

Turin, March 30, 2006

**PRESS RELEASE**

**IFIL Board of Directors approves fiscal 2005 results**

<b>Highlights</b>			
€ in millions			
Criteria used for preparation indicated in attached financial statements	<b>2005</b>	2004	<i>Change</i>
<b>IFIL Group (data in accordance with IFRS)</b>			
Consolidated profit – IFIL Group	<b>1,090</b>	124	+966
Consolidated equity – IFIL Group	<b>5,186</b>	3,722	+1,464
Consolidated net financial position – “Holdings System”	<b>348</b>	680	-332
<b>IFIL S.p.A. (data in accordance with Italian GAAP)</b>			
Profit	<b>99</b>	80	+19
Equity	<b>3,232</b>	3,205	+27
Total dividends	<b>86.9*</b>	73.3	+13.6
<small>* amount proposed to the Stockholders’ Meeting: € 0.08 per ordinary share and € 0.1007 per savings share</small>			

- *IFIL Group closes 2005 with a consolidated profit of € 1,090 million – the highest in its history – thanks partly to extraordinary transactions*
- *Dividends proposed for € 86.9 million (+18.5% compared to 2004)*
- *Shareholders’ meeting convened for May 24 in first call and May 25 in second call*
- *Renewal proposed for the authorization to buy-back treasury stock*
- *Organizational procedures required by new company law approved*
- *Profit forecast for 2006 for both the IFIL Group and IFIL S.p.A.*
- *Approval pending for the purchase of about 10% of Banca Leonardo for approx. € 45 million*

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The Board of Directors of IFIL, which met today in Turin under the chairmanship of Gianluigi Gabetti, approved the consolidated financial statements and the draft statutory financial statements for the year ended December 31, 2005, which will be submitted to the Shareholders’ Meeting convened for May 24, 2005 in first call and May 25, 2005 in second call.

The IFIL Group closed the year 2005 with the best result in its history, partly as a result of extraordinary transactions: consolidated profit, in fact, is € 1,090 million, a decisive increase over

the profit of €124 million reported in 2004. The change of €966 million is basically due to the net improvement in the results of the Fiat group and the Sequana Capital group.

The consolidated net financial position of the “Holdings System” at December 31, 2005 is a cash position of €348 million. This is a reduction of €332 million compared to the cash position at the end of 2004 (€680 million) mainly as a result of the investments made in Fiat (-€580 million) and Sanpaolo IMI (-€263 million) and the net proceeds from the sale of La Rinascente (+€ 529 million).

Consolidated equity at the end of 2005 amounts to € 5,186 million. This is a sharp increase compared to the end of the prior year (€3,722 million) thanks to the consolidated profit for the year, the fair value adjustments to the investment in Sanpaolo IMI (€220 million) and other net positive changes (€154 million).

IFIL S.p.A. reported a profit of €99 million, with an increase of €19 million compared to the profit of €80 million in 2004.

The Board of Directors voted to put forward a motion to the Stockholders’ Meeting to pay dividends of € 0.08 for each ordinary share and € 0.1007 for each savings share, for a total maximum amount of €86.9 million (+18.5% compared to the prior year). The ex-dividend date is June 5, 2006 and dividends will be paid starting on June 8, 2005.

The Board also voted to put forward a motion to the Stockholders’ Meeting to renew the authorization for the purchase and disposition of treasury stock. In particular, the authorization vests the Board with the right to purchase on the market, for 18 months from the date of the stockholders’ resolution, up to a maximum of 90 million ordinary and/or savings shares for a maximum outlay of €450 million, at a price of not less and not more than 15% of the market price of the stock in the trading session on the day before each single transaction. The request for the authorization to buy-back treasury stock will allow the Company to take action in the event of: share price fluctuations outside normal variations connected with stock market performance and in conformity with market practice; introducing stock option plans for employees and directors of the Company and companies of the group; using the treasury stock as a source of investment for an efficient utilization of company cash resources; share exchanges. IFIL, also through the subsidiary Soiem, currently holds 14,596,040 ordinary treasury shares, equal to 1.41% of the class of stock and 1.36% of capital stock.

