EXTRAORDINARY STOCKHOLDERS' MEETING

IFIL INVESTMENTS S.p.A.

Report of the board of directors of IFIL Investments S.p.A. on the plan for the merger by incorporation of IFIL Investments S.p.A. into Società per Azioni Istituto Finanziario Industriale – IFI S.p.A. pursuant to art. 2501 of the Italian Civil Code and art. 70, paragraph 2, of the Issuers Regulation adopted by Consob resolution 11971 dated May 14, 1999 and subsequent amendments.

This English translation of the Italian original document has been prepared solely for the convenience of the reader. The version in Italian takes precedence.

EXTRAORDINARY STOCKHOLDERS' MEETING
IFIL Investments S.p.A.
Fiat Historical Center – Turin, Via Chiabrera 20
December 1, 2008

Agenda

Approval of the plan for the merger by incorporation of IFIL S.p.A. into IFI S.p.A.; pertinent and related resolutions; delegations of powers.

The notice has been published in the newspapers "La Stampa" and "Il Sole24Ore" on October 28, 2008.

APPROVAL OF THE PLAN FOR THE MERGER BY INCORPORATION OF IFIL S.P.A. INTO IFI S.P.A.; PERTINENT AND RELATED RESOLUTIONS; DELEGATIONS OF POWERS.

LEGAL NOTICE

This document is an informal courtesy translation of the original Italian document and has been prepared for reference purposes only. The only official document is the document in the Italian language. Please note that in case of any inconsistency between this version in English and the original document in Italian, the latter will prevail.

<u>Disclaimer</u>

The IFI securities referred to herein that will be issued in connection with the Merger described herein have not been, and are not intended to be, registered under the United States Securities Act of 1933 and may not be offered or sold, directly or indirectly, into the United States except pursuant to an applicable exemption.

<u>Forward-looking statements</u>

This report contains forward-looking information and statements about IFIL Investments S.p.A. and IFI S.p.A. and their combined businesses after completion of the Merger. Forward-looking statements are statements that are not historical facts. These statements are based on the current expectations and projections of the companies taking part in the Merger about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in regulations (in each case, in Italy or abroad), and many other factors, most of which are outside of the control of the companies taking part in the Merger.

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Dear Shareholders,

The Shareholders' Meeting has been convened in extraordinary session to resolve upon the Plan for the Merger by incorporation (the "Merger") of IFIL Investments S.p.A. ("IFIL" or the "Company to be Merged") into the parent, Società per Azioni Istituto Finanziario Industriale ("IFI" or the "Surviving Company" and, starting from the effective date of the merger, also "EXOR"). This report prepared, pursuant to art. 2501-*quinquies* of the Italian Civil Code and art. 70, paragraph 2, of the Issuers Regulation adopted by Consob resolution 11971 dated May 14, 1999 and subsequent amendments (the "Issuers Regulation"), aims at providing with a description and rationale, from an economic and legal standpoint, of the Plan for the Merger and, in particular, the criteria used for the determination of the exchange ratio.

1. Description and rationale of the Merger

1.1 *Description of the companies taking part in the Merger: IFIL*

Founded in 1919, IFIL Investments S.p.A., or abbreviated IFIL S.p.A., is a company incorporated under Italian law. It is headquartered in Turin, corso Matteotti 26 and registered under the Turin Company Register No. 00914230016.

Short description of the company's business

IFIL is one of Europe's leading companies, whose main activity is focused on investments. Besides being the majority Shareholder of the Fiat Group, IFIL invests, also through its subsidiaries, in diverse sectors, mainly in Europe, the United States and the two most important emerging markets, India and China.

Investment activities are conducted with entrepreneurial vision and solid financial discipline. IFIL cooperates on an ongoing basis with the management teams of its holdings, while respecting their operating autonomy and with a perspective geared to the medium-/long-term.

The majors investments of IFIL as of the date hereof are indicated below:

- Fiat S.p.A., in which IFIL has a holding of more than 30% of ordinary and preference share capital;
- Cushman & Wakefield Group Inc., in which the subsidiary Ifil Investissements S.A. has a 72.11% stake;
- Sequana S.A., in which the subsidiary Ifil Investissements S.A. has a 26.65% stake;
- Intesa Sanpaolo S.p.A., in which IFIL has a 1.25% stake in ordinary share capital;
- SGS S.A., in which the subsidiary Ifil Investissements S.A. has a 15% stake;
- Gruppo Banca Leonardo S.p.A., in which the subsidiary Ifil Investissements S.A. has a 9.76% stake;
- Alpitour S.p.A., in which IFIL has a 100% stake;
- Juventus Football Club S.p.A., in which IFIL has a 60% stake;
- Banijay Holding S.A.S., in which the subsidiary Ifil Investissements S.A. has a 17.03% stake;

- Perella Weinberg Partners, in which the subsidiary Ifil Investissements S.A. has a 1.96% stake (percentage interest held in the NoCo A LP limited partnership).

In April 2008, IFIL has also subscribed to, through its subsidiary Ifil Investissements S.A., 5-year bonds issued by Perfect Vision with a mandatory conversion into shares at maturity, which will allow it to hold a 40% stake in Vision Investment Management.

Corporate purpose

According to art. 3 of IFIL bylaws, the purpose of the company is: "*to acquire investments in other companies or institutions, to finance and direct the technical and financial coordination of the companies or institutions where the company holds an investment, to purchase and sell, hold, manage and place public and private securities. The company will also enter into any and all financial, personal and real property transactions, including the securing of loans and financing in general, and issue endorsements, sureties and guarantees, including mortgages and liens, with the specific exclusion of the solicitation of funds from the public at large, as are necessary to attain the corporate purpose*".

Share capital and major Shareholders

As of the date hereof, IFIL's share capital amounts to Euro 1,075,995,737 and consists of 1,038,612,717 ordinary shares of par value Euro 1 each (approximately 96.5% of total share capital) and 37,383,020 savings shares of par value Euro 1 each (approximately 3.5% of total share capital).

Both IFIL ordinary and saving shares are listed on the Electronic Share Market of the Italian stock exchange ("Mercato Telematico Azionario di Borsa Italiana S.p.A.").

The following table shows the Shareholders who, at September 23, 2008 and according to the Shareholders' book, the official communications received and other information available, hold IFIL shares with voting rights, equal to or more than 2% of IFIL share capital with voting rights, and treasury shares held by IFIL or its subsidiaries.

Shareholder	**Ordinary shares**	**% of ordinary share capital**
Società per Azioni Istituto Finanziario Industriale(1)	726,900,000	69.99%
Mackenzie Cundill Group	52,973,183	5.10%
Giovanni Agnelli e C. S.a.p.az.	31,159,000	3.00%
Treasury shares(2)	33,186,198	3.20%
SOIEM(3)	810,262	0.08%

(1) IFI also holds 1,866,420 IFIL savings shares, equal to 4.99% of IFIL savings share capital.
(2) IFIL also holds 917,000 savings shares of treasury stock, equal to 2.45% of savings share capital.
(3) IFIL's wholly-owned subsidiary.

Composition of the company's boards and committees

The board of directors of IFIL, elected by the Shareholders' Meeting, in ordinary session, held on May 13, 2008, is formed by the following eleven directors:

Position held	Name	Birthplace	Date of birth
Chairman	John Elkann	New York (USA)	April 1, 1976
Onorary Chairman	Gianluigi Gabetti	Turin	August 29, 1924
Vice Chairman	Tiberto Brandolini d'Adda	Lausanne (SWZ)	March 8, 1948
Chief Executive Officer	Carlo Barel di Sant'Albano	Turin	May 31, 1964
Directors	Edoardo Ferrero di Ventimiglia	Turin	November 21, 1936
	Franzo Grande Stevens	Naples	September 13, 1928
	Pio Teodorani-Fabbri	Turin	March 23, 1924
Independent directors	Antonio Maria Marocco	Rivoli	September 15, 1934
	Giuseppe Recchi	Naples	January 20, 1964
	Claudio Saracco	Turin	July 31, 1940
	Sandro Salvati(*)	Rome	August 1, 1945

(*) Director appointed by using slates of candidates of minority Shareholders.

Two committees of a consultative and constructive nature were formed within the board of directors: the compensation and nominating committee (formed by John Elkann, chairman; Antonio Maria Marocco and Giuseppe Recchi) and the audit committee (formed by Antonio Maria Marocco, chairman; Sandro Salvati and Claudio Saracco).

The board of statutory auditors of IFIL, elected by the Shareholders' Meeting, in ordinary session, held on May 13, 2008, is formed by the following five auditors:

Post held	Name	Birthplace	Date of birth
Chairman	Eugenio Colucci(*)	Lucera (Foggia)	January 9, 1946
Standing statutory auditors	Lionello Jona Celesia	Turin	June 14, 1936
	Paolo Piccatti	Turin	June 18, 1957
Alternate statutory auditors	Francesco Facchini(*)	Brescia	November 29, 1966
	Ruggero Tabone	Lu (Alessandria)	August 27, 1943

(*) Statutory auditor appointed by using slates of candidates of minority Shareholders.

The terms of office of the board of directors and the board of statutory auditors, elected by the Shareholders' Meeting held on May 13, 2008, will expire concurrently with the Shareholders' Meeting that will be called to approve the separate financial statements for the year ending December 31, 2010.

IFIL Group results

Some historical results of the IFIL Group and IFIL S.p.A., are indicated below, as for the results of operations, balance sheet and financial position deriving from the half-yearly report 2008, half-yearly report 2007, separate financial statements at June 30, 2008 pursuant to art. 2501-quarter of the Italian Civil Code and from the consolidated and separate financial statements at December 31, 2007 and at December 31, 2006, available on IFIL web site: www.ifil.it, which reference should be made to for additional information.

IFIL Group - Consolidated figures (€ in millions)	I Half 2008	I Half 2007	2007	2006
Profit attributable to the equity holders of the company	310	315	672	341
Equity attributable to the equity holders of the company	6,332	6,439	6,666	6,222
Consolidated net financial position	(312)	(315)	(77)	(98)

IFIL Group - Earnings per share (€)	I Half 2008	I Half 2007	2007	2006
Profit attributable to the equity holders of the company:				
- ordinary shares	0.29	0.29	0.63	0.32
- savings shares	0.31	0.31	0.65	0.34
Equity attributable to the equity holders of the company	6.04	6.06	6.27	5.86

IFIL S.p.A. - Separate financial statements figures (€ in millions)	I Half 2008	I Half 2007	2007	2006
Profit for the period	209	173	123	625
Equity	4,091	4,611	4,567	4,587
Net financial position	(708)	(712)	(749)	(682)

Note: For additional information about the calculation relating to the earnings per share, reference should be made to Note 15 to the half-yearly report 2008 and Note 19 to the consolidated financial statements at December 31, 2007.

1.2 *Description of the companies taking part in the Merger: IFI*

Founded in 1927 by Senator Giovanni Agnelli, Società per Azioni Istituto Finanziario Industriale, or abbreviated "IFI S.p.A.", is a company incorporated under Italian law. It is headquartered in Turin, corso Matteotti 26 and registered under the Turin Company Register No. 00470400011.

