consolidation**
Non-current assets						
Goodwill	0	(98)	413	27	0	**342**
Other intangible assets	0		316	34	106	**456**
Property, plant and equipment	14		51	107	25	**197**
Investments accounted for by the equity method	4,081	(615)	6	1	0	**3,473**
Other financial assets	2,667		2	5	0	**2,674**
Deferred tax assets	2		45	12	13	**72**
Other assets	0		32	6	44	**82**
Total Non-current assets	**6,764**	**(713)**	**865**	**192**	**188**	**7,296**
Current assets						
Inventories	0		0	3	0	**3**
Trade receivables	0		302	118	14	**434**
Other receivables	48		73	17	55	**193**
Financial assets	117		0	40	1	**158**
Cash and cash equivalents	745		75	75	24	**919**
Total Current assets	**910**	**0**	**450**	**253**	**94**	**1,707**
Assets held for sale				**3**		**3**
Total Assets	**7,674**	**(713)**	**1,315**	**448**	**282**	**9,006**
Equity						
Attributable to the equity holders of the company	6,666	(606)	457	79	70	**6,666**
Attributable to the minority interest	0	(107)	185	4	46	**128**
Total Equity	**6,666**	**(713)**	**642**	**83**	**116**	**6,794**
Non-current liabilities						
Provisions for employee benefits	3		21	19	0	**43**
Provisions for other liabilities and charges	0		1	2	17	**20**
Bonds and other debt	944		71	27	16	**1,058**
Deferred tax liabilities	10		117	0	1	**128**
Other liabilities	0		61	0	40	**101**
Total Non-current liabilities	**957**	**0**	**271**	**48**	**74**	**1,350**
Current liabilities						
Provisions for employee benefits	0		111	0	2	**113**
Provisions for other liabilities and charges	0		10	4	0	**14**
Bonds and other debt	24		2	75	2	**103**
Trade payables	3		158	204	12	**377**
Other liabilities	24		121	34	76	**255**
Total Current liabilities	**51**	**0**	**402**	**317**	**92**	**862**
Liabilities relating to assets held for sale						**0**
Total Equity and liabilities	**7,674**	**(713)**	**1,315**	**448**	**282**	**9,006**

Reconciliation of the consolidated income statement

€ in millions	Condensed consolidation	Eliminations	C&W Group	Alpitour Group	Juventus F.C.	**IFIL Group consolidation**
Revenues	1		1,255	1,236	165	**2,657**
Other revenues from current operations	1		0	8	27	**36**
Purchases of raw materials and changes in inventories	0		0	(871)	(3)	**(874)**
Personnel costs	(11)		(950)	(108)	(114)	**(1,183)**
Costs for external services	(13)		(147)	(202)	(29)	**(391)**
Taxes and duties	(2)		(4)	(3)	(1)	**(10)**
Depreciation and amortization	(1)		(48)	(17)	(26)	**(92)**
Accruals to provisions and other expenses from current operations	(1)		(32)	(21)	(17)	**(71)**
Profit (loss) from current operations	**(26)**	**0**	**74**	**22**	**2**	**72**
Other nonrecurring income (expenses)	(17)		0	(1)	(10)	**(28)**
Operating profit (loss)	**(43)**	**0**	**74**	**21**	**(8)**	**44**
Gains (losses) on the sale of investments	1			8	0	**9**
Cost of net debt	(12)		(9)	(8)	(2)	**(31)**
Other financial income (expenses)	113		6	1	2	**122**
Financial income (expenses)	**102**	**0**	**(3)**	**1**	**0**	**100**
Income taxes	2		(24)	(13)	(8)	**(43)**
Profit (loss) of companies consolidated line-by-line	**61**	**0**	**47**	**9**	**(16)**	**101**
Share of the profit (loss) of companies accounted for by the equity method	611	(25)	1			**587**
Profit (loss) from continuing operations	**672**	**(25)**	**48**	**9**	**(16)**	**688**
Loss from discontinued operations and assets held for sale	0	(8)			0	**(8)**
Profit (loss)	**672**	**(33)**	**48**	**9**	**(16)**	**680**
Profit (loss) attributable to the equity holders of the company	**672**	**(33)**	**35**	**8**	**(10)**	**672**
Profit (loss) attributable to the minority interest	**0**		**13**	**1**	**(6)**	**8**

OTHER INFORMATION

Investments held by directors and statutory auditors

(Art. 78 of Consob Regulation under Resolution 11971 dated May 14, 1999 and subsequent amendments)

		Number of shares			
Name	Company	Held at 12/31/2006	Increase	Decrease	Held at 12/31/2007
Directors					
Gabetti Gianluigi	IFIL ordinary shares (a)	652,000			652,000
Sant'Albano Carlo	IFIL ordinary shares (a)	0	43,500		43,500
Lombardi Giancarlo	IFIL ordinary shares (a)	12,650			12,650
Marocco Antonio Maria	IFIL ordinary shares (a)	73,369			73,369
Teodorani-Fabbri Pio	IFIL ordinary shares (a)	90,000		90,000	0
	IFIL ordinary shares (a)	469,000			469,000
	Fiat ordinary shares (b)	6,583			6,583
	Fiat ordinary share warrants 2007 (b)	825		825	0
	Fiat savings shares (b)	5,720			5,720
Winteler Daniel John	IFIL ordinary shares (a)	12,400			12,400
Statutory auditors					
Ferrero Cesare	Fiat ordinary shares (a)	1			1
Piccatti Paolo	Juventus F.C. (a)	540			540

(a) Direct holding.
(b) Indirect holding through spouse.

Furthermore, on March 7, 2007, there was a communication made pursuant to art. 152-octies, paragraph 7 of Consob Regulation 11971/99 regarding the purchase of 29,000 IFIL ordinary shares on the part of the family of the chief executive officer, Carlo Barel di Sant'Albano.
There are no key managers with strategic responsibilities in IFIL S.p.A..

Annual Report on Corporate Governance 2007

Information concerning the corporate governance of IFIL S.p.A. is presented in the Annual Report on Corporate Governance 2007 which, in accordance with art. 89 bis of Consob Regulation 11971 dated May 14, 1999 and subsequent amendments, will be published on the corporate website www.ifil.it and made available at the corporate head office within the times established by existing laws.

