

Turin, September 29, 2005

PRESS RELEASE

IFI's Board of Directors approves first half 2005 results

Highlights

€ in millions Criteria used for preparation indicated in attached financial statements	1 Half 2005	1 Half 2004	Change (in € millions)
Consolidated net income (loss) – IFI Group	387.6	(52.9) ^(a)	+440.5
Net income – IFI S.p.A., parent company	48.4	42.5	+5.9

	at 6/30/2005	at 12/31/2004	Change (in € millions)
Net financial position – IFI S.p.A.	(276.9)	(263.8)	(13.1)
Consolidated stockholders' equity – IFI Group	2,731.6	2,166.2 ^(a)	565.4

(a) IFRS adjusted data.

- Consolidated income of €387.6 million reported by the IFI Group for the first half of 2005
- IFI S.p.A. reports income of €48.4 million for the first six months of 2005
- Strong increase in full-year consolidated results expected over 2004; alignment with 2004 for the parent company, IFI S.p.A.

The Board of Directors of IFI – Istituto Finanziario Industriale S.p.A., which met today in Turin under the chairmanship of Gianluigi Gabetti, examined the results for the first six months of 2005.

The first half of the year ends with consolidated income for the IFI Group of €387.6 million. Compared to the corresponding period of 2004 (which had reported a consolidated loss of €52.9 million), this is an improvement of €440.5 million, basically due to the increase in the result of the IFIL Group, which benefits from the gain realized on the sale of La Rinascente and better results reported by the Fiat Group. Consolidated stockholders' equity of the Group at June 30, 2005 amounts to €2,731.6 million (€2,166.2 million at December 31, 2004).

The parent company, IFI S.p.A., records income of €48.4 million for the first six months of 2005, with an increase of €5.9 million compared to the corresponding period of 2004 (€42.5 million).

The net financial position of IFI S.p.A. at June 30, 2005 shows a debt position of €276.9 million, with an increase of €13.1 million compared to the end of 2004 (-€63.8 million).

Major events during the first six months of 2005

During March and April 2005, IFI purchased on the market 16,708,441 IFIL ordinary shares (1.61% of the class of stock) for €55.5 million and 1,866,420 IFIL savings shares (4.99% of the class of stock) for €6.4 million. IFI currently holds 660,491,840 IFIL ordinary shares, equal to 63.59% of the class of stock, and 1,866,420 IFIL savings shares, equal to 4.99% of the class of stock. The investment constitutes 61.56% of capital stock.

Significant events subsequent to the end of the first six months of 2005

On September 20, 2005, Exor Group (controlled by Giovanni Agnelli e C. S.a.p.az. through a 70.45% direct stake and 29.30% indirect stake through IFI S.p.A.) sold 82,250,000 Fiat ordinary shares to IFIL. These shares came from an equity swap agreement between Exor Group and Merrill Lynch International last April. The transfer of the shares from Merrill Lynch to Exor Group took place at the same time the Fiat capital increase was executed, on September 20, 2005. The sale of the Fiat shares by Exor Group to IFIL followed on the same date. In the identical context, IFIL, on the same date, sold Merrill Lynch all the option rights to which it was entitled on the Fiat capital increase. Prior to the purchase of the above stock, the investment held by IFIL in Fiat totaled 246,083,447 ordinary shares and 31,082,500 preferred shares, after the purchase of 5,500,000 ordinary shares on the market by IFIL on September 7, 8 and 9 for approximately €41 million. The aforementioned transactions allowed IFIL to maintain its investment in Fiat ordinary capital stock unchanged (30.06%) after the capital increase by Fiat which took place on September 20, 2005.

Business outlook

Taking into account the forecasts formulated by the holdings, IFIL and Exor Group, it is believed that the consolidated result of the IFI Group for 2005 will show a strong increase over 2004, which closed with a profit of €17 million. As for IFI S.p.A., the result is expected to be along the lines of that of 2004 (€37.7 million).

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**IFI GROUP - INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AT JUNE 30, 2005 - CONDENSED^(*)**

(*) Prepared by accounting for the investments in IFIL and Exor Group by the equity method on the basis of the interim financial statements drawn up by them in accordance with IFRS.