After completion of the Merger, the Surviving Company will be renamed EXOR S.p.A..

Short description of the company's business

As of the date hereof, IFI is the controlling financial holding company of the Giovanni Agnelli e C. S.a.p.az. Group and has a controlling stake equal to 69.99% in IFIL ordinary share capital and 4.99% in IFIL savings share capital.

For a short description of the IFIL Group, reference should be made to the preceding paragraph 1.1.

Corporate purpose

According to art. 3 of IFI bylaws, the purpose of the company is: "*to acquire investments in other companies or institutions, to finance and direct the technical and financial coordination of the companies or institutions where the company holds an investment, to purchase and sell, hold, manage and place public and private securities. The company will also enter into any and all financial – including the issue of sureties on behalf of companies or institutions in which it holds investments –, commercial, personal and real property transactions, as are necessary to attain the corporate purpose.*".

Share capital and major Shareholders

As of the date hereof, IFI's share capital amounts to Euro 163,251,460 and consists of 86,450,000 ordinary shares of par value Euro 1 each and 76,801,460 preference shares of par value Euro 1 each.

IFI preference shares are listed on the Electronic Share Market of the Italian stock exchange ("Mercato Telematico Azionario di Borsa Italiana S.p.A."), while IFI ordinary shares are not listed and are privately and entirely held by Giovanni Agnelli e C. S.a.p.az., which gathers the Agnelli Family's interests.

The following table shows the Shareholders who, at September 23, 2008 and according to the Shareholders' book, the official communications received and other information available, hold IFI shares with voting rights, equal to or more than 2% of IFI share capital with voting rights, and treasury shares held by IFI.

Shareholder	Ordinary shares	% of ordinary share capital	Preference shares	% of total share capital
Giovanni Agnelli e C. S.a.p.az.	86,450,000	100%	10,000,000(*)	59.08%
Morgan Stanley & Co. International Ltd	-	-	5,949,685	3.64%
Treasury shares	-	-	5,360,300	3.28%

(*) On August 25, 2008, Giovanni Agnelli e C. S.a.p.az. announced the purchase of 10 million of IFI preference shares, equal to 6.13% of share capital and 13.02% of class of shares.

Composition of the company's boards

The board of directors of IFI, elected by the Shareholders' Meeting, held on May 25, 2006, is formed by the following thirteen directors:

Position held	Name	Birthplace	Date of birth
Chairman	John Elkann	New York (USA)	April 1, 1976
Vice Chairman	Pio Teodorani-Fabbri	Turin	March 23, 1924
Chief Executive Officer and General Manager	Virgilio Marrone	Savona	August 2, 1946
Directors	Andrea Agnelli	Turin	December 6, 1975
	Tiberto Brandolini d'Adda	Lausanne (SWZ)	March 8, 1948
	Oddone Camerana	Turin	November 22, 1937
	Luca Ferrero Ventimiglia	Turin	March 26, 1966
	Gianluigi Gabetti	Turin	August 29, 1924
	Franzo Grande Stevens	Naples	September 13, 1928
	Francesco Marini Clarelli	Rome	December 3, 1956
	Andrea Nasi	Turin	February 15, 1946
	Lupo Rattazzi	Lausanne (SWZ)	January 25, 1953
Independent director	Carlo Acutis	Turin	October 17, 1938

The board of statutory auditors of IFI, elected by the Shareholders' Meeting, held on May 25, 2006, is formed by the following three auditors:

Position held	Name	Birthplace	Date of birth
Chairman	Lionello Jona Celesia	Turin	June 16, 1936
Standing statutory auditors	Giorgio Ferrino	Turin	June 17, 1939
	Paolo Piccatti	Turin	June 18, 1957

Following the appointment of Gianluca Ferrero to the board of general partners of the parent Giovanni Agnelli e C. S.a.p.az., on May 15, 2008, the chairman of the board of statutory auditors, Gianluca Ferrero, and the standing auditor, Giorgio Giorgi, vacated their posts pursuant to art. 148, paragraph 3 of Legislative Decree 58/1998 (for reasons of incompatibility).
Accordingly, pursuant to art. 2401 of the Italian Civil Code, up to the next Shareholders' meeting, Giorgio Ferrino and Paolo Piccatti, who were already alternate auditors, took over the positions of standing auditors, and Lionello Jona Celesia, who was already a standing auditor, took over as chairman. The new alternate auditors will be elected by the next Shareholders' Meeting which will be convened – in ordinary session – on the same date than the Shareholders' Meeting called to resolve upon the Plan for the Merger.

The terms of office of the board of directors and the board of statutory auditors, elected by the Shareholders' Meeting held on May 25, 2006, will expire concurrently with the Shareholders' Meeting that will be held to approve the separate financial statements for the year ending December 31, 2008.

Results of the IFI Group

Some historical results of the IFI Group and IFI S.p.A. are indicated below, as for the equity and financial position and the results of operations and as from the half-yearly report 2008, half-yearly report 2007, separate financial statements at June 30, 2008 pursuant to art. 2501-quarter of the Italian Civil Code and the consolidated and separate financial statements at December 31, 2007 and at December 31, 2006, available on IFI web site: www.gruppoifi.com, which reference should be made to for additional information.

Key operating and financial data

IFI Group - Consolidated figures (€ in millions)	I Half 2008	I Half 2007	2007	2006
Profit attributable to the equity holders of the company	207	202	444	221
Equity attributable to the equity holders of the company	4,055	4,006	4,161	3,800
Consolidated net financial position	(657)	(505)	(470)	(196)

IFI Group - Earnings per share (€)	I Half 2008	I Half 2007	2007	2006
Profit attributable to the equity holders of the company, per ordinary share	1.29	1.26	2.79	1.38
Profit attributable to the equity holders of the company, per preferred share	1.34	1.31	2.84	1.43
Equity attributable to the equity holders of the company	25.68	25.37	26.35	24.07

IFI S.p.A. - Separate financial statements figures (€ in millions)	I Half 2008	I Half 2007	2007	2006
Profit for the period	62	63	54	218
Equity	1,910	1,856	1,847	1,794
Net financial position	(345)	(190)	(393)	(98)

Note: For additional information about the calculation relating to the earnings per share, reference should be made to Note 15 to the half-yearly report 2008 and Note 19 to the consolidated financial statements at December 31, 2007.

1.3 *Rationale of the Merger. Description of the major impacts on income statement, balance sheet and cash flows*

The Merger, whose guidelines have been approved by the boards of directors of IFIL and IFI on September 8, 2008, will lead to an optimization of the current Group governance structure by making it simpler and clearer for Shareholders as well as in line with the evolution in both statutory and market standards. After completion of the Merger, the Surviving Company will be renamed EXOR S.p.A..

The Merger aims, in particular, at simplifying the control structure of the Group's, through the concentration upon EXOR, and the prosecution through EXOR, of the investment activity of IFIL. In fact, EXOR, upon the Merger by incorporation of IFIL, will directly hold IFIL's investment portfolio. This simplification of the control structure is intended to generate benefits for Shareholders and for perspective investors also through:

- a simpler and clearer Group's structure without reducing IFIL's investment capability, with entrepreneurial vision and solid financial backing;
- the admission to trading of the ordinary shares (currently not listed) and, more generally, a larger free float of the Surviving Company's securities;
- further efficiency, control and focus.

The completion of the Merger, with the admission to trading of the ordinary and savings shares of the Surviving Company, is expected to take place in early 2009. After the Merger, IFI shares will be renamed EXOR shares.

The following charts show the Group structure of Giovanni Agnelli e C. S.a.p.az.'s current investment portfolio, as of the date hereof (Chart A) and that after completion of the Merger (Chart B).

Chart A

Note: Percentage holdings refer to ordinary share capital updated to September 23, 2008.
(a) Giovanni Agnelli e C S.a.p.az. also holds 13.02% of IFI preference share capital.
(b) IFI also holds 4.99% of IFIL savings share capital.
(c) IFIL also holds 30.09% of Fiat preference share capital.
(d) Post-conversion of convertible bonds.
(e) Percentage interest held in the NoCo A LP limited partnership.

Chart B

Note: Percentage holdings refer to ordinary share capital updated to September 23, 2008. The aforementioned percentage holdings of Giovanni Agnelli e C. S.a.p.az. have been calculated on the basis of the proposed exchange ratio and assuming that the current ownership structure of IFI and IFIL remains unaltered until the effective date of the Merger.

(a) Equal to 59.2% of ordinary shares outstanding. Giovanni Agnelli e C S.p.a.az. will continue to hold also 13.02% of EXOR preference share capital.
(b) EXOR will also hold 30.09% of Fiat preference share capital.
(c) Post-conversion of convertible bonds.
(d) Percentage interest held in the NoCo A LP limited partnership.
(e) EXOR Group is expected to be renamed.

Description of the major impacts on income statement, balance sheet and cash flows

The Merger is expected to have substantially neutral consequences on the income statement, balance sheet and cash flow profiles of the resulting company. In particular:

- the Merger does not entail changes to the investment and management policy of IFIL's current investment portfolio;
- the Merger's effects on the net financial debt of the resulting company are not expected to alter significantly IFIL's current investment ability. The post-Merger consolidated net financial position of the "Holdings System" for both IFI and IFIL will be substantially equal to the sum of their net financial debts (as of August 31, 2008 approximately equal to Euro 351 million of net financial debt for IFI S.p.A. and approximately equal to Euro 314 million of net financial cash for the companies in the "Holdings System" of IFIL);

- the income statement profile of the resulting company will not be significantly affected by the Merger, as it will reflect IFIL's current profile, with reduced net interest income (or increased net interest expenses), due to the post-Merger net financial position.

For additional information regarding the accounting impacts of the Merger, reference should be made to paragraph 7 herein.

On September 9, 2008, Standard & Poor's has declared that the rating and outlook of IFIL's debt (BBB+/Stable/A-2) remain unaltered subsequent to the announcement of the guidelines to simplify the corporate structure and when the Merger is approved, the same ratings are expected to be assigned to the Surviving Company. Standard & Poor's has also given a favorable opinion with regard to the simplification of the Group structure resulting from the Merger.

1.4 *Legal aspects of the Merger. Characteristics of the newly-issued savings shares to service the share exchange*

From a legal standpoint, the Merger will be executed as set forth by article 2501 and subsequent articles of the Italian Civil Code as well as according to the manner and conditions set forth in the Plan for the Merger (the "Plan for the Merger"), publicly available at the places indicated in paragraph 13.

On September 23, 2008, the boards of directors of IFIL and IFI approved the Plan for the Merger, which will be submitted for approval to the Extraordinary Shareholders' Meeting of IFIL and the Extraordinary Shareholders' Meeting of IFI.

The proposed Merger will entail the universal succession of the Surviving Company to IFIL, as a result of which the Surviving Company will assume, starting from the effective date of the Merger, all assets and liabilities, rights and obligations of IFIL.