Management and coordination

IFIL Investments S.p.A. is not subject to management and coordination on the part of companies or entities.
In accordance with art. 2497 bis of the Italian Civil Code, the subsidiaries Soiem S.p.A. and Ifil New Business S.r.l. have identified IFIL Investments S.p.A. as the company which exercises management and coordination.

Programming document on security

The company has prepared the programming document on security on December 13, 2007 for the year 2007 according to the provisions of Legislative Decree 196 dated June 30, 2003, attachment B – technical specifications regarding minimum safety measures. The document has been drawn up by the person in charge of the treatment of the data.

REVIEW OF THE OPERATING PERFORMANCE OF THE MAJOR HOLDINGS

(30.45% of ordinary capital stock and 30.09% of preferred capital stock)

The consolidated results of the Fiat Group can be summarized as follows:

			Change	
€ in millions	**2007**	2006	Amount	%
Net revenues	**58,529**	51,832	6,697	12.9
Trading profit	**3,233**	1,951	1,282	65.7
Operating result	**3,152**	2,061	1,091	52.9
Net result	**2,054**	1,151	903	78.5
Net result attributable to the equity holders of the parent	**1,953**	1,065	888	83.4

€ in millions	**12/31/2007**	12/31/2006	Change
Total assets	**60,136**	58,404	1,732
Net debt	**(10,423)**	(11,836)	1,413
Consolidated net financial position	**1,764**	(231)	1,995
Group interest in stockholders' equity	**10,606**	9,362	1,244
Employees at year-end (number)	**185,227**	172,012	13,215

Net revenues

In 2007, the Fiat Group has net revenues of € 58,529 million, up 12.9% from 2006 (€ 51,832 million), mainly driven by higher volumes across all major businesses. A detailed review of net revenues is provided below:

€ in millions	**2007**	2006	Change %
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**29,015**	25,577	13.4
Agricultural and Construction Equipment (CNH – Case New Holland)	**11,843**	10,527	12.5
Trucks and Commercial Vehicles (Iveco)	**11,196**	9,136	22.5
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**13,375**	12,366	8.2
Other businesses (Publishing and Communications, Holding companies and other companies)	**1,378**	1,581	(12.8)
Eliminations	**(8,278)**	(7,355)	-
Net revenues	**58,529**	51,832	12.9

Trading profit

In 2007, trading profit totals € 3,233 million (5.5% of revenues), an increase of 65.7% compared to € 1,951 million in 2006 (3.8% of revenues), with all the major businesses posting significant improvements. Details of trading profit are as follows:

€ in millions	**2007**	2006	Change Amount
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**1,093**	441	652
Agricultural and Construction Equipment (CNH – Case New Holland)	**990**	737	253
Trucks and Commercial Vehicles (Iveco)	**813**	546	267
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**509**	348	161
Other businesses (Publishing and Communications, Holding Companies and other Companies) – Eliminations	**(172)**	(121)	(51)
Trading profit	**3,233**	1,951	1,282

The breakdown of trading profit by Business/Sector is illustrated below:.

Automobiles

The Automobiles businesses have a trading profit of € 1,093 million (+€ 652 million) more than double compared to 2006. Trading margin grew from 1.7% in 2006 to 3.8% in 2007. Fiat Group Automobiles, with a € 512 million increase in trading profit, almost tripled its 2006 result. Ferrari's trading profit rose by 45.4%. Maserati posted a turnaround in results, reporting a trading profit of € 24 million against a trading loss of € 33 million in 2006.

€ in millions	**2007**	2006	Change
Fiat Group Automobiles	**803**	291	512
Maserati	**24**	(33)	57
Ferrari	**266**	183	83
Total	**1,093**	441	652
Trading margin (%)	**3.8**	1.7	

Fiat Group Automobiles has a trading profit of € 803 million (3% of revenues), a sharp improvement (+€ 512 million) from the € 291 million (1.2% of revenues) in 2006. The increase is mainly attributable to higher volumes, a more favorable product mix following the introduction of new models, increased absorption of fixed production costs, net of higher costs for research and development, advertising and network development supporting intensive product program and commercial strategy in both Western Europe and Latin America. The contribution of nonrecurring gains of approximately € 65 million, also positively impacted trading profit.

In 2007, **Maserati** has a trading profit of € 24 million (3.5% of revenues), a sharp improvement (up € 57 million) from the loss of € 33 million in 2006. Higher volumes and cost-containment initiatives enabled Maserati to report a positive trading result for the first time since its entry into the Fiat Group in 1993.

MASERATI

Ferrari closes 2007 with a trading profit of € 266 million, up 45.4% from € 183 million in 2006. The improvement is mainly attributable to higher sales volumes and efficiency gains, offset in part by increased R&D expenses and the unfavorable US dollar exchange rate. Trading margin is 15.9% in 2007 against 12.6% in 2006.

Ferrari

Agricultural and Construction Equipment

In 2007 **CNH – Case New Holland** has a trading profit of € 990 million, representing a trading margin of 8.4%, up from 7% in 2006. The € 253 million improvement (+34.3%; +46.7% in US dollar terms) from the € 737 million of 2006 is mainly due to higher sales volumes, a more favorable mix and pricing (allowing also the recovery of higher raw material costs) as well as benefits deriving from improved product quality.

Trucks and Commercial Vehicles

Iveco has a trading profit of € 813 million (7.3% of revenues), a sharp improvement (+€ 267 million or 48.9%) over trading profit of € 546 million in 2006 (6% of revenues). The increase is mainly attributable to strong growth in sales volumes and better pricing resulting from the competitive repositioning of its products, especially heavy vehicles, partially offset by higher costs both for R&D and for the international expansion initiatives started by Iveco over the last 2 years.

Components and Production Systems

The **Components and Production Systems** businesses post trading profit of € 509 million, for a trading margin of 3.8% (2.8% in 2006). The € 161 million overall improvement reflects higher trading profit at FPT Powertrain Technologies and Magneti Marelli, and the reduced loss at Comau.