## **Corporate Governance**

The Board of Directors, in view of the new company law, has updated or instituted certain organizational procedures for treating privileged information, for carrying out related party transactions and for managing the register of the persons who have access to privileged information.

The Board also arranged for the periodical verification of the existence of the requisites for independence with regard to the directors Giancarlo Lombardi, Antonio Maria Marocco, Claudio Saracco and Giuseppe Recchi. The annual report on Corporate Governance will be available at the corporate offices, at Borsa Italiana S.p.A. and on the Company’s website at least 15 days before the Shareholders’ Meeting at the same time the illustrative reports are filed on the matters of business in the agenda.

## **Major events in 2005**

The major event of the year was the € 580 million investment in Fiat made in September. This transaction allowed IFIL to maintain its investment in Fiat unchanged, defending the value of its most important investment and ensuring the conditions necessary for management to bring to a close the work begun two years ago. The signs that emerged during the course of the year – such as the improvement in the industrial operations of Fiat Auto, the increase in market share thanks to the success of the new models, the reduction of indebtedness and the industrial agreements reached with leading international partners – confirm the soundness of the decisions made and reinforce confidence in the success of the current turnaround plan which management of the Group is conducting with full commitment, firmness and determination.

The investment in Fiat was proceeded by two important transactions. The first regarded the conclusion of the monetization of Rinascente, which led to a net gain of € 459 million and net proceeds of € 529 million for IFIL. With the second transaction, IFIL increased its investment in Sanpaolo IMI by € 263 million, bringing the holding in that bank to 5.86% of ordinary capital stock.

2005 was a particularly intensive year, also for the French operations of the IFIL Group, which, at the beginning of the year, abandoned the name of Worms & C.ie and took the name of Sequana Capital: the sale of Permal Group to the American company Legg Mason made it possible to cash in on an investment in the investment funds segment while management conducted vital work in the paper business with the aim of improving industrial management and raising profitability.

A detailed reorganization plan was begun by Alpitour, whose result was impacted by an exceptional coincidence of negative climatic, geopolitical and market factors which occurred during 2005. The current development plan of the tourism group, under the guidance of new management coming from IFIL, is directed towards a decisive inversion of the trend with a medium term prospective.

## **Investment in Banca Leonardo**

At the end of November 2005, IFIL displayed its interest in the project for the acquisition and recapitalization of Banca Leonardo S.p.A., anticipating an investment of approx. € 45 million to purchase about 10% of the capital of the company. The project, which aims to build up the bank to develop investment banking operations, is subject to the approval of the pertinent authorities.

## **Significant subsequent events**

On February 7, 2006, the IFIL Board of Directors accepted the resignation of the independent director Pietro Ferrero and co-opted Carlo Sant'Albano, appointing him as Chief Executive Officer and Managing Director, and electing him to the Executive Committee. At the same time, Gianluigi Gabetti left the post of Chief Executive Officer, keeping the position of Chairman and President of the Company. Moreover, Tiberto Brandolini d'Adda and John Elkann were appointed Deputy Chairmen, while the independent director Giuseppe Recchi was appointed a member of the Compensation and Nominating Committee, replacing Pietro Ferrero.

On February 21, 2006 Consob formally notified IFIL S.p.A. of its objections under art. 187-septies of Legislative Decree 58/1998 in relation to the content of the press release dated August 24, 2005. IFIL was also notified of its administrative responsibility under Legislative Decree 231/2001. IFIL

believes no rule has been violated and has confidence in demonstrating it by producing its objections.

### **Bonds falling due**

In accordance with Borsa Italian S.p.A. instructions, IFIL provides disclosure of that fact that its bonds IFIL 2003-2006 of €100 million will fall due in December 2006.

### **Business outlook**

For fiscal 2006, IFIL S.p.A. expects to report a profit.

On a consolidated level, taking into account the forecasts formulated by the major holdings, the IFIL Group expects to show a profit in 2006, although lower than the profit reported in 2005, which was the highest in the Group's history.