Furthermore, the Surviving Company will assume the rights and obligations of IFIL as the issuer of non-convertible bonds "2006/2011" and "2007/2017", both admitted to trading on the Luxembourg stock exchange.

The reference financial statements, in accordance with art. 2501-quater of the Italian Civil Code, are for both companies referred to as at June 30, 2008 and have been approved by the respective boards of directors on September 23, 2008.

On September 12, 2008, both IFI and IFIL filed applications to the Turin Court, pursuant to art. 2501-*quinquies* of the Italian Civil Code, for the appointment of the experts who will provide the reports on the fairness of the exchange ratio of the shares. On September 17, 2008, the Turin Court appointed the audit firm Reconta Ernst & Young S.p.A., for IFIL, and the audit firm KPMG S.p.A., for IFI.

According to art. 2504-*ter* of the Italian Civil Code, the Merger will entail the cancellation without any share exchange of the stake held in IFIL by IFI and the cancellation of treasury shares held by IFIL at the effective date of the Merger.

On the basis of the exchange ratio described below (see paragraph 3), the Surviving Company will issue in favor of IFIL ordinary Shareholders, other than IFI and IFIL, newly-issued IFI ordinary shares and of IFIL savings Shareholders, other than IFI and IFIL, newly-issued IFI savings shares.

The Electronic Share Market of the Italian stock exchange ("Mercato Telematico Azionario di Borsa Italiana S.p.A.") will be asked for admission to trading of IFI ordinary and savings shares, to which the Merger is subject.

Upon the aforesaid condition, after completion of the Merger, all shares of the Surviving Company of all three classes of shares (ordinary, preference and savings) will be listed on the

Electronic Share Market of the Italian stock exchange ("Mercato Telematico Azionario di Borsa Italiana S.p.A.") and will be renamed EXOR shares.

Savings shares

The new savings shares, which will be issued to service the exchange with IFIL saving shares, will have the same characteristics as the non-convertible savings shares currently outstanding of IFIL.

The bylaws of the Surviving Company will be amended in order to maintain unaltered the rights and characteristics of the privileges of IFIL savings shares and maintain the same rights to IFIL savings Shareholders.

According to the existing bylaws of IFIL:

- the savings shares are entitled to a preference dividend cumulative by law equal to 8.27% of their par value (equal to Euro 0.0827) and to a dividend higher than that of ordinary shares, equal to 2.07% of the same par value (equal to Euro 0.0207) (art. 25, paragraph 2 of the bylaws);
- If, in any financial period, a dividend lower than the above has been distributed to the savings shares, the said difference is calculated as an increase to be added to the preference dividend during the following two financial years (art. 25, paragraph 3 of the bylaws);
- In case of exclusion of the ordinary shares and/or savings shares from trading, the preference dividend and the higher dividend due to the savings shares will be automatically increased in order to reach, respectively, 8.52% and 2.32% (art. 25, paragraph 4 of the bylaws);
- In the event of the distribution of reserves, the savings shares have the same rights as the other shares (art. 30, paragraph 1 of the bylaws);
- In the event of the dissolution of the company, the savings shares have a pre-emptive right in the allocation of the corporate assets up to the total amount of the par value of their shares (art. 30, paragraph 2 of the bylaws);
- The reduction of share capital due to losses does not cause a reduction in the par value of the savings shares, except for the part of the loss which exceeds the overall par value of the other shares (art. 31, paragraph 2 of the bylaws).

The amendments to the bylaws of the Surviving Company will take into account that, upon the share exchange, 0.265 newly-issued non-convertible savings share of the Surviving Company of par value Euro 1 each will be assigned for each IFIL non-convertible savings share of par value Euro 1 each and, in particular:

- as regards the apportionment of profit, the bylaws of the Surviving Company will set forth that the savings shares are in any case entitled to a preference dividend cumulative pursuant to the following second paragraph, equal to 31.21% of their par value (equal to 8.27% : 0.265) (Euro 0.3121, corresponding to the amount of the preference dividend to IFIL savings shares outstanding of Euro 0.0827 : 0.265) and to a dividend higher than that of the ordinary shares equal to 7.81% of the same par value (equal to 2.07% : 0.265) (corresponding to Euro 0.0781);
- in case of exclusion from trading of the ordinary shares and/or savings shares, the bylaws of the Surviving Company will provide that the preference dividend and the dividend higher than that of the ordinary shares due to the savings shares will be

automatically increased in order to result equal to, respectively, 32.15% (equal to 8.52% : 0.265) and 8.75% (equal to 2.32% : 0.265);

- as for the event of the dissolution of the company, the bylaws of the Surviving Company will provide that the savings shares have a right of pre-emption for the apportionment of corporate assets up to Euro 3.78 per each savings share.

The bylaws of the Surviving Company will maintain unaltered the other provisions of bylaws relating to the savings shares currently contained in the bylaws of IFIL.

Stock Option plan with underlying IFIL shares

The Shareholders' meeting of IFIL held on May 13, 2008 approved a stock option plan for the Chief Executive Officer, Carlo Barel di Sant'Albano, for 3,000,000 stock options corresponding to the same number of IFIL ordinary shares and to the employees of the IFIL Group (IFIL S.p.A. and the companies in 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. At June 30, 2008, a total of 6,525,000 options had been granted to 17 key employees. The plan does not provide the issue of new shares and has therefore no dilution effects on the share capital. Additional information on the stock option plan is disclosed in the Half-Yearly Report 2008 approved by the board of directors of IFIL on August 29, 2008 and the Directors' report prepared for the Shareholders' meeting held on May 13, 2008 to which reference should be made. Both documents are available on the corporate website: www.ifil.it.

After completion of the Merger, the Surviving Company will assume all rights and obligations of the stock option plan and the ratio between the number of options and the underlying shares will be amended in pursuance of the "Rules on the Stock Option Plan" in order to take into consideration the exchange ratio. The treasury shares held by IFIL, comprising those used to service the Plan, will be cancelled and will not be exchanged, as set forth by law. Concurrently with the Extraordinary Shareholders' Meeting convened to approve the Plan for the Merger, a Shareholders' Meeting of IFI will also be convened – in ordinary session –, which will be invited to authorize the purchase of treasury shares (buy back). It is to be noted that a new buy back programme of the Surviving Company shall be started to service the Plan.

2. Values attributed to IFI and IFIL as for the determination of the exchange ratio

2.1 *Introduction*

The integration of IFI and IFIL will be achieved through the Merger by incorporation of IFIL into IFI and the issue by the Surviving Company of new ordinary and savings shares to be assigned to the Shareholders of the Company to be Merged in exchange of the cancelled shares.

Therefore, the board of directors of IFI and IFIL have carried out an evaluation of the two companies, aiming at determining the exchange ratio, that is to say, the number of ordinary and savings shares of the Surviving Company to be allocated to IFIL's Shareholders (other than IFI and IFIL) for each ordinary and/or savings share held and cancelled.

For the valuation aiming to determine the exchange ratio, the board of directors of IFIL availed itself of the expertise of the financial advisor, Goldman Sachs International ("Goldman Sachs"), in line with the international best practice and, as the transaction is a related party transaction, according to the provisions of the "Code of conduct for significant transactions as for the equity and financial position and the results of operations and related party transactions" (for additional information, reference should be made to paragraph 12). In particular, Goldman Sachs has been asked, for the exclusive use of the board of directors of IFIL and to support its determinations, to render a fairness opinion, from a financial point of view, with respect to the exchange ratios between IFIL ordinary and savings shares and newly-issued ordinary shares and savings shares of the Surviving Company.

The board of directors of IFI, in determining the exchange ratio, availed itself of the expertise of Leonardo & Co. (a company of the Banca Leonardo Group) which acted as financial advisor.

The board of directors of IFIL, having considered the fairness opinion with respect to the exchange ratio delivered by Goldman Sachs on September 8, 2008, on the occasion of the approval of the guidelines of the Merger and the letter of confirmation of the fairness opinion and the valuation analysis rendered on September 23, 2008 by Goldman Sachs on the occasion of the approval of the Plan for the Merger (attached to this report under Appendix A, B and C), has accurately examined the financial analyses and evaluations issued by Goldman Sachs, sharing the methodologies applied and adopted and the results thereof. In particular, the board of directors duly took into consideration, also according to the provisions of art. 2501-*quinquies* of the Italian Civil Code, the particular characteristics and difficulties to carry out the evaluation posed by the holding companies and the subsequent opportunity to avail of valuation analysis which, although in accordance with the principle of uniformity and comparison of valuation criteria, could allow to understand all distinctive characteristics of all and any assets valued.

From a financial standpoint, IFI's and IFIL's values have been determined on the basis of the balance sheet of the two companies as at June 30, 2008, considering the following significant events subsequent to the aforementioned date:

- On July 24, 2008, IFIL announced the sale of 141,716,165 Intesa Sanpaolo ordinary shares at the average market price of Euro 3.51 each for a total of Euro 497 million;
- On August 25, 2008, IFIL suspended the buy back programme, after having purchased treasury shares for Euro 34.1 million as from June 30, 2008.

2.2 *Objectives of the valuation analysis*

As in mergers, the objective of the evaluation consists of determining the equity value and the exchange ratio, or the proportion between the number of shares of the Company to be Merged and the number of shares that the Surviving Company allocates to the Shareholders of the Company to be Merged. The valuation of the companies involved in the Merger aims at obtaining the comparable related equity values as for the determination of the exchange ratio, rather than determining the equity value valuation. The companies involved in the transaction will therefore be valued according to homogeneous criteria for the results of the valuation analysis to be entirely compared to each other.

In determining the exchange ratio, IFI's equity value and IFIL's equity value have been valued applying the following methodologies:

- the Market Prices Analysis. This methodology of valuation is deemed particularly relevant for companies, subject to the valuation, whose shares are listed on regulated markets and systematically traded in significant volumes;
- the Net Asset Value (NAV) Analysis. This methodology of valuation is particularly common for estimating the intrinsic value of holding companies which, as those involved in the Merger, manage a portfolio of equity investments in third parties.

Furthermore, it is to be noted that IFI and IFIL have been valued as separate companies. The valuation analyses have been performed on a stand-alone basis without taking into account any potential synergies that might arise from by merging the two companies into the resulting Surviving

Company (as for example: cost synergies or impacts on the market prices of the Surviving Company post-Merger).

2.3 *Valuation methodologies adopted and results*

- *Market Prices Analysis*

The Market Prices Methodology expresses the equity value of the companies subject to a valuation analysis, on the basis of the capitalization expressed by the market prices of the securities traded on regulated equity markets, representing the company itself. This method provides with reliable valuation indicators particularly significant for companies, whose equity securities are supported by important float (cash resources).