€ in millions	2007	2006	Change
FPT Powertrain Technologies	**271**	168	103
Components (Magneti Marelli)	**214**	190	24
Metallurgial Products (Teksid)	**47**	56	(9)
Production Systems (Comau)	**(23)**	(66)	43
Total	**509**	348	161
Trading margin (%)	**3.8**	2.8	

In 2007, **FPT Powertrain Technologies** has a trading profit of € 271 million, an increase of € 103 million (+61.3%) over 2006, resulting in an improvement in the trading margin from 2.7% in 2006 to 3.8% in 2007. The improvement is mainly due to efficiencies in the purchasing and manufacturing areas and growth in volumes, while higher costs for international business development negatively impacted trading results.

Magneti Marelli has a trading profit of € 214 million, an increase of € 24 million compared to 2006. Higher sales volumes and efficiency gains compensated price pressures, increased raw material prices and industrial start-up costs for new products. The trading margin is 4.3%, in line with 2006.

Teksid closes 2007 with a trading profit of € 47 million, which was impacted by the trading loss of € 9 million of Teksid Aluminum, against a profit of € 56 million in 2006, which included the positive result of € 16 million relating to sold activities. On a comparable scope of operations, trading profit improved by € 16 million due to efficiency gains, which more than offset higher energy and materials costs.

Comau closes 2007 with a trading loss of € 23 million (reported in the first quarter of 2007 and followed by substantial breakeven in the rest of the year), a substantial improvement from the loss of € 66 million reported in 2006. The improvement is the result of the reshaping plan launched in the second half of 2006, the effects of which are starting to be felt. The most important improvements were reported by the Body-welding operations in Europe.

Other Businesses

The trading loss reported by the **Other Businesses** totals € 172 million, compared with a trading loss of € 121 million in 2006.

€ in millions	2007	2006	Change
Publishing and Communications (Itedi)	**12**	11	1
Holding companies, other companies and eliminations	**(184)**	(132)	(52)
Total	**(172)**	(121)	(51)

In 2007, **Itedi** has a trading profit of € 12 million (3.1% of revenues), against a profit of € 11 million in 2006 (2.7% of revenues). The improvement is mainly attributable to general, industrial, distribution and general cost-containment initiatives at Editrice La Stampa (which trading margin rose by 2 percentage points), notwithstanding higher amortization connected to the new rotary press project and the termination of government paper cost subsidies.

The trading loss of **Holding companies, other companies and eliminations** rose from € 132 million in 2006 (which included a profit of € 37 million of the Services Sector) to € 184 million in 2007. The change of € 52 million is attributable to lower volumes of activity for the "Treno Alta Velocità" (T.A.V.) contract (in the first quarter of 2006 there had still been significant income from the Turin-Novara line, which was completed in that period), the change in the scope of consolidation, in particular due to the disposal of B.U.C - Banca Unione di Credito, as well as higher non-cash costs recognized in connection with stock option plans.

Operating result

In 2007, the Fiat Group's **Operating income** totals € 3,152 million, against € 2,061 million in 2006. The € 1,091 million improvement from 2006 reflects higher trading profit for € 1,282 million, partially reduced by lower unusual income for € 191 million. The latter is the effect of lower gains on the disposal of investments for € 417 million, higher other net unusual expenses for € 119 million, offset in part by lower restructuring costs for € 345 million.

The following table illustrates the components of operating result broken down by Sector:

	Trading profit		Gains/Losses on the disposal of investments		Restructuring costs		Other unusual income (expenses)		Operating result	
€ in millions	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
Fiat Group Automobiles	**803**	291	**8**	461	**40**	9	**(136)**	(16)	**635**	727
Maserati	**24**	(33)	**-**	-	**-**	-	**(2)**	-	**22**	(33)
Ferrari	**266**	183	**-**	-	**-**	-	**-**	-	**266**	183
Agricultural and Construction Equipment (CNH)	**990**	737	**-**	-	**30**	145	**(7)**	-	**953**	592
Trucks and Commercial Vehicles (Iveco)	**813**	546	**-**	25	**10**	6	**-**	-	**803**	565
Fiat Powertrain Technologies	**271**	168	**-**	-	**1**	60	**(13)**	(6)	**257**	102
Components (Magneti Marelli)	**214**	190	**-**	-	**-**	16	**(5)**	1	**209**	175
Metallurgial Products (Teksid)	**47**	56	**-**	(29)	**(1)**	4	**(1)**	3	**47**	26
Production Systems (Comau)	**(23)**	(66)	**11**	(1)	**21**	179	**-**	(26)	**(33)**	(272)
Publishing and Communications (Itedi)	**12**	11	**-**	1	**1**	-	**-**	-	**11**	12
Holding companies, other companies and eliminations	**(184)**	(132)	**171**	150	**3**	31	**(2)**	(3)	**(18)**	(16)
Total for the Group	**3,233**	1,951	**190**	607	**105**	450	**(166)**	(47)	**3,152**	2,061

Net gains on the disposal of investments, total € 190 million and mainly include the following gains: € 118 million for the sale of the interest in Mediobanca S.p.A., and € 42 million realized on the completion of the sale of Ingest Facility S.p.A.
In 2006, this item amounted to € 607 million and included the gain of € 463 million resulting from the establishment of the joint venture Fiat Group Automobiles Financial Services, the gains on the sale of B.U.C. – Banca Unione di Credito (€ 80 million), Immobiliare Novoli S.p.A. (€ 39 million), Machen Iveco Holding SA that controlled 51% di Ashok Leyland Ltd (€ 23 million), Atlanet S.p.A. (€ 22 million) and the residual interest in IPI S.p.A. (€ 9 million), as well as the € 29 million loss, at the time an expected loss, in connection with the sale of Meridian Technologies Inc., which was finalized on March 2, 2007.

Restructuring costs total € 105 million and related primarily to Fiat Group Automobiles (€ 40 million), CNH (€ 30 million) and Comau (€ 21 million).
In 2006, restructuring costs totaled € 450 million and were mainly attributable to Comau (€ 179 million) in connection with the restructuring and reshaping of the scope of its operations, CNH (€ 145 million), FPT Powertrain Technologies (€ 60 million), Magneti Marelli (€ 16 million) and Business Solutions (€ 12 million).

Other unusual income (expenses) consists of net expenses of € 166 million, largely in connection with the rationalization of some strategic suppliers of the Group, some of which were acquired in 2007.
The € 47 million in net expenses reported in 2006 included € 26 million attributable to the impairment of the goodwill of certain European companies of Comau, resulting from the restructuring and reshaping of its scope of operations, and € 17 million due to the reorganization and rationalization of relationships with Group suppliers.