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#### **PRESS RELEASE**

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**IFIL GROUP - CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2005 – CONDENSED (\*)**

(\*) Prepared by consolidating the financial statements or accounting situations drawn up in accordance with IFRS by IFIL and the subsidiaries of the Holdings System on a line-by-line basis and accounting for the other operating subsidiaries and associates by the equity method.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

€ in millions	2005	2004	Change
Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method	622.0	(397.8)	1,019.8
Dividends from other holdings (a)	43.7	27.4	16.3
Net gains	460.9	603.3	(142.4)
Profit (loss) from discontinued operations	0.5	(2.3)	2.8
Impairment (losses)/reversals on investments and securities	3.4	(74.4)	77.8
Financial income (expenses)	2.0	(20.9)	22.9
Net general expenses	(41.1)	(22.2)	(18.9)
(Accruals to)/releases of provisions	(1.3)	0.3	(1.6)
Income taxes	(0.1)	10.6	(10.7)
<b>Profit - Group</b>	<b>1,090.0</b>	<b>124.0</b>	<b>966.0</b>

(a) Received from Sanpaolo IMI.

**GROUP'S SHARE OF THE EARNINGS (LOSSES) OF OPERATING SUBSIDIARIES AND ASSOCIATES ACCOUNTED FOR BY THE EQUITY METHOD**

€ in millions	Earnings (losses)		IFIL's share		Change
	2005	2004	2005	2004	
Fiat Group	1,331.0	(1,634.0)	373.8	(453.3)	827.1
Sequana Capital Group	348.1	(28.2)	183.7	(14.9)	198.6
Alpitour Group	(10.7) (a)	5.7 (a)	(10.7)	5.7	(16.4)
Juventus Football Club	(16.7) (b)	(9.1) (b)	(10.0)	(5.6)	(4.4)
Turismo&Immobiliare	(1.6)	-	(0.4)	0.0	(0.4)
			536.4	(468.1)	1,004.5
Consolidation adjustments			85.6	70.3	15.3
<b>Total</b>			<b>622.0</b>	<b>(397.8)</b>	<b>1,019.8</b>

(a) The year coincides with the period November 1 to October 31.

(b) Accounting results for the period January 1 – December 31 prepared in accordance with IFRS for purposes of consolidation in IFIL.

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

**IFIL GROUP - CONSOLIDATED FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2005 – CONDENSED <sup>(\*)</sup>**

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**CONDENSED CONSOLIDATED BALANCE SHEET**

€ in millions	12/31/2005	12/31/2004	Change
<b>Assets</b>			
Investments in operating subsidiaries and associates accounted for by the equity method	3,576.8	2,173.0	1,403.8
Other investments	1,229.7	744.9	484.8
Other financial assets	8.3	7.3	1.0
Property, plant and equipment and intangible assets	13.5	13.6	(0.1)
Assets held for sale	0.0	72.4	(72.4)
Current securities	792.7	1,047.9	(255.2)
Receivables and other current and non-current assets	43.7	300.2	(256.5)
Cash and cash equivalents	4.2	4.2	0.0
<b>Total assets</b>	<b>5,668.9</b>	<b>4,363.5</b>	<b>1,305.4</b>
<b>Equity and liabilities</b>			
Capital and reserves	5,238.1	3,772.2	1,465.9
Treasury stock	(52.1)	(50.0)	(2.1)
Equity - Group	5,186.0	3,722.2	1,463.8
Provisions for other liabilities and charges	10.9	9.2	1.7
Bonds	99.7	300.6	(200.9)
Current and non-current bank debt	348.9	323.9	25.0
Other current and non-current liabilities	23.4	7.6	15.8
<b>Total equity and liabilities</b>	<b>5,668.9</b>	<b>4,363.5</b>	<b>1,305.4</b>

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**IFIL GROUP - CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2005 – CONDENSED (\*)**