In order to apply the method, the share prices of the companies, subject to the valuation analysis, have been examined at August 22, 2008 and over periods of time of three-, six- and twelve-months calculated starting from August 22, 2008 included, as to reduce fluctuations and any short-term speculative elements. August 22, 2008 represents the last market trading date of the securities prior to August 25, 2008, date on which Giovanni Agnelli e C. S.a.p.az. announced the purchase of 10 million IFI preference shares from Amber Capital and the start of a valuation analysis with respect to hypotheses and options available in light of such purchase. The valuation indicators on the three-, six- and twelve-month periods of time have been calculated as simple averages of the market prices for each day over the considered period.

Since that IFI ordinary shares are not listed, reference has been made to the market prices of IFIL ordinary shares and IFI preference shares, assuming a 1:1 ratio between IFI ordinary shares and IFI preference shares, resulting as follows:

	Ordinary share IFIL (€)	Preference share IFI (€)
August 22, 2008 Spot Price	4.30	13.51
3-month average market price	4.51	14.31
6-month average market price	4.82	15.73
12-month average market price	5.77	19.85

Source: Bloomberg, reference market prices.

Under the application of this methodology, it is necessary to determine an equal weighting between the required addressing of the short-term volatility impact, through analyses over sufficiently-extended time periods, and the required use of data, representative of recent market conditions, which are more indicative of the current situation of the companies subject to the valuation analysis. For these reasons, six-month averages were considered particularly relevant.

On February 18, 2008, IFIL announced the start of an own shares purchase (buy back) programme, subsequently suspended on August 25, 2008. Under the programme period, IFIL purchased a total number of 20,783,200 IFIL ordinary shares and 917,000 IFIL savings shares, equal to approximately 2% of the total number of IFIL shares. The purchases were carried out on Italian regulated markets and the maximum number of shares daily purchased never exceeded 25% of the daily average market trading volume, in accordance with European Commission EC Regulation No. 2273/2003. The choice for the reference time period for the application of the valuation methodologies (market prices methodology and NAV methodology) used for the valuation of the exchange ratios, was not affected by the aforementioned purchases.

The market prices of IFIL savings shares has also been examined over different periods of time, in particular, in order to determine the discount over IFIL ordinary shares. During the last 12-month period prior to August 22, 2008, IFIL savings shares pursued to show a relevant discount over IFIL ordinary shares, equal to an approximate average of 11%.

Under the Merger, the Surviving Company will issue a new class of savings shares with the same characteristics as the existing IFIL savings shares with the adjustment of the privileges to the exchange ratio. Moreover, there are many examples of Italian savings stock, which are traded at a significant discount over the respective ordinary stock.

In light of the aforementioned information, it has been assumed that the savings shares of the Surviving Company could show the same discount over the ordinary shares of the Surviving Company as that currently expressed for IFIL savings shares over IFIL ordinary shares. Accordingly, an exchange ratio applicable to both the ordinary shares and savings shares of the two companies has been defined. In fact, it is common practice that other methods of division of the equity value between the ordinary shares and savings shares could provide discretional elements in the valuation which would not be borne by objective parameters.

- *Net Asset Value (NAV) Analysis*

The NAV Methodology is commonly used for the valuation of holding companies, such as IFIL and IFI. This methodology estimates the equity value of the company subject to the valuation analysis by calculating the value of the investment portfolio and any other assets held by the company and then substracting (adding) its net financial debt (cash). As the resulting Surviving Company will maintain and manage an investment portfolio substantially similar to the current IFIL's one, the valuation analysis adopted does not consider potential costs and benefits which could derive from a total or partial settlement (going-concern standpoint).

IFIL's NAV has been estimated on the basis of the following valuation procedure:

- IFIL's interests in companies, whose equity securities are listed on Italian regulated markets (Fiat S.p.A.; SGS S.A.; Intesa Sanpaolo S.p.A., Sequana S.A.; Juventus FC S.p.A.), are valued at market prices, over periods of time similar to those used for the Market Prices Methodology. Also in this case, the valuation analysis based on 6-month-averages was deemed particularly relevant;

- IFIL's non-public investments and assets were valued on the basis of independent third-party appraisals (Cushman & Wakefield Group Inc.; Alpitour S.p.A.; real estate assets) or at their respective book value in the financial statements of IFIL (including, among the major investments and assets valued at book value, Vision Investment Management, Banijay, tax credits);

- consistently with the going-concern valuation, tax aspects relating to the appreciation of investments and the other assets have not been considered, nor deferred taxes and prior years' tax losses, also in view of the typical tax profile of holding companies;

- IFIL's net cash position as of August 31, 2008, which was adjusted as for the book value of the liabilities relating to the Alpitour stock option plan for Alpitour S.p.A.'s management, was added to the total value of IFIL investments and assets;

- lastly, IFIL's central holding costs (calculated as the present value of the normalised average central costs of the "Holding System" over the 2005-2007 period, for 10 years) were then deducted from IFILS' NAV.

The NAV per IFIL share has been determined by dividing the estimated NAV by the total number of ordinary and savings shares (net of treasury shares held by subsidiaries) assuming a discount of the IFIL's NAV per savings share over the IFIL's NAV per ordinary share equal to the discount of market prices of IFIL savings shares over IFIL ordinary shares, consistently with the time horizon adopted for the valuation of listed investments relatively to the NAV criterion. According to the most common practice in this matter, for different classes of shares (ordinary and savings shares in this case) as to determine the par value of ordinary shares, the number of savings shares will be adequately weighted by calculating the number of the "equivalent ordinary shares" on the basis of the aforementioned market price discount.

The number of equivalent ordinary shares was calculated as the sum between (i) the number of IFIL ordinary shares outstanding (net of treasury shares) and (ii) the number of IFIL savings shares outstanding (net of treasury shares), adjusted by a premium equal to the premium recorded by average market prices of IFIL ordinary shares over the average market prices of IFIL savings shares, calculated consistently with the time period used as for the valuation of the listed investments under NAV criterion. The following table shows the number of equivalent shares over the time periods taken into consideration:

	Discount of savings shares market prices over ordinary share market prices	Number of equivalent ordinary shares of IFIL
Spot price of listed companies at August 22, 2008	-15.5%	1,035,418,640
3-month average market price of listed companies	-14.5%	1,035,789,651
6-month average market price of listed companies	-14.6%	1,035,758,854
12-month average market price of listed companies	-11.1%	1,037,026,003

IFI's NAV has been estimated on the basis of the following valuation procedure:

- IFI's NAV was estimated on the basis of the prorata NAV-based valuation of IFIL (in proportion to IFI's interest);
- the other IFI's assets (mainly tax credits) were valued at book value as of August 31, 2008;
- consistently with the going-concern valuation, tax aspects relating to the appreciation of investments and the other assets have not been considered, nor deferred taxes and prior years' tax losses, also in view of the tax profile of holding companies;
- IFI's net debt position as of August 31, 2008 was deducted from the total value of IFI's assets;
- lastly, IFI's central holding costs, calculated as the present value of the normalised average central costs, over the 2005-2007 period, for 10 years (net of non-recurring items) were then deducted from IFIS' NAV.

The NAV for IFI share has been determined by dividing the estimated NAV by the total number of IFI ordinary and preference shares (net of treasury shares), assuming no premium of the IFI's NAV per ordinary share over the IFI's NAV per preference share, consistently with the hypothesis adopted by the Market Prices Methodology.

Goldman Sachs has valued IFIL's NAV at Euro 7,576 million and IFI's NAV at Euro 4,963 million. Leonardo & Co., the financial advisor of IFI, has valued IFIL's NAV at Euro 7,517 million and IFI's NAV at Euro 4,909 million. The previous values were calculated on the basis of the 6-month average market prices (prior to August 22, 2008) of listed companies. The report on the valuation analysis rendered by Goldman Sachs, which shows, in appendix, IFIL's NAV and IFI's NAV, is attached to the report herein.

The following table shows the results stemming from the application of the NAV methodology:

	IFIL NAV per Ordinary Share (€)	IFI NAV per Ord./Pref. Share (€)
Market price of listed investments at August 22, 2008	6.39	27.17
Average market price of listed investments - 3 months	6.81	29.09
Average market price of listed investments - 6 months	7.31	31.44
Average market price of listed investments - 12 months	8.41	36.51

2.4 *Difficulties of evaluation pursuant to art. 2501-quinquies, paragraph 2, of the Italian Civil Code and limitations to the valuation analysis*

As to obtain the aforementioned results, also pursuant to art. 2501-quinquies of the Italian Civil Code, the fact that the valuation analyses carried out in determining the exchange ratios have highlighted the typical criticalities of such type of analysis, as well as the particular characteristics of IFI and IFIL, has been taken into due consideration.

In particular:

- IFI ordinary shares are not traded on Italian financial regulated markets. As a result, it is not possible to estimate the value of IFI ordinary shares by reference to the market value of IFI preference shares, listed on the Milan stock exchange. Moreover, there are only two Italian companies (Fiat S.p.A. and Unipol Gruppo Finanziario S.p.A.) with both ordinary and preference shares listed. Even if in both cases ordinary securities trade at a premium over preference securities, the limited liquidity of such securities and traded volumes do no allow them to be statistically significant. Given the lack of a statistically meaningful market benchmarks, the analyses assume a value for the IFI ordinary share prudentially equal to the value of any IFI preference share.
- IFI does not currently have savings shares traded on a regulated market. Since IFIL has one class of savings shares, it is necessary in any case to define an exchange ratio between the existing IFIL savings shares and the newly-issued IFI savings shares. For this purpose, it has been assumed that IFI ordinary shares may trade at a premium over IFI savings shares, equal to the premium which is observable in the market, between the IFIL ordinary shares and the IFIL savings shares, also in light of the fact that alternative hypotheses may insert excessive discretionary elements in the valuation analysis.
- Market Prices Analysis poses certain valuation challenges, including:
  - certain securities, subject to the valuation analysis, may not be sufficiently liquid. In these conditions, the market prices of such securities may not entirely represent intrisic valuations. For instance, IFIL savings shares, whose market capitalization represents approximately 3% of IFIL's total market cap as of August 22, 2008, have limited traded volumes. Such

securities trading at a discount vis-à-vis IFIL ordinary shares are however in line with various other cases of savings shares listed on the Milan stock exchange;

  - volatility driven by events which are not strictly related to listed companies (such changes in the broader economy) may temporarily affect market prices, therefore limiting their ability to reflect intrinsic valuation. This effect may be partially addressed by taking into consideration longer time periods, which tend to have effect of smoothing out abnormal price variations.

- The Net Asset Value (NAV) Analysis has certain specific criticalities among which, in particular, the following:
  - the difficulty of valuation of unlisted investments – and more generally – of non-liquid assets. Although more than 85% of IFIL's NAV is formed by listed investments, some significant investments (e.g. Cushman & Wakefield Group Inc., Alpitour S.p.A.) cannot be estimated only referring to market prices. As a result, it was deemed it necessary to use certain independent third-party appraisals – where available – and the book values recorded in the financial statements of IFIL;
  - in relation to listed investments, their market-based valuations are affected by the limitations to a Market Prices Analysis.