Net result

In 2007, **Net income** totals € 2,054 million, against income of € 1,151 million in 2006. **Net income attributable to the equity holders of the parent** amounts to € 1,953 million in 2007 (€ 1,065 million in 2006).

As for equity and financial aspects:

Net (debt) / cash position and consolidated net financial position

At December 31, 2007, consolidated net debt amounts to € 10,423 million, € 1,413 million lower than the € 11,836 million at December 31, 2006. The composition is as follows:

€ in millions	**12/31/2007**	12/31/2006	Change
Net (debt)/cash position of Industrial Activities	**355**	(1,773)	2,128
Net debt position of Financial Services	**(10,778)**	(10,063)	(715)
Total Net debt position	**(10,423)**	(11,836)	1,413

At December 31, 2007, the consolidated net financial position is a positive € 1,764 million (a negative € 231 million at December 31, 2006).
The difference between the net debt balance (-€ 10,423 million) and the consolidated net financial position (+€ 1,764 million) is attributable to the amount of current financial receivables of € 12,187 million.

Group interest in stockholders' equity

The Group interest in stockholders' equity at December 31, 2007 amounts to € 10,606 million (€ 9,362 million at December 31, 2006). The net increase of € 1,244 million is mainly formed by the consolidated net income attributable to the equity holders of the parent (+€ 1,953 million), the net change in the income and expenses recognized in equity (-€ 145 million), the distribution of dividends (-€ 274 million), the purchase of treasury stock (-€ 395 million) and other net changes (+€ 105 million).

(70.18% of capital stock through Ifil Investissements)

The data below refers to the nine-month period April 1 – December 31, 2007 subsequent to acquisition of the control of Cushman & Wakefield, and is taken from accounting data prepared in accordance with IFRS, for purposes of consolidation by IFIL.

$ in millions	9 months to 12/31/2007
Revenues	1,720.1
Net income attributable to the equity holders of the company	66.4
Equity attributable to the equity holders of the company (a)	931.8
Net financial position (a)	3.1

(a) Data at December 31, 2007.

In the nine months ended December 31, 2007, the C&W Group reported revenues of more than $1,720 million. The composition by geographical area is the following: the United States, Canada and Latin America contributed $1,204 million to revenues and Europe and Asia, respectively, $454 million and $62 million. In terms of business segments, Transaction Services represent approximately 75% of revenues, and Capital Markets and Client Solutions, respectively, 18% and 7%.

The net income for the period is $66.4 million after nonrecurring expenses, depreciation and amortization consequent to the IFIL-RGI transaction (fair value adjustments of assets) and accounting adjustments connected with the application of IFRS for the purposes of consolidation by IFIL.

The equity attributable to the equity holders of the company at December 31, 2007 amounts to $931.8 million, while the net financial position shows a cash position of $3.1 million. In the second quarter of 2007, the Cushman & Wakefield Group obtained a revolving line of credit for $350 million to cover seasonal working capital needs which feature in the first part of every year and to support acquisition activities.
To this end, during the nine-month period, the Cushman & Wakefield Group made some important acquisitions for more than $70 million. The most important ones refer to the purchase of the remaining 25% interest in C&W Asia Ltd and the purchase of a 65% stake in Sonnenblick-Goldman, a prominent New York investment bank specialized in transaction services.

With regard to the full-year ended December 31, 2007 (consolidated financial data prepared in accordance with US GAAP), revenues amount to $2,107 million (+19% compared to 2006) and include $265 million ($243 million in 2006) of costs recovered on managed properties on behalf of third parties. Despite the crisis in the American real estate market and the financial turbulence which symbolized the second half of 2007, the organic growth of revenues was substantial across all geographic areas (+12% in the United States, +34% in Europe and +64% in Asia), partly as a result of the acquisitions made during the period.

In terms of profitability, the Cushman & Wakefield Group reported a gross operating margin (EBITDA) of more than $148 million (+25% compared to the previous year) and an operating profit of $113 million (+26% compared to $89.5 million in 2006).

SEQUANA CAPITAL

(26.65% of capital stock through Ifil Investissements)

The highlights of the consolidated results of the Sequana Capital Group in 2007 are as follows:

	Proforma	Published	Restated		Restated changes vs 2006	
€ in millions	2007	2007	2007	2006	Amount	%
Net sales	**5,391**	**4,290**	**4,042**	3,979	63	1.6
Gross operating profit	**244**	**205**	**205**	195	10	5
Trading profit	**147**	**113**	**116**	93	23	25
Current profit	**87**	**74**	**79**	65	14	22
Profit attributable to the equity holders of the company	**155**	**142**	**153**	958	(805)	-84
Equity attributable to the equity holders of the company		**1,277**		1,233	44	3.6
Net indebtedness		**771**		376	395	105.1

The "Published" 2007 results include the activities of Dalum Papir A/S from July 1, 2007 and Map Merchant from November 1, 2007. The results also include a nonrecurring expense of € 7 million relating to the acquisition of Map Merchant.
The "Proforma" 2007 results include the operations of Dalum Papir A/S and Map Merchant from January 1, 2007.
For purposes of a more meaningful comparison with the 2006 results, the comments that follow and the changes in amounts and percentages in the table are calculated on the "Restated" 2007 results (which exclude the Dalum Papir A/S and MAP activities for 2007).
Gross operating profit is equal to Trading profit net of depreciation and amortization.

Net sales of Sequana Capital amount to € 4,042 million, with an increase of 1.6%. Despite higher raw material and energy prices, the gross operating profit grew by 5% over 2006 to € 205 million. The trading profit increased by 25% over 2006 to € 116 million, equivalent to an operating margin of 2.9%. The current profit rose to € 79 million, gaining 22% compared to 2006 (€ 65 million). The profit attributable to the equity holders of the company is € 153 million and equal to diluted earnings per share of € 3.1.

In 2007, Sequana Capital collected an earn-out of $115 million from Legg Mason for the sale of a 70.5% stake in Permal in November 2005. Sequana Capital sold Legg Mason an additional 5.36% interest in Permal for $78 million, reducing its own holding to 1%.
With regard to the legal action taken by the European Commission against Arjowiggins, the Court reduced the fine by € 42.5 million bringing it to € 141.8 million.

