

**PRESS RELEASE**

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

<b>Highlights</b>			
<i>€ in millions</i>			
<i>Criteria used for preparation indicated in attached financial statements</i>	<b>2005</b>	<b>2004</b>	<b>Change</b>
<b>IFI Group (data in accordance with IFRS)</b>			
Consolidated profit – IFI Group	<b>676</b>	120	+556
Consolidated equity – IFI Group	<b>3,084</b>	2,123	+961
<b>IFI S.p.A. (data in accordance with Italian GAAP)</b>			
Profit	<b>38.5</b>	37.7	+0.8
Equity	<b>1,643.2</b>	1,604.7	+38.5
Net financial position	<b>(279.5)</b>	(263.8)	-15.7

- *IFI Group 2005 consolidated profit is € 676 million (€ 120 million in 2004)*
- *Shareholders' meeting convened for May 25 in first call and May 26 in second call*
- *Renewal proposed for the authorization to buy-back treasury stock*
- *Sale decision made for the Exor Group holding for € 207 million to the same company*
- *Profit for 2006 forecast for both the IFI Group and IFI S.p.A.*

\*\*\*

The Board of Directors of IFI – Istituto Finanziario Industriale, 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 25, 2005 in first call and May 26, 2005 in second call.

The IFI Group ended 2005 with a consolidated profit of €676 million and a sharp increase over the profit reported for 2004 of €120 million. The increase of € 556 million originates from a considerable improvement in the result of the IFIL Group which, in turn, benefited from the very positive results of the Fiat group and the Sequana Capital group, as well as nonrecurring transactions.

Consolidated equity of the Group also grew (from €2,123 million at the end of 2004 to €3,084 million at the year of 2005). The increase of €961 million is due to the consolidated profit and other net positive changes.

The statutory financial statements show a slight improvement in the result: IFI S.p.A., in fact, ended the year 2005 with a profit of €38.5 million, an increase of €0.8 million compared to the profit of €37.7 million reported last year.

The net financial position of IFI S.p.A. at December 31, 2005 is a borrowings position of €279.5 million, €15.7 million higher than at the end of 2004 (-€263.8 million).

The Board of Directors voted to put forward a motion to the Stockholders' Meeting to appropriate the profit to the extraordinary reserve for €38.5 million and not to distribute dividends.

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 16 million ordinary and/or preferred shares for a maximum outlay of €150 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, if necessary, in the event of share price fluctuations outside normal variations connected with stock market performance and in conformity with market practice and use the treasury stock as a source of investment for an efficient utilization of company cash resources and also for share exchanges. IFI currently holds 5,360,300 preferred treasury shares, equal to 6.98% of the class of stock and 3.28% of capital stock.

The Board, lastly, voted to sell the investment in Exor Group (3,418,242 ordinary shares, equal to 29.3% of capital stock) to the same Exor Group, which indicated its willingness to purchase the shares. The sale will bring IFI proceeds of about €207 million (at a sales price of €60.5 per share) and a gain in the statutory financial statements of €104 million. IFI's net debt will decrease considerably (from €305 to about €100 million). After concluding the sale, scheduled for April, Exor Group will proceed to cancel the treasury stock that was purchased and will consequently reduce its capital stock.

The sale is principally motivated by IFI's desire to substantially reduce its debt and the fact that the Exor Group investment, after the main holdings were sold, now consists of 85% liquidity.

IFI and Exor Group are related parties, given that they are parties under the common control of Giovanni Agnelli e C. Società in Accomandita per Azioni. There are no risks in connection with potential conflicts of interest as a result of the transaction that was concluded among the related parties. Citigroup Global Markets Limited, acting as financial advisor, has released an opinion to the IFI Board of Directors, as to the fairness to IFI, from a financial point of view, of the consideration agreed with Exor Group in the sale of IFI's investment in Exor Group.

The transaction had no effect on the compensation paid to the directors of IFI.

### Performance of the holdings and subsequent events

The IFIL Group closed the year 2005 with a consolidated profit of €1,090 million, the highest in its history. Compared to the prior year, which ended with a consolidated profit of €124 million, the increase is €966 million and is due to the net improvement in the results of the Fiat group and the Sequana Capital group, and also nonrecurring transactions.

Exor Group also made a contribution to the IFI Group's result, reporting a consolidated net profit of €36 million, although lower than that of 2004 (€93 million).