3. Determination of the exchange ratio

On the basis of the valuations effected with the support of the financial advisor, Goldman Sachs, and considered the fairness opinion, the letter of confirmation of the fairness opinion and the valuation report rendered, taken into consideration the per share value determined as above, as well as the consequent exchange ratios and in view of the periods of time determined, the board of directors of IFIL defined and shared the related equity value of the companies, which are involved in the Merger as for the determination of the exchange ratio.

The adopted valuation methodologies result in the following exchange ratios – expressed, to simplify the representation, as the ratio between the estimated NAV per ordinary share of the Surviving Company and the NAV per IFIL ordinary share – over the different periods of time considered both for the Market Prices Methodology and NAV Methodology:

	Market Prices Methodology (x)	**NAV Methodology (x)**
Average exchange ratio at 3 months	3.17	4.27
Average exchange ratio at 6 months	3.26	4.30
Average exchange ratio at 12 months	3.44	4.34

Note: Reference time period for the calculation of average market prices for the Market Prices Methodology and the valuation of listed investments with the NAV Methodology.

The proposed valuation criteria have been deemed both valid and complementary, since the Market Prices Methodology reflects the companies' value resulting from regular trading of the securities of the companies subject to the valuation analysis, while NAV valuation reflects the intrinsic value of the investments and assets, net of liabilities, held by the companies.

Furthermore, as more times aforesaid, the 6-months Market Prices-based exchange ratios are deemed particularly representative since they allow to lessen the short-term volatility, though they are typical of the most recent market conditions.

Accordingly, the simple average between (x) the 6-months Market Prices-based exchange ratio and (y) the 6-months NAV-based exchange ratio is equal to 3.78 IFIL ordinary shares per 1 IFI ordinary share, which corresponds to the most relevant reference for the determination of the exchange ratio.

The proposed exchange ratio corresponds to 0.265 newly-issued IFI ordinary share for 1 IFIL ordinary share. Under the preceding hypothesis according to which the newly-issued IFI savings shares could be valued over IFI ordinary shares at the same discount as IFIL savings shares over IFIL ordinary shares, this exchange ratio is deemed it to be also applicable to IFIL savings shares.

On the basis of the valuations of the aforementioned companies taking part into the Merger, the board of directors has approved the following exchange ratios, which determine the number of new shares to service the Merger:

0.265 newly-issued IFI ordinary share for 1 IFIL ordinary share;

0.265 newly-issued IFI savings share for 1 IFIL saving share.

These conclusions have been compared to the conclusions of the board of directors of IFI, assisted by its financial advisor, Leonardo & Co.

No adjustment payment in cash is envisaged.

The aforementioned exchange ratios are subject to the review by the independent experts appointed as set forth by art. 2501-sexies of the Italian Civil Code, or the audit firm, Reconta Ernst & Young S.p.A. for IFIL, and the audit firm, KPMG S.p.A., for IFI and both appointed by the Turin Court as for the delivery of a report on the fairness with respect to the exchange ratios provided by law.

4. Criteria used for the allocation of IFI shares and date of enjoyment of the shares

Upon the completion of the Merger, IFI will execute the Merger by:

- cancelling without any exchange the IFIL ordinary and savings shares which, at the effective date of the Merger, will be owned by IFI (in any case, not less than 726,899,919 ordinary shares and 1,866,420 savings shares);
- cancelling without any exchange the IFIL ordinary and savings shares which, at the effective date of the Merger, will be owned by IFIL (in any case, not less than 33,186,198 ordinary shares and 917,000 savings shares);
- cancelling the IFIL ordinary and savings shares outstanding at the effective date of the Merger, held by persons other than IFI and IFIL and issuing for the aforesaid IFIL Shareholders (other than IFI and IFIL) a number of new ordinary and savings shares of the Surviving Company, calculated on the basis of the exchange ratios indicated in the preceding paragraph 3. To service the share exchange, the Extraordinary Shareholders' Meeting of the Surviving Company, convened for the approval of the Merger, will resolve upon the increase in share capital for a maximum nominal value Euro 82,978,448 by issuing a maximum number of 73,809,549 ordinary shares and a maximum number of 9,168,894 savings shares, of par value Euro 1 each and having the same enjoyment rights as the shares outstanding at the effective date of the Merger.

Art. 5 relating to share capital of the bylaws of the Surviving Company will be subsequently amended.

IFI is expected to purchase or sell the number of IFIL shares required as to allow the exact divisibility by the exchange ratio of the IFIL ordinary and savings shares to be exchanged.

The maximum number of newly-issued shares (and therefore, the amount of the increase in share capital to service the share exchange) is the theoretical maximum amount on the basis of the number of IFIL ordinary and savings shares held by IFI (calculated on the basis of the sale by IFI, should there be, of 81 IFIL ordinary shares required to allow the exact divisibility by the exchange ratio of the IFIL ordinary and savings shares to be exchanged) and the number of treasury shares held by IFIL, at the date of approval of the Plan for the Merger by the boards of directors of IFIL and IFI.

The exact number of the shares to be cancelled and the amount of the share capital increase of the Surviving Company will be determined in the Merger deed, on the basis of the number of IFIL ordinary and savings shares held by IFI and by IFIL itself at that date, which as set forth by the provisions of law, will be cancelled and will not be exchanged.

The share capital of the Surviving Company post-Merger, on the basis of the exchange ratio, will be of a maximum amount of Euro 246,229,903, divided into a maximum number of 160,259,549 ordinary shares (equal to approximately 65.1% of share capital), of 76,801,460 preference shares (equal to approximately 31.2% of share capital) and a maximum number of 9,168,894 savings shares (equal to approximately 3.7% of share capital).

The new ordinary and savings shares will be issued to service the exchange ratios, as indicated in the preceding paragraph 3, in electronic form, commencing from the effective date of the Merger. The non-electronic IFIL shares may be exchanged only upon delivery to an authorized intermediary as for the insertion in the centralized management of securities issued in electronic form.

With regard to the effective date of the Merger and basis for proceeding with operations to exchange the shares, IFI and IFIL will arrange for the publication of a notice in at least one national daily newspaper.

No expenses will be imposed upon the Shareholders as for the share exchange operations. A service for the treatment of fractions of shares, should there be, at market prices and without supplemental additional charges, expenses, duties or commissions will be made available to IFIL Shareholders, which will allow to round off to the unit immediately below or above the number of newly-issued shares to each entitled.

The IFI preference shares will continue to be listed on the Electronic Share Market of the Italian stock exchange (Mercato Telematico Azionario) ruled and managed by Borsa Italiana S.p.A..

The Electronic Share Market of the Italian stock exchange ("Mercato Telematico Azionario di Borsa Italiana S.p.A.") will be asked for admission to trading of the ordinary and savings shares of the Surviving Company, to which the merger is subject

Upon the aforesaid condition, after completion of the merger, all shares of the Surviving Company of the three classes of shares (ordinary, preference and savings) will be listed on the Electronic Share Market of the Italian stock exchange (Mercato Telematico Azionario di Borsa Italiana S.p.A.) and will be renamed EXOR shares.

Starting from the effective date of the Merger, IFIL ordinary and savings shares will be unlisted from the Electronic Share Market of the Italian stock exchange (Mercato Telematico Azionario) ruled and managed by Borsa Italiana S.p.A..

Date of enjoyment of the shares to service the share exchange

The new ordinary and savings shares, which will be issued to service the share exchange, will have the same rights as the IFI shares outstanding as at the effective date of the Merger. It is to be reminded that the completion of the Merger, with the admission to trading of the ordinary and savings shares of the Surviving Company, is expected to take place in early 2009.

5. Effective date of the Merger

The effective date of the Merger vis-à-vis third parties will be determined in the merger deed, and may also be subsequent to the date of the last of the entries provided by art. 2504 of the Italian Civil Code.

With reference to the provisions of art. 2501-*ter*, No. 6, of the Italian Civil Code, any transactions entered into by the Company to be merged will be recorded in the financial statements of the Surviving Company starting from January 1, of the year in which the Merger has legal effects with regard to third parties. The tax aspects of the Merger will also be effective as from the same date.

The merger is subject to the admission to trading of the ordinary and savings shares of the Surviving Company on the Electronic Share Market of the Italian stock exchange (Mercato Telematico Azionario di Borsa Italiana S.p.A.).

6. Corporate governance of the Surviving Company subsequent to the effective date of the Merger

After completion of the Merger, the Surviving Company will be renamed EXOR S.p.A.. This name reflects the intention to put the international projection at the heart of the future development programs, leveraging on the successful experience accumulated by EXOR, a subsidiary currently held by Giovanni Agnelli e C S.a.p.az, which over the years has geographically diversified the Group's investing activity.

EXOR corporate governance will be based upon IFIL's current governance and will be achieved as follows.

The Extraordinary Shareholders' Meeting of the Surviving Company convened for the approval of the Merger, will also amend article 16 of the company's bylaws, increasing the number of directors to a maximum of 19 (for additional details on the amendments to the company's bylaws, reference should be made to paragraph 10 hereof).

The Ordinary Shareholders' Meeting of the Surviving Company (which only Giovanni Agnelli e C. S.a.p.az., owner of 100% of IFI ordinary shares, attends) to be convened immediately after the Extraordinary Shareholders' Meeting approving the Plan for the Merger, will also appoint as director certain IFIL's directors (Carlo Sant'Albano and other independent directors). The integration will be effective starting from the effective date of the Merger. The board of directors of the Surviving Company will remain in office until its current expiry date and that is, up to the Shareholders' Meeting which will be held to approve the 2008 annual report.

The board of directors of EXOR, in its first meeting following the Merger, is expected to appoint Carlo Sant'Albano as new CEO of EXOR. John Elkann will remain chairman.

The IFI Ordinary Shareholders' Meeting, which will be convened immediately after the Extraordinary Shareholders' meeting approving the Plan for the Merger, as set forth by law, will integrate the statutory auditors, by confirming the two new auditors replacing the auditors who ceased on May 15, 2008 due to incompatibility, and will also appoint the two alternate auditors and elect the chairman of the board of statutory auditors (it is to be noted, that following the appointment of Gianluca Ferrero to the board of general partners of the parent Giovanni Agnelli e

C. S.a.p.az., on May 15, 2008, the chairman of the board of statutory auditors, Gianluca Ferrero, and the standing auditor, Giorgio Giorgi, vacated their posts for reasons of incompatibility). The board of statutory auditors of IFI (two members of which are in common with IFIL) will remain in office until their natural expiry date and concurrently with the Shareholders' Meeting called for the approval of the 2008 annual report.

EXOR Shareholders' Meeting approving the 2008 annual report will appoint the new board of directors through a slate voting system and therefore with the member appointed by minority Shareholders and the board of statutory auditors, with the member appointed by minority Shareholders as chairman pursuant to applicable laws.

Furthermore, the Surviving Company will adopt the committees (audit committee and compensation and nominating committee) already existing in IFIL and will make all the necessary amendments to the Corporate Governance Code already adopted by IFIL but not yet by IFI.