Net debt is equal to € 771 million at the end of December 2007 compared to € 376 million at December 31, 2006. The increase of € 395 million is mainly due to the acquisitions finalized during the year (€ 456 million), the definitive closing of the DG IV legal action (€ 62 million) and the dividend payout (€ 29 million), offset in part by the receipt of the "earn-out" on Permal (€ 137 million including securities sold) and the insurance payment for Fox River (€ 47 million).

The positive results reported by Sequana Capital are in contrast with the performance of the rest of the sector and reflect the unique positioning and effectiveness of the strategies adopted by the group. In a consolidating market and one which was affected by a sharp rise in costs, Sequana Capital has put into place decisive strategic actions aimed at growth.

Approximately € 500 million has been invested by Sequana Capital to place Antalis in the position of the undisputed leader in paper distribution in Europe (the world leader, excluding North America) and to build up Arjowiggins' business in high value-added products and in markets with strong growth.

The board of directors has decided to put forward a motion to the stockholders' meeting called for May 21, 2008 for the payment of dividends of € 0.7 per share (+17%).

(2.45% of ordinary capital stock)

Some of the main indicators of the Intesa Sanpaolo Group for 2007 are presented below.

			Change	
€ in millions	**2007**	2006	Amount	%
Net operating income	**18,008**	17,915	93	0.5
Operating costs	**9,268**	9,628	(360)	-3.7
Operating margin	**8,740**	8,287	453	5.5
Net income – Group	**7,250**	4,707	2,543	54.0
Shareholders' equity – Group	**52,349**	33,702	18,647	55.3
Employees (number)	**96,198**	100,019	(3,821)	-3.8

The results for 2007 highlight **a positive performance**, achieved notwithstanding the negative effects of the financial markets crisis and benefiting only marginally, so far, from merger synergies.

The **Intesa Sanpaolo Group** registers a **net operating income** of € 18,008 million, a growth of 0.5% compared to € 17,915 million in 2006, originating from:

- **net interest income** of € 9,886 million, an increase of 11% compared to € 8,907 million in 2006;
- **net fee and commission income** of € 6,195 million, a 2.9% decrease from € 6,379 million in 2006. The reduction is almost entirely due to the commercial policy geared to the creation of value for customers made possible by the merger, with a decline in commissions on dealing and placement of securities and portfolio management (-9.8%) and current accounts (-9.2%), while growth is recorded in commissions on guarantees given (+14.9%) and the distribution of insurance policies (+4.6%);
- **profits on trading** of € 1,008 million, a decline of 44% compared to € 1,799 million. The decrease is affected mainly by the financial markets' crisis related to structured credit products (equal to € 500 million, of which approximately € 400 million is due to writedowns) and a lower contribution from nonrecurring items of approximately € 125 million (Borsa Italiana/LSE and Banco del Desarollo in 2007 compared to Fiat, Parmalat and IXIS in 2006);
- **income from insurance business**, relating to life and casualty insurance in which EurizonVita and the subsidiary EurizonTutela operate, totaling € 441 million, a decrease of 2% compared to € 452 million in 2006.

Operating costs amount to € 9,268 million, a decrease of 3.7% compared to € 9,628 million in 2006, due to reduced personnel expenses (-4,6%) following recoveries on employee termination indemnities of € 255 million owing to the new legislation which came into force in 2007 and reductions in administrative expenses for 1.2% and depreciation and amortization expenses for 7.3%.

The **operating margin** is € 8,740 million, an increase of 5.5% compared to € 8,287 million in 2006, with a cost/income ratio of 51.5% (a decrease from 53.7% last year).

Net income - Group is € 7,250 million, an increase of 54% compared to € 4,707 million in 2006, due to the combined effect of significant gains from the sale of Cariparma, FriulAdria and 202 branches to Crédit Agricole and three negative factors concentrated in the last quarter of the year:

- the adoption of a strict valuation policy for the assets which translates into prudent accruals and goodwill impairment on former Nextra both connected to the agreement with Crédit Agricole for an overall amount of € 280 million;

- a tax charge of approximately € 375 million due to the redetermination of deferred taxation;
- the contraction in profits on trading which in the last quarter recorded a negative balance of -€ 64 million owing to the negative contribution of approximately € 380 million in structured credit products, almost entirely due to writedowns.

At December 31, 2007, **total assets** of the Intesa Sanpaolo Group are € 572,902 million and **Stockholders' equity** is € 52,349 million.
Capital ratios at December 31, 2007 are: Core Tier 1 ratio at 5.9%, Tier 1 ratio at 6.5% and total capital ratio at 9%.

Loans to customers at December 31, 2007 are € 335,273 million (an increase of 4.4% over € 321,271 million at December 31, 2006). Non-performing loans are € 7,596 million, a decline of 0.5% compared to € 7,634 million in the prior year. In detail, doubtful loans increased from € 2,681 million to € 2,927 million, substandard/restructured loans decreased from € 3,830 million to € 3,702 million and past due positions and those over 180 days decreased from € 1,123 million to € 967 million.

Customer financial assets are € 1,005 billion, an increase of 1.8% compared to December 31, 2006 (direct customer deposits total € 374 billion, an increase of 2.9%, indirect customer deposits are € 658 billion, an increase of 1.3%, assets under management total € 265 billion, a decline of 9.6%, assets under administration and in custody are € 393 billion, a growth of 10.3% and new business for life policies amounts to a total of € 9.3 billion).

The Group's **net risk exposure** to structured credit products with underlying US subprime assets is actually negative – for € 49 million – at December 31, 2007, a result of a “long” position of € 73 million and a “short” position of € 122 million.

At December 31, 2007, the Intesa Sanpaolo Group's **operating structure** (which does not yet include the contribution by Carifirenze, which control was acquired in January 2008) has a total network of 7,329 branches - of which 6,050 in Italy and 1,279 abroad – with about 96,000 employees.

The management board of Intesa Sanpaolo approved the motion for the distribution of dividends (€ 0.38 for each ordinary share and € 0.391 for each savings share) to be submitted for approval to the ordinary stockholders' meeting to be held on April 30, 2008.