In March and April 2005, IFI had 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.

### Significant subsequent events

In February and March 2006, IFI purchased on market 4,368,876 IFIL ordinary shares (0.42% of the class of stock) for an investment of €18.4 million.

IFI currently holds 664,860,716 IFIL ordinary shares, equal to approximately 64% of the class of stock, and 1,886,420 IFIL savings shares, equal to 4.99% of the class of stock. The entire holding represents 61.96% of capital stock. After this investment, IFI's net debt increased by approximately €305 million.

On February 21, 2006, Virgilio Marrone (General Manager of IFI S.p.A.), as an individual with power of attorney in Giovanni Agnelli e C. S.a.p.az., was notified by Consob of its objections under art. 187-septies of Legislative Decree 58/1998 in relation to the content of the press release issued by that company on August 24 of last year.

### Business outlook

Taking into account the motion for the distribution of dividends from 2005 profits formulated by the IFIL Board of Directors and the operating and financial effects of the sale of the investment in Exor Group, 2006 forecasts for IFI S.p.A. are for a considerably higher profit and a significant reduction in net debt.

On the basis of the indications formulated by the IFIL Group, the IFI Group is expected to show a profit for 2006, although lower than that of 2005.

---

#### **PRESS OFFICE**

**Andrea GRIVA**  
Tel.. 011.5090.320  
ufficio.stampa@gruppoifi.com

#### **INVESTOR RELATIONS**

**Stefano BERTOLA**  
Tel.. 011.5090.246  
relazioni.investitori@gruppoifi.com

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

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

**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	693.0	133.1	559.9
Dividends from other holdings	0.1	0.1	0.0
Net financial expenses	(9.1)	(11.5)	2.4
Net general expenses	(4.1)	(4.0)	(0.1)
Net other expenses	(5.6)	(1.4)	(4.2)
Income taxes	1.3	3.7	(2.4)
<b>Profit - Group</b>	<b>675.6</b>	<b>120.0</b>	<b>555.6</b>

**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	
IFIL Group	1,090.0	124.0	680.2	75.3	604.9
Exor Group	36.2	92.6	10.6	27.1	(16.5)
			690.8	102.4	588.4
Consolidation adjustments			2.2	30.7	(28.5)
<b>Total</b>			<b>693.0</b>	<b>133.1</b>	<b>559.9</b>

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

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

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

### 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	3.352,4	2.371,9	980,5
Other investments	0,5	0,5	0,0
Non-current financial receivables	0,0	4,2	(4,2)
Receivables and other current assets	19,1	19,1	0,0
Cash and cash equivalents	0,1	0,1	0,0
<b>Total assets</b>	<b>3.372,1</b>	<b>2.395,8</b>	<b>976,3</b>
<b>Equity and liabilities</b>			
Capital and reserves	3.154,5	2.193,8	960,7
Treasury stock	(70,5)	(70,5)	0,0
Equity - Group	3.084,0	2.123,3	960,7
Provisions for other liabilities and charges	4,0	5,1	(1,1)
Current and non-current financial debt	277,8	265,8	12,0
Other current and non-current liabilities	6,3	1,6	4,7
<b>Total equity and liabilities</b>	<b>3.372,1</b>	<b>2.395,8</b>	<b>976,3</b>

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

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

---

**CONSOLIDATED BALANCE SHEET**

Minority interest	2.994	2.317	677
<b>Total equity</b>	<b>6.078</b>	<b>4.440</b>	<b>1.638</b>
<b>Non-current liabilities</b>			
Provisions for employee benefits	172	164	8
Provisions for other liabilities and charges	491	417	74
Bonds and other financial debt	919	613	306
Deferred tax liabilities	95	99	(4)
Other non-current liabilities	57	49	8
<b>Total non-current liabilities</b>	<b>1.734</b>	<b>1.342</b>	<b>392</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	1.153	1.912	(759)
Trade payables	982	1.010	(28)
Other current liabilities	481	404	77
<b>Total current liabilities</b>	<b>2.664</b>	<b>3.375</b>	<b>(711)</b>
Liabilities relating to assets held for sale	0	0	0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10.476</b>	<b>9.157</b>	<b>1.319</b>