The Extraordinary Shareholders' Meeting of IFIL will be held immediately after the Shareholders' Meeting (in ordinary and extraordinary sessions) of IFI, so as the IFIL Shareholders, called for the approval the Merger, after being duly informed on the resolutions passed, including those relating to the corporate governance, to resolve upon.

7. Accounting and tax aspects of the Merger

7.1 *Accounting aspects*

Starting from the financial year 2006, the separate financial statements and starting from the financial year 2005, the consolidated financial statements of IFI and IFIL, have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and recognized by the European Community in accordance with Regulation 1606/2002 of the European Parliament and Council dated July 19, 2002. The designation IFRS also includes all valid International Accounting Standards (IAS), as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC).

Accordingly, the Merger will be accounted for and recorded in both the separate financial statements and consolidated financial statements of the Surviving Company with reference both to Italian accounting rules standards and IFRS.

From an economic standpoint, the Merger is a reorganization of existing companies which gives rise to a transfer of control of the same and includes the acquisition of the shares held by the minority Shareholders of the Company to be Merged against a share capital increase of the Surviving Company.

This transaction does not fall under IFRS 3 – "*Business Combinations*".

In the absence of IFRS or interpretations of IFRS that specifically applies to the transaction, reference should be made to IAS 1, paragraph 13, which sets forth that financial statements will present fairly the financial position, financial performance and cash flows of an company. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework and IAS 1, paragraph 15, sets forth that a fair presentation also requires an company to select, in accordance with the hierarchy of autoritative guidance set out by IAS 8, and apply accounting policies.

In view of the characteristics of the Merger (absence of financial exchange with third parties and persistence of control), the transaction will be recorded according to the guidelines of IAS 8, paragraph 10. By its nature, the transaction has no significant impacts on cash flows and the choice of the accounting criteria will privilege adequate principles to guarantee the value continuity.

The application of the principles of the continuity to the Merger herein entails to record the value of the preexisting controlling relationship between the companies involved in the transaction (IFI - the Surviving Company; IFIL - the Company to be Merged), as well as the costs incurred by the Surviving Company for the acquisition of the interest in the Company to be Merged.

In other words, the Merger for restructuring purposes determines the convergence of the consolidated financial statements of the Surviving Company and the separate financial statements of the Surviving Company, upon completion of the Merger, implementing the said “legal consolidation”.

The accounting registration of the Shareholders’ equity of the Company to be Merged in the separate financial statements and the consolidated financial statements of the Surviving Company will not result in higher current values of such assets with respect to those recorded in the consolidated financial statements, or higher goodwill, since, as previously highlighted, the Merger does not give rise to any economic exchange with economic third parties, or acquisition from an economic standpoint.

As for the accounting registration of the ordinary and savings shares of the Surviving Company allocated in exchange to the third-party Shareholders of IFIL, which is to be considered as an increase in the interest in IFIL with the permanence of control, it is to be noted according to literature as regards consolidated financial statements, that there are two different theories:

- the economic company theory which takes into consideration the group as a whole, and the exchanges between Shareholders as equity transactions. In applying this theory to the transactions, which result in the acquisition of other shares after reaching the controlling stake, the difference between the acquisition costs and the book value of the minority shares acquired will be recorded in the equity of the Surviving Company;
- the parent company theory which considers minority Shareholders as third parties. In applying this theory, the difference between the aquisition costs and the book value of the minority shares acquired will be recorded in goodwill.

The Surviving Company will use the economic company theory since it is consistent with the treatment which will be set forth in the new IAS 27, paragraph 30 and 31, as regards consolidated financial statements.

The completion of the Merger is expected to take place in early 2009. Accordingly, IFI and IFIL will prepare their respective separate and consolidated financial statements for the year ending December 31, 2008.

According to the provisions of art. 2501-*ter*, paragraph 6, of the Italian Civil Code, any transactions entered into by IFIL starting from January 1, of the financial year in which the Merger has legal effects with regard to third parties will be recorded in the financial statements of the Surviving Company. As regards the accounting record of the Merger in the separate financial statements of the Surviving Company, the following is to be noted:

- the carrying amount of the interest in IFIL held by IFI will be cancelled against the corresponding share of equity of IFIL; the difference which will arise between the aforesaid amounts will represent the merger surplus and will be recorded as an increase in IFI reserves;
- the increase in share capital of the Surviving Company (such the acquisition costs of the minority interests in IFIL) will be recorded at fair value for a maximum number of

73,809,549 ordinary shares and a maximum number of 9,168,894 savings shares which will be issued by same; fair value will correspond to the opening market prices of the first market trading day of the Italian stock exchange for the aforementioned shares and the difference between fair value of the share capital increase as determined and the share of IFIL equity attributable to minority Shareholders, other than IFI, will be recorded as an increase or decrease in the reserves of the Surviving Company.

According to the provisions of IAS 32, paragraph 35, the transaction costs and expenditures of equity transactions will be accounted for as a deduction from the reserves of the Surviving Company, net of any recoverable income tax benefit.

7.2 *Tax aspects*

As mentioned in paragraph 5 regarding the effective date of the Merger, the accounting effects of the Merger will be backdated to January 1, of the financial year in which the Merger has legal effects with regard to third parties. Consequently, the tax aspects will also be effective as from the same date in pursuance of the retroactivity clause provided by art. 172, paragraph 9 of the Presidential Decree No. 917 dated 12/22/1986 (Testo Unico delle Imposte sui Redditi ("TUIR")) (Italian Combined Tax Regulations).

The Merger is a "neutral" transaction for tax purposes in so far as direct taxes (art. 172 of the Combined Tax Regulations - TUIR) are concerned. Therefore, the Merger does not result in the realisation of income or losses for the parties involved in the Merger which are significant for tax purposes (IFI, IFIL and the respective Shareholders) since:

- the transfer of the Shareholders' equity to the Surviving Company will not result, for IFIL, in the realisation of latent capital gains or losses on assets and liabilities transferred, nor goodwill;
- the shares, assets and rights allocated to the Surviving Company will be recorded by same at the same tax value and other same tax conditions (e.g.: system of participation exemption for investments) which they had in the books of IFIL;
- the Merger will not lead to the realisation of income or losses for tax purposes for IFIL Shareholders, whose shares will be exchanged. Subsequently, the value recognised for tax purposes to the shares exchanged is transferred to the shares of the Surviving Company received in exchange. For non-resident Shareholders, the tax effects of the transaction will however be taken into consideration, also on the basis of the existing regulation of the Country of residence.

The differences stemming from the Merger, cancellations and/or share exchanges are not relevant for tax purposes for the Surviving Company.

The Shareholders' equity reserves subject to a suspended tax regime recorded in the financial statements of the Company to be Merged must be reallocated in the financial statements of the Surviving Company if and to the extent of which they are subject to the regime provided for by art. 172, paragraph 5 of Italian Combined Tax Regulations.

As set forth by art. 172, paragraph 7, of the "Testo Unico delle Imposte sui Redditi" ("TUIR") (Italian Combined Tax Regulations), the prior years' tax losses of IFI and IFIL will be carried forward and used by the the Surviving Company to set off the portion of their amount which does not exceed the amount of the equity of the two companies as of the last financial statements approved or, if lower, as of the separate financial statements pursuant to art. 2501-*quater* of the Italian Civil Code with respect to the said "tests of vitality". The Shareholders' equity will be considered without taking into account contributions of the last 24 months prior to the date to which the separate financial statements refer.

Furthermore, as regards tax losses carry-forward, it is also required to take into account the limits provided by art. 172, paragraph 7 of the "Testo Unico delle Imposte sui Redditi" ("TUIR") (Italian Combined Tax Regulations) for any impairment losses on the investment in the Company to be Merged entered into by the Surviving Company as for the determination of income.

Upon completion of the Merger, the Surviving Company will assume all subjective tax positions of IFIL.

IFI and IFIL did not adopt the taxation system of the national tax consolidated results either among themselves or with other Group's companies. As for direct income taxes, including VAT, the Merger does not result in significant transactions and is subject to fixed taxes for registration, mortgage and land taxes, if due.

The costs and expenditures incurred for the Merger (including professional fees, costs for reports and expert opinions, independent auditors, legal and financial advisors and other external consultants) will not be recorded in profit and losses, but will be recorded as a deduction from the equity of the Surviving Company. Notwithstanding, the charges and expenses will remain deductible for tax purposes as per their income nature for the Surviving Company.

8. Potential composition of the ownership structure of the Surviving Company

The following table provides a potential composition of the ownership structure of the Surviving Company subsequent to the effective date of the Merger, with reference to the interests which exceed the threshold of 2% of voting share capital, determined on the basis of the proposed exchange ratio and assuming that the composition of IFI and IFIL ownership structure at September 23, 2008 remains unaltered up to the effective date of the Merger.

Shareholder	Ordinary shares	% of ordinary share capital	Preference shares	% of voting share capital[(a)]	% of total share capital
Giovanni Agnelli e C. S.a.p.az.	94,707,135	59.10%[(b)]	10,000,000	44.17%[(c)]	42.52%[(d)]
Mackenzie Cundill Group	14,037,893	8.76%	-	5.92%	5.70%
Morgan Stanley & Co. International Ltd	-	-	5,949,685	2.51%	2.42%
Treasury shares	-	-	5,360,300	-	2.18%
SOIEM	214,719	0.13%	-	-	0.09%

Note. Both for IFI and IFIL, the Shareholders who hold an interest in capital share with voting rights of more than 2% respectively in IFI and in IFIL have been taken into consideration as for the calculation of the aforementioned investments.

(a) Equivalent to a sum of ordinary and preference share capital.
(b) Equivalent to 59.18% of ordinary share capital outstanding.
(c) Equivalent to 45.23% of ordinary and preference share capital outstanding.
(d) Equivalent to 43.51% of total share capital oustanding.

9. Effects of the Merger on significant Shareholders' agreements pursuant to Legislative Decree 58 of February 24, 1998, art. 122

There are no significant existing Shareholders' agreements as regards IFIL, in pursuance of art. 122 of Legislative Decree No. 58, dated February 24, 1998 as of the date hereof.

10. Amendments to the bylaws

Upon the completion of the Merger, IFIL will be merged by incorporation into IFI and the company's bylaws, which will be amended according to the resolution by the Shareholders' meeting of IFI, is attached to the Plan for the Merger as an integral and substantial part of same.

As a result of the Merger, art 5 of IFI bylaws, relating to the share capital, will be amended as regards the new amount of share capital and the related number of ordinary and savings shares to be issued to service the share exchange.

To the Extraordinary Shareholders' Meeting of the Surviving Company, called to resolve upon the Merger, will be submitted the amendments to the bylaws and, in particular, the adoption of the new corporate name "EXOR S.p.A." (art. 1), the cancellation of the restrictions to the transfer of the ordinary shares (art. 5 and art. 6), the provisions concerning the representation in the Shareholders' Meeting subsequent to the admission to trading of the ordinary shares (art. 10), the increase in the maximum number of directors and the amendment to the term of office of same (art. 16), the decrease to 5% of the share of profit appropriated to the legal reserve and the cancellation of the provision relating to the share of profit (1%) at the board of directors' disposal for the distribution to its members (art. 27). Moreover, certain amendments required subsequent to the issuance by the Surviving Company of savings shares having the same characteristics as the IFIL savings shares with the privileges of the shares adjusted to the exchange ratio) (art. 7, 27, 30 and 31) will be adopted.