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**CONSOLIDATED NET FINANCIAL POSITION OF THE “HOLDINGS SYSTEM”**

€ in millions	12/31/2005			12/31/2004		
	Current	Non-current	Total	Current	Non-current	Total
Securities	792.7	0.0	792.7	1,047.9	0.0	1,047.9
Receivables and other assets	0.0	0.0	0.0	252.4	0.0	252.4
Cash and cash equivalents	4.2	0.0	4.2	4.2	0.0	4.2
<b>Total financial assets</b>	<b>796.9</b>	<b>0.0</b>	<b>796.9</b>	<b>1,304.5</b>	<b>0.0</b>	<b>1,304.5</b>
IFIL 2002/2005 bonds	0.0	0.0	0.0	(200.7)	0.0	(200.7)
IFIL 2003/2006 bonds	(99.7)	0.0	(99.7)	0.0	(99.9)	(99.9)
Bank debt and other financial payables	(348.9)	0.0	(348.9)	(323.9)	0.0	(323.9)
<b>Total financial liabilities</b>	<b>(448.6)</b>	<b>0.0</b>	<b>(448.6)</b>	<b>(524.6)</b>	<b>(99.9)</b>	<b>(624.5)</b>
<b>Consolidated net financial position of the "Holdings System"</b>	<b>348.3</b>	<b>0.0</b>	<b>348.3</b>	<b>779.9</b>	<b>(99.9)</b>	<b>680.0</b>

**RATING**

On October 26, 2005, following the investment in Fiat and less portfolio diversification as a result, Standard & Poor's downgraded its rating of IFIL's long-term debt from "A-" to "BBB+" and confirmed its rating of short-term debt in "A-2", with a stable outlook.

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**CONSOLIDATED FINANCIAL STATEMENTS OF THE IFIL GROUP  
AT DECEMBER 31, 2005 (PREPARED IN ACCORDANCE WITH IFRS)**

**CONSOLIDATED FINANCIAL STATEMENTS**

€ in millions	12/31/2005	12/31/2004	Change
<b>Non-current assets</b>			
Goodwill	814	792	22
Other intangible assets	243	257	(14)
Property, plant and equipment	941	1,137	(196)
Investments accounted for by the equity method	2,966	1,732	1,234
Other financial assets	1,517	1,007	510
Deferred tax assets	68	84	(16)
Other non-current assets	33	36	(3)
<b>Total non-current assets</b>	<b>6,582</b>	<b>5,045</b>	<b>1,537</b>
<b>Current assets</b>			
Inventories	554	574	(20)
Trade receivables	1,028	1,034	(6)
Other receivables	299	299	0
Financial assets	1,176	1,364	(188)
Cash and cash equivalents	595	534	61
<b>Total current assets</b>	<b>3,652</b>	<b>3,805</b>	<b>(153)</b>
<b>Assets held for sale</b>	<b>25</b>	<b>90</b>	<b>(65)</b>
<b>TOTAL ASSETS</b>	<b>10,259</b>	<b>8,940</b>	<b>1,319</b>

€ in millions	12/31/2005	12/31/2004	Change
<b>Equity</b>			
Group	5,186	3,722	1,464
Minority interest	1,046	855	191
<b>Total equity</b>	<b>6,232</b>	<b>4,577</b>	<b>1,655</b>
<b>Non-current liabilities</b>			
Provisions for employee benefits	170	162	8
Provisions for other liabilities and charges	410	336	74
Bonds and other financial debt	760	583	177
Deferred tax liabilities	92	95	(3)
Other non-current liabilities	57	49	8
<b>Total non-current liabilities</b>	<b>1,489</b>	<b>1,225</b>	<b>264</b>
<b>Current liabilities</b>			
Provisions for employee benefits	12	8	4
Provisions for other liabilities and charges	36	41	(5)
Bonds and other financial debt	1,034	1,676	(642)
Trade payables	982	1,010	(28)
Other current liabilities	474	403	71
<b>Total current liabilities</b>	<b>2,538</b>	<b>3,138</b>	<b>(600)</b>
<b>Liabilities relating to assets held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,259</b>	<b>8,940</b>	<b>1,319</b>