(15% of capital stock through Ifil Investissements)

The highlights of the consolidated results of the SGS Group in 2007 are as follows:

			Change	
CHF in millions	**2007**	2006	Amount	%
Sales	**4,372**	3,821	551	14.4
Operating profit	**690**	624	66	10.6
Profit attributable to the equity holders of the company	**500**	443	57	12.9
Consolidated net financial position	**378**	216	162	-75.0

The sales of the Group increased in 2007 to CHF 4.37 billion, gaining 12.8% over the prior year (at comparable exchange rates). This growth was achieved thanks to the favorable market context which characterized the Group's portfolio. The organic growth for 2007 (12%) was driven by an investment policy focused on expanding the services offering and extending the geographical coverage to support client needs. A further 1% growth in sales can be ascribed to the acquisitions finalized during 2007.

The operating profit went from CHF 624 million to CHF 690 million, with an increase of CHF 66 million (+10.6%). The operating profit before nonrecurring items amounts to CHF 711 million (an increase of CHF 106 million, or 17.5%, compared to 2006) with significant gains in the results of the divisions of Agricultural, Oil Gas & Chemicals, Consumer Testing and Governments & Institutions which benefited from higher volumes, a more favorable mix of services and a better geographical distribution of sales.

The profit attributable to the equity holders of the company rose to CHF 500 million, with an increase of 12.9% compared to 2006.

The consolidated net financial position at December 31, 2007 shows a cash position of CHF 378 million. During 2007, net investments were made for CHF 271 million, acquisitions for CHF 72 million, treasury stock buybacks for CHF 8 million and dividend payouts for CHF 178 million.

The SGS Group continues to focus on growth. Market conditions in 2007 did not allow the group to conclude important acquisitions owing to high asking prices. Better conditions are anticipated for 2008 in which the SGS Group forecasts a growth in sales and profits compared to 2007.

The stockholders' meeting approved the distribution of dividends for CHF 35 per share: the dividend per ordinary share is CHF 25 (38.5% of profit) and the remaining CHF 10 takes into account the group's solid equity structure and its future capacity to generate cash flows and profits.

(100% of capital stock)

In the year 2006/2007, Alpitour Group delivered remarkable profit and financial gains. The efforts by management and its employees, the effectiveness of actions aimed at its reorganization, restructuring and redefinition of the business model undertaken in the last two years have triggered a turnaround in the economic and balance sheet results of the group guaranteeing, among other things, the return to a net cash position at the end of the year.
The investments planned and the development of new business areas are the cornerstone for further strengthening the group's leadership position in the Italian tourism market and thus represents a solid basis on which to build the further future growth of the nation's top tourist operator.

The market in 2006/2007 displayed a good trend during the holidays and over Christmas and, in general, for long-haul destinations, countered by a slowdown which featured in the summer season. Notwithstanding, the consolidated financial statements of the Alpitour Group for the year ended October 31, 2007 record an improvement in absolute terms in all the profit and equity indicators, which can be summarized as follows:

			Change	
€ in millions	**2006/2007**	2005/2006	Amount	%
Net sales	**1,236.0**	1,332.2	(96.2)	-7.2
Contribution margin	**211.0**	204.1	6.9	3.4
Profit from ordinary operations	**24.4**	21.4	3.0	14.2
Profit attributable to the equity holders of the company	**7.5**	3.0	4.5	148.2
Equity attributable to the equity holders of the company	**78.8**	71.2	7.6	10.7
Consolidated net financial position	**17.3**	(29.1)	46.4	n.s.

Net sales for the year 2006/2007 amount to € 1,236 million, compared to € 1,332.2 million reported in the prior year. For purposes of a more meaningful comparison, it should be noted that in the previous year, net sales included revenues of € 142.6 million from the “Turin Winter Olympics 2006” event. Excluding the effect of the revenues from that event, the net sales of the Group for 2006/2007 would have been 3.9% higher than for the same period of 2005/2006 largely owing to the Incoming and Aviation divisions, which significantly increased sales transactions with third-party operators to a high degree.

The contribution margin shows an improvement of € 6.9 million in amount (from € 204.1 million in 2005/2006 to € 211 million in 2006/2007) and represents 17.1% of sales (15.3% in the prior year). This positive performance was considerably impacted by lower costs for services as a result of pursuing policies to rationalize direct costs and render them more flexible (reduction of commitments for guarantees) and putting into place sales policies that favor margins partly at the expense of volumes.

The profit from ordinary operations increased from € 21.4 million in 2005/2006 to € 24.4 million in 2006/2007. The improvement is due to the combined effect of a better contribution margin, lower rent and lease costs, net of higher personnel costs.

The result is a profit attributable to the equity holders of the company of € 7.5 million. This is a notable improvement over € 3 million in the prior year.

Equity attributable to the equity holders of the company rose from € 71.2 million (at October 31, 2006) to € 78.8 million (at October 31, 2007) mainly due to the effect of the profit for the year attributable to the equity holders of the company.

For the first time in ten years, the consolidated net financial position at October 31, 2007 is a cash position of € 17.3 million compared to a net borrowings position of € 29.1 million at October 31, 2006. The positive change of € 46.4 million reflects both the cash flows provided during the year and the improvement in working capital, in addition to the financial effects produced by the receipt of proceeds of € 17 million on the sale of the hotel resort "Kelibia Beach S.A.".

Consolidated sales by division of the Alpitour Group are as follows:

€ in millions	2006/2007	2005/2006	Change Amount	Change %
Tour operating	**879.8**	900.9	(21.1)	-2.3
Hotel	**112.8**	112.4	0.4	0.3
Incoming	**274.1**	260.6	13.5	5.2
Aviation	**153.7**	155.8	(2.0)	-1.3
Distribution	**34.3**	31.1	3.2	10.2
Incentive e Grandi Eventi	**28.6**	172.1	(143.5)	-83.4
Total	**1,483.2**	1,632.9	(149.7)	-9.2
Elimination of intragroup transactions	**(247.2)**	(300.7)	53.5	-17.8
Total	**1,236.0**	1,332.2	(96.2)	-7.2

The Tour Operating business in 2006/2007 reports a contraction in volumes of approximately 6%; the number of passengers, in fact, decreased to 895 thousand from 954 thousand in 2005/2006. Sales, which also comprise the sales of Alpitour Reinsurance, consequently displayed the same trend, although to a lesser degree (-2.3%), arriving at € 879.8 million (€ 900.9 million in 2005/2006). Besides an overall slowdown in demand, these trends have also been influenced by sales policy decisions targeting margins at the expense of sales volumes. Bearing this in mind, the sales mix exhibited a favorable portfolio on long-haul destinations (the Orient and America) to the detriment of destinations featuring average sales prices that are considerably lower (the Canary Islands, the Balearic Islands and Mediterranean Africa).