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

## CONSOLIDATED FINANCIAL STATEMENTS OF THE IFI 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	(927)	(916)	(11)
Costs for external services	(764)	(710)	(54)
Taxes and duties	(45)	(47)	2
Amortization and depreciation	(191)	(194)	3
Accruals to provisions and other expenses from ordinary activities	(63)	(95)	32
<b>Profit from ordinary activities</b>	<b>41</b>	<b>102</b>	<b>(61)</b>
Other nonrecurring income (expenses)	(183)	(275)	92
<b>Operating loss</b>	<b>(142)</b>	<b>(173)</b>	<b>31</b>
Cost of net financial debt	(67)	(76)	9
Other financial income (expenses)	73	38	35
<b>Financial income (expenses)</b>	<b>6</b>	<b>(38)</b>	<b>44</b>
Income taxes	(46)	34	(80)
<b>Profit (loss) of companies consolidated line-by-line</b>	<b>(182)</b>	<b>(177)</b>	<b>(5)</b>
Share of earnings (losses) of companies accounted for by the equity method	448	(309)	757
<b>Profit (loss) from continuing operations</b>	<b>266</b>	<b>(486)</b>	<b>752</b>
Profit from discontinued operations	1.007	654	353
<b>Profit</b>	<b>1.273</b>	<b>168</b>	<b>1.105</b>
Profit (loss) - Minority interest	(597)	(48)	(549)
<b>Profit - Group</b>	<b>676</b>	<b>120</b>	<b>556</b>

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

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

---

**CONDENSED INCOME STATEMENT**

€ in millions	2005	2004	Change
Dividends	55,9	50,6	5,3
Financial expenses, net	(9,1)	(11,5)	2,4
General expenses, net	(4,1)	(4,0)	(0,1)
Other expenses, net	(5,6)	(1,4)	(4,2)
<b>Income before income taxes</b>	<b>37,1</b>	<b>33,7</b>	<b>3,4</b>
Deferred taxes	1,4	4,0	(2,6)
<b>Net income</b>	<b>38,5</b>	<b>37,7</b>	<b>0,8</b>

**CONDENSED BALANCE SHEET**

€ in millions	12/31/2005		12/31/2004		Change
	Amount	%	Amount	%	
Financial fixed assets	1.911,8	99,0	1.858,1	99,0	53,7
Other assets	19,4	1,0	19,2	1,0	0,2
<b>Total assets</b>	<b>1.931,2</b>	<b>100,0</b>	<b>1.877,3</b>	<b>100,0</b>	<b>53,9</b>
Stockholders' equity	1.643,2	85,1	1.604,7	85,5	38,5
Financial payables:					
- borrowings from banks, short-term	104,8	5,4	208,5	11,1	(103,7)
- borrowings from banks, medium-term	160,0	8,3	30,0	1,6	130,0
- Giovanni Agnelli e C., short-term	13,9	0,7	24,2	1,3	(10,3)
	<b>278,7</b>	<b>14,4</b>	<b>262,7</b>	<b>14,0</b>	<b>16,0</b>
Other liabilities and provisions	9,3	0,5	9,9	0,5	(0,6)
<b>Total liabilities and stockholders' equity</b>	<b>1.931,2</b>	<b>100,0</b>	<b>1.877,3</b>	<b>100,0</b>	<b>53,9</b>

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

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

---

**CONSOLIDATED NET FINANCIAL POSITION OF IFI S.p.A.**

€ in millions	12/31/2005			12/31/2004		
	Current	Non-current	Total	Current	Non-current	Total
Cash and cash equivalents	0.1		0.1	0.1		0.1
Borrowings from banks	(104.8)	(160.0)	(264.8)	(208.5)	(30.0)	(238.5)
Payables to Giovanni Agnelli e C.	(13.9)		(13.9)	(24.2)		(24.2)
Financial accrued expenses	(0.9)		(0.9)	(1.2)		(1.2)
<b>Total financial liabilities</b>	<b>(119.6)</b>	<b>(160.0)</b>	<b>(279.6)</b>	<b>(233.9)</b>	<b>(30.0)</b>	<b>(263.9)</b>
<b>Net financial position of IFI S.p.A.</b>	<b>(119.5)</b>	<b>(160.0)</b>	<b>(279.5)</b>	<b>(233.8)</b>	<b>(30.0)</b>	<b>(263.8)</b>

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