The amendments to the bylaws will be effective as from the effective date of the Merger, according to art. 2504-*bis* of the Italian Civil Code and pursuant to the provisions of the Plan for the Merger.

11. Board of directors' assessments with regard to withdrawal rights

The Shareholders of both companies will not be entitled to withdrawal rights for the following reasons:

- as far as the corporate object is concerned, IFI's corporate object is substantially the same of IFIL, no change is envisaged and therefore the Merger will not result in any material change of the group business (both companies are holding companies and IFI controls IFIL);
- as far as art. 2437-quinquies of the Italian Civil Code is concerned, newly-issued IFI ordinary and savings shares assigned to IFIL ordinary and savings Shareholders respectively will be listed (Merger completion is subject to the admission to trading of the IFI ordinary and savings shares) and thus there is no entitlement to withdrawal rights pursuant to art. 2437-quinquies Italian Civil Code;
- as far as art. 2437 lett. g) of the Italian Civil Code is concerned, there is no entitlement to withdrawal rights since voting and dividend rights of each class of shares will not be affected and remain the same of the existing ones (the privileges of the savings shares will be adjusted to reflect the exchange ratio). In relation to the IFI preference shares, the preference dividend will be maintained, with a dividend higher than that of the ordinary shares equal to 5.17% of par value, not cumulative from one year to the next, as set forth by IFI current bylaws.

According to IFI bylaws, resolutions for the issuance of savings shares do not require the vote of a special meeting of the IFI preference Shareholders.

12. Risks in connection with related party transactions

The Merger by incorporation of IFIL into IFI is a related party transaction:

<u>Indication of related parties</u>

The Merger by incorporation of IFIL into IFI is a related party transaction as:

- the parent Giovanni Agnelli e C. S.a.p.az. is:
    - the controlling Shareholder of IFI, holding directly 100% of the ordinary share capital and 13.021% of the preference share capital (in addition to treasury shares held by IFI representing 6.979% of the preference share capital);

- the controlling Shareholder of IFIL, holding 72.988% of the ordinary share capital and 4.993% of the savings share capital (of which 69.988% of the ordinary share capital and 4.993% of the savings share capital held indirectly through IFI and directly 3% of the ordinary share capital), in addition to treasury shares held by IFIL equal to 2.453% of the savings share capital and, jointly with the subsidiary SOIEM S.p.A., 3.273% of the ordinary share capital;

- The Surviving Company is the controlling shareholder of IFIL, holding 69.988% of the ordinary share capital and 4.993% of the savings share capital, in addition to treasury shares held by IFIL, as stated above.
- Some of IFI and IFIL's directors have interests as Shareholders of the parent Giovanni Agnelli e C. S.a.p.az. and/or as directors of both companies involved and/or as Shareholders of one or both the companies involved. To this extent, within the boards of directors of September 8, 2008 and September 23, 2008, which respectively approved the guidelines of the Merger and the Plan for the Merger, such directors made relevant statements according to applicable laws and in line with corporate governance principles of the respective companies.

The aforesaid interests are referred to as at September 23, 2008.

There are no other significant relationships between the Surviving Company and the Company to be Merged nor between the Company to be Merged, or its directors, and Giovanni Agnelli e C. S.a.p.az..

<u>Determination of the exchange ratio, assessment of its fairness, availability of opinions by independent experts supporting the fairness of the exchange ratio</u>

The board of directors of IFIL approved the exchange ratio, with the assistance of its financial advisor, Goldman Sachs International, consistently with the corporate governance principles and the "Code of conduct for significant transactions as for the equity and financial position and the results of operations and related party transactions" adopted by the board of directors. On September 8, 2008 and September 23, 2008, at the boards of directors' meetings of IFIL and IFI which respectively approved the Merger guidelines and the Plan for the Merger, the bodies with delegated powers, provided the directors with information relating to the nature of the correlation, the manner of execution, the financial conditions and timing fixed for the Merger as well as the criteria used for the valuation. For any further information regarding the corporate governance system adopted by IFIL, reference should be made to the "Annual Report on the corporate governance" available on IFIL web site: www.ifil.it.

The mandate as financial advisor was assigned to Goldman Sachs International by the chief executive officer of IFIL, Carlo Sant'Albano. The mandate assigned to the financial advisor entails the assistance in the analysis of the financial aspects of the transaction, in the assessment of its financial impacts, in the execution of the transaction (including the delivery of a fairness opinion, from a financial standpoint, with respect to the exchange ratio).

The financial advisor, Goldman Sachs International, provided a fairness opinion from a financial standpoint with respect to the exchange ratio on the occasion of the board of directors' meeting of IFIL held on September 8, 2008, which approved the Merger guidelines and provided a letter of confirmation of the fairness opinion as well as the valuation analysis on the occasion of the board of directors' meeting held on September 23, 2008, which approved the Plan for the Merger, this report as well as other documents required by law. The fairness opinion, the letter of confirmation of the fairness opinion and the valuation analysis rendered by the financial advisor of IFIL, Goldman Sachs International, are attached hereinafter. For any information regarding the financial analyses and valuations carried out by Goldman Sachs International, reference should also be made to paragraph 2 and 3 herein.

Furthermore, IFI has been assisted by the financial advisor, Leonardo & Co., which provided a fairness opinion from a financial standpoint with respect to the exchange ratio on the occasion of the board of directors' meeting of IFI held September 8, 2008, which approved the Merger guidelines and provided a letter of confirmation of the fairness opinion and issued a "Valuation analysis of the Exchange Ratio in connection with the Merger by incorporation of IFIL Investments S.p.A. into IFI S.p.A." for the board of directors'meeting held on September 23, 2008 which approved the Plan for the Merger. Leonardo & Co. is a company of Gruppo Banca Leonardo S.p.A., in which IFIL has a 9.76% stake. Moreover, the chairman of IFIL, John Elkann, is a director of Gruppo Banca Leonardo S.p.A..

These advisors were selected in consideration of their outstanding professional capabilities and their utmost national and international reputation.

Pursuant to the applicable laws, the aforementioned exchange ratio is subject to the review by the independent experts appointed as set forth by art. 2501-sexies of the Italian Civil Code, or the audit firm, Reconta Ernst & Young S.p.A., for IFIL, and the audit firm, KPMG S.p.A., for IFI and both appointed by the Turin Court as for the delivery of a report on the fairness with respect to the exchange ratios provided by law. A copy of the aforementioned opinion will be filed at the company's registered office and at the stock exchange (Borsa Italiana S.p.A.) as set forth by existing law.

<u>Changes to compensation</u>

The compensation to the members of the board of directors of IFIL and/or its subsidiaries is not going to change as a result of the Merger. Moreover, the directors of the companies taking part into the Merger will be receiving no special treatment.

Information on IFIL financial instruments held by the directors and statutory auditors of IFIL

The following table provides with the information relating to the interests held in the IFIL Group by the directors and statutory auditors of IFIL and other individuals according to art. 79 of the Issuers Regulation at September 23, 2008.

			Number of shares		
Name	Company	Held at 12/31/2007	Increase	Decrease	Held at 9/23/2008
Directors					
Gianluigi Gabetti	IFIL ordinary shares (a)	652,000			652,000
Carlo Sant'Albano	IFIL ordinary shares (a)	43,500			43,500
Antonio Maria Marocco	IFIL ordinary shares (a)	73,369			73,369
Pio Teodorani-Fabbri	IFIL ordinary shares (b)	469,000			469,000
	FIAT ordinary shares (b)	6,583			6,583
	FIAT savings shares (b)	5,720			5,720
Statutory Auditors					
Lionello Jona Celesia	IFIL ordinary shares (b)	785			785
Paolo Piccatti	Juventus F.C. (a)	540			540

(a) Direct holding.
(b) Indirect holding through spouse.
Note. On March 7, 2007, a family member of the CEO, Carlo Barel di Sant'Albano, made a communication according to art. 152-octies, paragraph 7 of the Issuers Regulation, as regards the purchase of 29,000 ordinary shares of IFIL.

The Ordinary Shareholders' Meeting of IFIL on May 13, 2008 has also approved a stock option plan. For a short description of the plan, reference should be made to paragraph 1.4 herein.

Bodies or directors who have carried out or participated in the negotiations and/or directed the transaction

For IFIL, the transaction was performed by the chief executive officer, Carlo Sant'Albano, assisted by the financial advisor, Goldman Sachs International. The Chairman of IFI and IFIL, John Elkann also participated in the definition of the transaction. Gianluigi Gabetti, director of IFI and IFIL attended certain meetings.

The exchange ratio has been submitted to the board of directors' meeting held on September 8, 2008 for the approval of the guidelines of the Merger. All directors were present at the board of directors' meeting which unanimously approved the exchange ratio, also with the favorable opinion of the four independent directors of IFIL (one of whom has been elected by using the slates of candidates submitted by minority Shareholders).

The exchange ratio of the Plan for the Merger has been submitted a second time to the board of directors on September 23, 2008 called for the drawing up of the Plan for the Merger. The board of directors of the company, which all directors attended, unanimously approved, also with the favorable opinion of the four independent directors of IFIL (one of whom has been elected by using the slates of candidates submitted by minority Shareholders).

As for IFI, the exchange ratio has been submitted to the board of directors' meeting held on September 8, 2008 for the approval of the guidelines of the Merger, and submitted a second time to the board of directors' meeting, on September 23, 2008, called for the drawing up of the Plan for the Merger. All directors of IFI have attended both board of directors' meetings and the resolutions have been unanimoulsy passed and also with the favorable opinion of the independent director of IFI.

Description of the impacts on income statement, balance sheet and cash flows of the Merger

For a short description of the major impacts on income statement, balance sheet and cash flows of the Merger, reference should be made to paragraph 1 herein.

The Information Document on the Merger, in pursuance of art. 70, paragraph 4, of the Issuers Regulation, which will be made publicly available at least 10 days prior to the Extraordinary Shareholders' Meeting convened for the approval of the Merger, will provide with the pro-forma income statement and balance sheet which show the impacts of the Merger on the economic performance and the separate financial statements of the Surviving Company, as though the Merger occurred in the reference time period to which the pro-forma data refer.

13. Information Document made publicly available

The Company will file the Plan for the Merger, the report of the board of directors of IFIL, the report of the board of directors of IFI, the fairness opinion of the financial advisors as set forth by art. 2501-*sexies* of the Italian Civil Code and the separate financial statements pursuant to art. 2501-*quater* as well as the remaining documents as set forth by law, at least 30 days prior to the Shareholders' Meeting at the company's registered office and will also make them publicly available at the stock exchange (Borsa Italiana S.p.A.).