The Hotel sector recorded sales basically in line with the preceding year (€ 112.8 million in 2006/2007 against € 112.4 million in 2005/2006), including € 41.7 million from tour operators of the group. The excellent sales trend of the Maldives as a destination and the positive effects of the development of the Alpitour World Hotels & Resorts on the Italian market more than offset the impact of excluding the two Tunisian structures from the scope of consolidation when they were sold in September 2006.

The foreign hotel resorts owned, currently marketed under the brands "Villaggi Bravo" by Alpitour and "Sea Club" by Francorosso, reported a presence of 467 thousand during 2006/2007. The Italian hotels operated by Alpitour World Hotels & Resorts registered a presence of 1,241 thousand during the same year, up 6.9% compared to 1,161 thousand in the previous year, mainly due to the positive performance of the four 4-star hotels located in Rome and the opening of a new hotel in Baia di Tindari (ME) in June 2007.

The Aviation division, headed by the Neos airline company, reported sales of € 153.7 million in 2006/2007 (€ 155.8 million in 2005/2006), including sales of € 91.1 million with the group. The year just ended was characterized by the consolidation and further growth of long-haul operations with the addition of new destinations (Brazil, the Seychelles Islands and the Dominican Republic), as well as the acquisition of traffic on behalf of third parties.

The Distribution sector operates through the Welcome Travel Group's network which manages 653 agencies: 59 owned, 32 partnerships, 549 affiliates and 13 full franchising.
During the year 2006/2007, Welcome Travel Group reported sales of approximately € 34.3 million through its direct network, up from € 31.1 million in the prior year.

The Incoming sector (Jumbo Tour Group) registered sales of € 274.1 million during 2006/2007 (€ 260.6 million in 2005/2006), of which € 94.1 million with the Alpitour Group. The increase in sales of 5.2% is mainly the result of the strong growth in volumes from third-party operators.

Finally, for M.I.C.E. (Meeting Incentive Convention Events), the year 2006/2007 featured the continuation of a weak demand. Division sales stand at € 28.6 million, while the number of passengers/clients is approximately 30,743.
For purposes of a meaningful comparison, it should be noted that sales in the prior year included sales of € 142.6 million recorded by Jumbo Grandi Eventi (which was sold in September 2006) and, in February 2006, had provided accommodation services to the entire Olympic family.

(60% of capital stock)

The following data and comments are taken from the first-half report for the financial year 2007/2008.
Since Juventus Football Club's financial year ends on June 30 of every year, and in view of the highly seasonal nature typical of this sector, the data presented should not be construed as representing the basis for a full-year projection.

€ in millions	**I Half 2007**	I Half 2006	Change
Operating revenues	**106.8**	101.5	5.3
Operating income	**5.8**	20.2	(14.4)
Net income (loss)	**0.3**	15.4	(15.1)

	12/31/2007	6/30/2007	Change
Shareholders' equity	**116.4**	116.3	0.1
Net financial position	**7.1**	21.7	(14.6)

In the first half of the year 2007/2008, Juventus Football Club recorded operating revenues of € 106.8 million, an increase of € 5.3 million (+5.2%) compared to the same period of 2006/2007. This increase is mainly due to higher revenues from games, radio and television rights and media income, sponsorships and advertising for a total of € 29.6 million, in addition to lower income from the management of players' registration rights for € 22.3 million and lower other income for € 2 million.

Operating costs in the first half of 2007/2008 totaling € 86.3 million rose by € 15 million from € 71.2 million in the same period of 2006/2007. The increase can mainly be attributed to contract renewals for some players and new contracts signed during the first phase of the Transfer Campaign 2007/2008.

In the first half of 2007/2008, amortization and writedowns of players' rights are € 13.3 million, an increase of € 3.3 million compared to 2006/2007 (€ 10 million), basically due to the net investments made during the transfer campaign 2007/2008.

The net income for the first half of 2007/2008 amounts to € 0.3 million and shows a contraction of € 15.1 million compared to € 15.4 million in 2006/2007, primarily as a result of the above operating costs.

The net financial position at the end of December 2007 is a cash position of € 7.1 million and is lower than the cash position of € 21.7 million at June 30, 2007.

With regard to significant events subsequent to December 31, 2007, these are described in the following paragraphs.

On January 29, 2008, the Mediaset Group exercised the option rights acquired on December 23, 2005 under the agreements for the broadcasting, using any distribution platforms, of home games of the Italian Championship, for Italy (encrypted) and for the rest of the world (also free-to-air) and television broadcasting of a friendly trophy and other rights. As a result of exercising the option rights, the existing contracts will be extended to the 2009/2010 sports season with payment of consideration to Juventus Football Club for that season of a total € 112 million, which will be paid in monthly installments.

On February 1, 2008, the Gazzetta Ufficiale, Issue 27, published Legislative Decree 9 dated January 9, 2008 which governs the ownership and marketing of audiovisual sports rights and the relative distribution of the resources.

The law confirms the validity of contracts in existence up to June 30, 2010.
The company has a commitment with the *Lega Nazionale Professionisti* to collaborate in defining the law during the transition period and also in establishing the guidelines for the marketing of audiovisual rights.

In its meeting held on March 18, 2008, the Juventus Football Club S.p.A. board of directors approved the Stadium Project for the construction of a new stadium that will be built on the site of the present Stadio Delle Alpi for a total estimated investment of € 105 million.
The board of directors has delegated the chief executive officer and general manager, Jean-Claude Blanc, to fulfill all the activities and acts necessary or opportune for the purpose of completing the Project which, in any case, does not envisage a capital increase, including a verification of the feasibility, particularly from an administrative standpoint, and dealing with the competent authorities.