CONDENSED CONSOLIDATED INCOME STATEMENT

Year		I Half	I Half	
2004	€ in millions	2005	2004	Change
134.2	Group's share of the earnings (losses) of companies accounted for by the equity method	394.8	(44.9)	439.7
0.1	Dividends from other holdings	0.1	0.1	0.0
(11.5)	Net financial expenses	(5.3)	(6.1)	0.8
(4.0)	Net general expenses	(2.2)	(2.0)	(0.2)
(1.4)	(Accruals to)/releases of provisions	0.0	0.0	0.0
3.7	Income taxes	0.2	0.0	0.2
121.1	Net income (loss) - Group	387.6	(52.9)	440.5

GROUP'S SHARE OF THE EARNINGS (LOSSES) OF COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Year	€ in millions	Earnings (losses) of holdings		IFI's share		Change
		I Half 2005	I Half 2004	06.30.2005	06.30.2004	
76,4	IFIL Group	624,1	(89,1)	389,4	(54,0)	443,4
27,1	Exor Group	3,7	28,4	1,1	8,3	(7,2)
103,5				390,5	(45,7)	436,2
30,7	Consolidation adjustments to IFIL result			4,3	0,8	3,5
134,2	Total			394,8	(44,9)	439,7

Unaudited by the audit firm and not examined by the board of statutory auditors.

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CONDENSED CONSOLIDATED BALANCE SHEET

€ in millions	6/30/2005	12/31/2004	Change
Assets			
Investments in subsidiaries and associates accounted for by the equity method	2,992.2	2,414.8	577.4
Other investments	0.5	0.5	0.0
Current and non-current financial receivables	49.4	4.2	45.2
Receivables and other current assets	18.5	19.1	(0.6)
Cash and cash equivalents	0.1	0.1	0.0
Total assets	3,060.7	2,438.7	622.0
Equity and liabilities			
Capital and reserves	2,802.1	2,236.7	565.4
Treasury stock	(70.5)	(70.5)	0.0
Stockholders' equity - Group	2,731.6	2,166.2	565.4
Provisions	5.1	5.1	0.0
Current and non-current financial debt	322.8	265.8	57.0
Other current and non-current liabilities	1.2	1.6	(0.4)
Equity and liabilities	3,060.7	2,438.7	622.0

NET FINANCIAL POSITION OF IFI S.p.A. (ACCORDING TO IFRS)

€ in millions	6/30/2005			12/31/2004		
	Current	Non-current	Total	Current	Non-current	Total
Dividends receivable from IFIL	45.2		45.2			
Cash and cash equivalents	0.1		0.1	0.1		0.1
Total financial assets	45.3	0.0	45.3	0.1	0.0	0.1
Payables to the parent company Giovanni Agnelli e C.	(30.3)		(30.3)	(24.2)		(24.2)
Bank debt	(217.5)	(75.0)	(292.5)	(211.6)	(30.0)	(241.6)
Total financial liabilities	(247.8)	(75.0)	(322.8)	(235.8)	(30.0)	(265.8)
Net financial position	(202.5)	(75.0)	(277.5)	(235.7)	(30.0)	(265.7)

Unaudited by the audit firm and not examined by the board of statutory auditors.

**IFI S.p.A. - INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2005
(PREPARED IN ACCORDANCE WITH ITALIAN GAAP)**

CONDENSED INCOME STATEMENT

Year		I Half	I Half	
2004	€ in millions	2005	2004	Change
50.6	Dividends	55.9	50.6	5.3
(11.5)	Financial expenses, net	(5.3)	(6.1)	0.8
(4.0)	General expenses, net	(2.0)	(2.0)	0.0
(1.4)	Other expenses, net	(0.2)	0.0	(0.2)
33.7	Income before income taxes	48.4	42.5	5.9
4.0	Income taxes	0.0	0.0	0.0
37.7	Net income	48.4	42.5	5.9

CONDENSED BALANCE SHEET

6/30/2004	€ in millions	6/30/2005	12/31/2004	Change
1,858.2	Financial fixed assets	1,920.0	1,858.1	61.9
39.9	Dividends receivable from IFIL	45.2	0.0	45.2
18.2	Other assets	18.7	19.2	(0.5)
1,916.3	Total assets	1,983.9	1,877.3	106.6
1,609.5	Stockholders' equity	1,653.1	1,604.7	48.4
	Financial payables:			
223.9	- borrowings from banks, short-term	216.1	208.5	7.6
30.0	- borrowings banks, medium-term	75.0	30.0	45.0
39.7	- Giovanni Agnelli e C., short-term	30.3	24.2	6.1
0.3	- subsidiaries, short-term	0.0	0.0	0.0
293.9		321.4	262.7	58.7
12.9	Other liabilities and provisions	9.4	9.9	(0.5)
1,916.3	Total liabilities and stockholders' equity	1,983.9	1,877.3	106.6

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