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



**CONSOLIDATED FINANCIAL STATEMENTS OF THE IFIL GROUP  
AT DECEMBER 31, 2005 (PREPARED IN ACCORDANCE WITH IFRS)**

**CONSOLIDATED INCOME STATEMENT**

€ in millions	2005	2004	Change
Revenues	5,429	5,288	141
Other revenues from ordinary activities	38	92	(54)
Purchases of raw materials and changes in inventories	(3,436)	(3,316)	(120)
Personnel costs	(925)	(913)	(12)
Costs for external services	(757)	(709)	(48)
Taxes and duties	(45)	(47)	2
Amortization and depreciation	(191)	(194)	3
Accruals to provisions and other expenses from ordinary activities	(62)	(95)	33
<b>Profit from ordinary activities</b>	<b>51</b>	<b>106</b>	<b>(55)</b>
Other non-recurring income (expenses)	(184)	(311)	127
<b>Operating loss</b>	<b>(133)</b>	<b>(205)</b>	<b>72</b>
Cost of net financial debt	(57)	(63)	6
Other financial income (expenses)	72	37	35
<b>Financial income (expenses)</b>	<b>15</b>	<b>(26)</b>	<b>41</b>
Income taxes	(47)	30	(77)
<b>Profit (loss) of companies consolidated line-by-line</b>	<b>(165)</b>	<b>(201)</b>	<b>36</b>
Share of earnings (losses) of companies accounted for by the equity method	437	(336)	773
<b>Profit (loss) from continuing operations</b>	<b>272</b>	<b>(537)</b>	<b>809</b>
Profit from discontinued operations	1,006	646	360
<b>Profit</b>	<b>1,278</b>	<b>109</b>	<b>1,169</b>
<b>Profit (loss) - Minority interest</b>	<b>(188)</b>	<b>15</b>	<b>(203)</b>
<b>Profit - Group</b>	<b>1,090</b>	<b>124</b>	<b>966</b>

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

**IFIL S.p.A. - FINANCIAL STATEMENTS AT DECEMBER 31, 2005  
(PREPARED IN ACCORDANCE WITH ITALIAN GAAP)**

**CONDENSED INCOME STATEMENT**

€ in millions	2005	2004	Change
Dividends	154.4	301.4	(147.0)
Gains	2.6	0.5	2.1
Writedowns	0.0	(185.6)	185.6
<b>Income from financial fixed assets, net</b>	<b>157.0</b>	<b>116.3</b>	<b>40.7</b>
Financial expenses, net	(21.5)	(26.1)	4.6
General expenses, net	(15.6)	(13.4)	(2.2)
Other expenses, net	(21.1)	(1.5)	(19.6)
<b>Income before income taxes</b>	<b>98.8</b>	<b>75.3</b>	<b>23.5</b>
Income taxes	0.0	4.9	(4.9)
<b>Net income</b>	<b>98.8</b>	<b>80.2</b>	<b>18.6</b>

**CONDENSED BALANCE SHEET**

€ in millions	12/31/2005		12/31/2004		Change
	Amount	%	Amount	%	
Intangible and tangible fixed assets	4.5	0.1	6.7	0.2	(2.2)
Financial fixed assets	3,649.8	98.5	3,518.0	91.8	131.8
Financial receivables for dividends	0.0	0.0	253.6	6.6	(253.6)
Other assets	49.7	1.4	53.9	1.4	(4.2)
<b>Total assets</b>	<b>3,704.0</b>	<b>100.0</b>	<b>3,832.2</b>	<b>100.0</b>	<b>(128.2)</b>
Stockholders' equity	3,231.8	87.3	3,204.9	83.7	26.9
Financial payables:					
- IFIL 2002/2005 bonds	0.0	0.0	200.0	5.2	(200.0)
- IFIL 2003/2006 bonds	100.0	2.7	100.0	2.6	0.0
- borrowings from banks, short-term	348.6	9.4	318.6	8.3	30.0
	448.6	12.1	618.6	16.1	(170.0)
Other liabilities and provisions	23.6	0.6	8.7	0.2	14.9
<b>Total liabilities and stockholders' equity</b>	<b>3,704.0</b>	<b>100.0</b>	<b>3,832.2</b>	<b>100.0</b>	<b>(128.2)</b>

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