On March 20, 2008, Juventus Football Club S.p.A. and Sportfive Italia S.r.l. sealed a long-term strategic commercial alliance for the exclusive naming and partial promotional and sponsor rights relating to the new stadium.
Sportfive Italia S.r.l., part of the Lagardère Sports Group, the European leader in sports-right marketing, decided to enter into this agreement also in consideration of the strength and international value of the Juventus brand and also to be part of the new stadium project. According to the agreement, Sportfive Italia is entitled to exclusively sell the naming right of the new stadium and to market part of the sky boxes and VIP seats.
The partnership will last until the end of the twelfth year after completion of the construction of the new stadium, currently estimated to be ready in the sports season 2011/2012; therefore the ending contract date should be June 30, 2023.
The agreement provides for base compensation of € 6.25 million per year for 12 years that will be paid during the period of the agreement. The agreement also provides for relevant payments in connection with the construction of the new stadium.

Ifil Investissements S.A. (Luxembourg)

(100% of capital stock directly and through Ifil Investment Holding)

The highlights of the separate financial statements at December 31, 2007, prepared under the laws of Luxembourg, are as follows:

€ in millions	2007	2006	Change
Profit for the year	**136.5**	675.8	(539.3)
Equity	**2,469.4**	2,332.9	136.5
Non-current financial assets	**2,423.2**	2,289.6	133.6
Net financial position	**48.0**	46.6	1.4

The most important events which took place in 2007 and the first quarter of 2008 are described in a specific section of this report.

At December 31, 2007, non-current financial assets included the following investments and bonds:

		12/31/007			
€ in millions	Number of shares	% of capital stock	Carrying amount	12/31/2006	Change
Sequana Capital S.A.	13,203,139	**26.65**	**183.1**	332.9	(149.8)
SGS S.A.	1,173,400	**15.00**	**1,016.3**	894.9	121.4
C&W Group Inc.	496,477	**70.18**	**483.6**	0.0	483.6
Gruppo Banca Leonardo S.p.A.	25,255,537	**9.82**	**82.4**	47.0	35.4
Ancom USA	10	**100**	**9.7**	0.0	9.7
NoCo B LP	-	**-**	**11.9**	0.0	11.9
Turismo & Immobiliare S.p.A.	0	**-**	**0.0**	5.0	(5.0)
Ifil International Finance Ltd	4,000,000	**100**	**594.0**	999.0	(405.0)
Ifilgroup Finance Ltd	4,000,000	**100**	**4.0**	4.0	0.0
Ifil USA Inc.	100	**100**	**0.6**	0.5	0.1
Other	-	**-**	**0.3**	1.3	(1.0)
Total investments			**2,385.9**	2,284.6	101.3
Other non-current financial assets	-	-	**37.3**	5.0	32.3
Total non-current financial assets			**2,423.2**	2,289.6	133.6

A comparison between the carrying amounts and the market prices of listed investments shows the following unrealized gains (losses):

€ in millions	Sequana Capital	SGS	Total
Market price at December 28, 2007	106.7	(59.7)	**47.0**
Market price at March 20, 2008, update	29.9	(22.5)	**7.4**

Highlights of the financial statements of the other major subsidiaries in the “Holdings Systems” are presented on the following pages.

Ifil International Finance Ltd (Ireland)

(100% of capital stock through Ifil Investissements)

The highlights of the separate financial statements at December 31, 2007, prepared on the basis of Irish law, are as follows:

€ in millions	**2007**	2006	Change
Profit for the year	**0.1**	n.s.	0.0
Equity	**594.9**	999.8	(404.9)
Non-current financial receivables from Ifil Investissements S.A. (a)	**590.0**	995.0	(405.0)
Net financial position	**595.0**	999.9	(404.9)

(a) Due in 2010.

Ifilgroup Finance Ltd (Ireland)

(100% of capital stock through Ifil Investissements)

€ in thousands	**2007**	2006	Change
Profit for the year	**66.8**	33.8	33.0
Equity	**4,103.4**	4,036.6	66.8
Net financial position	**4,169.1**	4,106.1	63.0

Ifil USA Inc. (United States)

(100% of capital stock through Ifil Investissements)

The highlights of the separate financial statements at December 31, 2007, prepared on the basis of American law, are as follows:

US$ in thousands	**2007**	2006	Change
Profit for the year	**41.8**	25.9	15.9
Equity	**964.4**	784.5	179.9
Net financial position	**489.6**	249.3	240.3

Ifil Asia Ltd (Hong Kong)

(100% of capital stock through Ifil Investissements)

The highlights of the separate financial statements at December 31, 2007, prepared on the basis of local law, are as follows:

HK$ in thousands	**2007**	2006	Change
Profit for the year	**137.3**	212.2	(74.9)
Equity	**852.1**	714.8	137.3
Net financial position	**2,796.3**	2,657.7	138.6

Ancom USA Inc (United States)

(100% of capital stock through Ifil Investissements)

US$ in thousands	**2007**	2006	Change
Loss for the year	**(1,169.7)**	(690.4)	(479.3)
Equity	**6,403.8**	7,460.6	(1,056.8)
Non-current financial assets	**20,060.0**	20,060.0	0.0
Net financial position	**61.6**	140.7	(79.1)

Ifil Investment Holding N.V. (Netherlands)

(100% of capital stock)

The highlights of the separate financial statements at December 31, 2007, prepared on the basis of Dutch law, are as follows:

€ in millions	**2007**	2006	Change
Loss for the year	**(0.1)**	(0.1)	0.0
Equity	**104.7**	104.8	(0.1)
Investment in Ifil Investissements (20.18% of capital stock)	**104.5**	104.5	0.0
Net financial position	**0.3**	0.4	(0.1)

MOTION FOR THE APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS AND THE APPROPRIATION OF THE PROFIT FOR THE YEAR

To our stockholders,

We invite you to approve the separate financial statements for the year ended December 31, 2007 and, in view of the fact that the legal reserve is equal to one-fifth of capital stock, we propose the appropriation of the profit for the year of € 123,397,998 as follows:

To the ordinary shares, dividends of € 0.1, for a maximum	€ 103,861,271.70	
To the savings shares, dividends of € 0.1207, for a maximum	€ 4,512,130.52	
Proposed dividends are payable to the shares that will be outstanding, thus excluding the shares held directly by IFIL S.p.A. at the ex dividend date, for a total maximum		€ 108,373,402.22
To the extraordinary reserve, the remaining amount, for a minimum		€ 15,024,595.78
Profit for the year 2007		**€ 123,397,998.00**

Turin, March 28, 2008

For the Board of Directors
The Chairman
Gianluigi Gabetti

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