The Information Document relating to the Merger will be made publicly available, as set forth by art. 70, paragraph 4, and art. 71-bis of the Issuers Regulation, which will contain exhaustive information as regards the Merger and any updating to the information of the report herein.

The joint press releases issued by the companies taking part in the Merger on September 8, 2008 and September 10, 2008 and September 23, 2008 (Appendix D) are attached hereinafter as for an easier consultation.

***

Consequently, we propose you to pass the subsequent resolutions.

Turin, September 23, 2008

On behalf of the Board of Directors

The Chairman

John Elkann

Report of the Board of Directors of IFIL Investments S.p.A. on the Plan for the Merger by incorporation of IFIL Investments S.p.A. into Società per Azioni Istituto Finanziario Industriale – IFI S.p.A.

APPENDICES

APPENDIX A

Fairness Opinion of September 8, 2008 rendered by Goldman Sachs International

Goldman Sachs International | Peterborough Court | 133 Fleet Street | London EC4A 2BB
Tel: +44 (0)20 7774 4615 | E-mail: simon.dingemans@gs.com
Authorised and regulated by the Financial Services Authority

Simon Dingemans
Managing Director
Investment Banking Division

PERSONAL AND CONFIDENTIAL

September 8, 2008

Board of Directors
IFIL S.p.A.
Corso Matteotti, 26
10121 Torino
Italy

Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to the holders, other than IFI - Istituto Finanziario Industriale S.p.A. ("IFI") and its affiliates, of the outstanding ordinary shares, par value Euro 1 per share (the "IFIL Ordinary Shares"), and of the savings shares, par value Euro 1 per share (the "IFIL Savings Shares", and together with the IFIL Ordinary Shares, the "IFIL Shares"), of IFIL S.p.A. (the "Company") of the Exchange Ratio (as defined below) in connection with the Transaction (as defined below) described in the board resolution of the Company dated September 8, 2008 (the "Board Resolution"). The Board Resolution provides that the Company will be merged with and into IFI (the "Transaction") and each outstanding IFIL Ordinary Share and IFIL Savings Share (other than IFIL Ordinary Shares and Savings Shares already owned by IFI) will be exchanged for 0.265 ordinary shares, par value Euro 1 per share (the "IFI Ordinary Shares"), and 0.265 savings shares, par value Euro 1 per share, of IFI (the "IFI Savings Shares"), respectively (such ratio of exchange, the "Exchange Ratio").

Goldman Sachs International and its affiliates (together, "Goldman Sachs") are engaged in investment banking and financial advisory services, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loansand other obligations) of the Company, IFI and any of their respective affiliates for its own account and for the accounts of its customers. We have acted as financial advisor to the Company in connection with, and have participated in certain of the negotiations leading to, the Transaction. We expect to receive fees for our services in connection with the Transaction, the principal portion of which is contingent upon consummation of the Transaction, and the Company has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement. In addition, we have provided certain investment banking and other financial services to the Company and its affiliates from time to time, including having acted as joint bookrunner with respect to an offering of the Company's €750,000,000 Senior Notes due 2017, having acted as financial advisor to Fiat in its 50/50 joint venture with Crédit Agricole to create Fiat Financial Services in 2006, as joint bookrunner with respect to an offering of Fiat €1,000,000,000 Senior Notes due 2011, having acted as bookrunner in Fiat disposal of its 1.8% stake in Mediobanca in 2007 and as counterparty to Fiat in certain derivatives and financing transactions. We also may provide investment banking and other financial services to IFI and its affiliates as well as companies in which IFI holds a stake in the future. In connection with the above-described services we have received, and may receive, compensation.

In connection with this opinion, we have reviewed, among other things, (i) the Board Resolution; (ii) annual reports of the Company and of IFI for the years ended December 31, 2005, December 31, 2006 and December 31, 2007; (iii) quarterly reports of the Company and of IFI for the quarters ended March 31, 2007 and March 31, 2008; (iv) interim reports of the Company and of IFI for the six month periods ended June 30, 2007 and June 30, 2008; (v) by-laws of the Company and of IFI; (vi) certain press releases issued by the Company and by IFI; (vii) certain appraisals prepared by third parties for the Company in relation to certain non-public assets controlled by the Company; (viii) certain internal financial reports for the Company prepared by its management; (ix) details of the shareholder structure and board composition of IFI and the Company and (x) certain research analyst reports relating to the Company and IFI. In addition, we have reviewed (a) the reported price and trading activity for the IFIL Shares and of IFI preference shares, par value Euro 1 per share (the "IFI Preference Shares"); (b) reviewed the public market price trading discounts of comparable European listed holding groups to their estimated net asset value; (c) reviewed the public market price trading discounts of certain preference shares and savings shares relative to the listed ordinary shares of the same issuer in the Italian market; and (d) performed such other studies and analyses, and considered such other factors, as we considered appropriate.

For purposes of rendering this opinion, we have relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by us. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company and of IFI or any of their respective subsidiaries. Our opinion does not address any legal, regulatory, tax or accounting matters.

Our opinion does not address the underlying business decision of the Company to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Company. This opinion addresses only the fairness from a financial point of view, as of the date hereof, of the Exchange Ratio reflected in the Board Resolution. We do not express any view on, and our opinion does not address, any other term or aspect of the Transaction, including, without limitation, the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of the Company or of IFI; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company or IFI, or class of such persons in connection with the Transaction. We are not expressing any opinion as to the prices at which IFI Ordinary Shares, the IFI Saving Shares or the IFI Preference Shares will trade at any time. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof.

Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Transaction and such opinion does not constitute a "*perizia*" within the meaning of Annex 3A no. 1 of the Regolamento Emittenti no. 11971 dated May 14, 1999 as subsequently amended, nor a "*relazione di stima*" within the meaning of that statute, nor a recommendation as to how any holder of IFIL Ordinary Shares should vote with respect to the Transaction. This opinion has been approved by a fairness committee of Goldman Sachs.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio is fair from a financial point of view to the holders (other than IFI and its affiliates) of the IFIL Shares.

Very truly yours,

GOLDMAN SACHS INTERNATIONAL

By: ______________________

Managing Director

<u>APPENDIX B</u>
<u>Letter of Confirmation of the Fairness Opinion of September 23, 2008</u>
<u>rendered by Goldman Sachs International</u>

Goldman Sachs International | Peterborough Court | 133 Fleet Street | London EC4A 2BB
Tel: 020 7774 1000 | Telex. 94015777 | Cable: GOLDSACHS LONDON
Authorised and regulated by the Financial Services Authority

PERSONAL AND CONFIDENTIAL

September 23, 2008

Board of Directors
IFIL S.p.A.
Corso Matteotti, 26
10121 Torino
Italy

MORONE ETTORE DI REMO NOTAIO IN TORINO

Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to the holders, other than IFI - Istituto Finanziario Industriale S.p.A. ("IFI") and its affiliates, of the outstanding ordinary shares, par value Euro 1 per share (the "IFIL Ordinary Shares"), and of the savings shares, par value Euro 1 per share (the "IFIL Savings Shares", and together with the IFIL Ordinary Shares, the "IFIL Shares"), of IFIL S.p.A. (the "Company") of the Exchange Ratio (as defined below) pursuant to the merger plan and the board report ("Progetto di Fusione" and "Relazione degli Amministratori", together the "Merger Documents") approved by you on the date hereof and previously announced by you on September 8, 2008. The Merger Documents provide that the Company will be merged with and into IFI (the "Transaction") and each outstanding IFIL Ordinary Share and IFIL Savings Share (other than IFIL Ordinary Shares and IFIL Savings Shares already owned by IFI) will be exchanged for 0.265 ordinary shares, par value Euro 1 per share (the "IFI Ordinary Shares"), and 0.265 savings shares, par value Euro 1 per share, of IFI (the "IFI Savings Shares"), respectively (such ratio of exchange, the "Exchange Ratio").

Goldman Sachs International and its affiliates (together, "Goldman Sachs") are engaged in investment banking and financial advisory services, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of the Company, IFI and any of their respective affiliates for its own account and for the accounts of its customers. We have acted as financial advisor to the Company in connection with, and have participated in certain of the negotiations leading to, the Transaction. We expect to receive fees for our services in connection with the Transaction, the principal portion of which is contingent upon consummation of the Transaction, and the Company has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement. In addition, we have provided certain investment banking and other financial services to the Company and its affiliates from time to time, including having acted as joint bookrunner with respect to an offering of the Company's €750,000,000 Senior Notes due 2017 in 2008, as financial advisor to Fiat, an affiliate of the Company, in its 50/50 joint venture with Crédit Agricole to create Fiat Financial Services in 2006, as joint bookrunner with respect to an offering of Fiat's €1,000,000,000 Senior Notes due 2011 in 2006, as bookrunner in Fiat's disposal of its 1.8% stake in Mediobanca in 2007 and as counterparty to Fiat in certain derivatives and financing transactions. We also may provide investment banking and other financial services to IFI and its affiliates as well as companies in which IFI holds a stake in the future. In connection with the above-described services we have received, and may receive, compensation.

In connection with this opinion, we have reviewed, among other things, (i) the Merger Documents; (ii) the Company letter dated September 23, 2008 relating to the absence of certain changes since September 8, 2008 and to certain other matters; (ii) the IFI letter dated September 23, 2008 relating to the absence of certain changes since September 8, 2008 and to certain other matters; (iv) annual reports of the Company and of IFI for the years ended December 31, 2005, December 31, 2006 and December 31, 2007; (v) quarterly reports of the Company and of IFI for the quarters ended March 31, 2007 and March 31, 2008; (vi) interim reports of the Company and of IFI for the six month periods ended June 30, 2007 and June 30, 2008; (vii) by-laws of the Company and of IFI; (vii) certain press releases issued by the Company and by IFI; (ix) certain appraisals prepared by third parties for the Company in relation to certain non-public assets controlled by the Company; (x) certain internal financial reports for the Company prepared by its management; (xi) details of the shareholder structure and board composition of IFI and the Company; and (xii) certain research analyst reports relating to the Company and IFI. In addition, we have (a) reviewed the reported price and trading activity for the IFIL Shares and of IFI preference shares, par value Euro 1 per share (the "IFI Preference Shares"); (b) reviewed the public market price trading discounts of comparable European listed holding groups to their estimated net asset value; (c) reviewed the public market price trading discounts of certain preference shares and savings shares relative to the listed ordinary shares of the same issuer in the Italian market; and (d) performed such other studies and analyses, and considered such other factors, as we considered appropriate.

For purposes of rendering this opinion, we have relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by us. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company or of IFI or any of their respective subsidiaries. Our opinion does not address any legal, regulatory, tax or accounting matters.

Our opinion does not address the underlying business decision of the Company to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Company. This opinion addresses only the fairness from a financial point of view, as of the date hereof, of the Exchange Ratio pursuant to the Merger Documents. We do not express any view on, and our opinion does not address, any other term or aspect of the Transaction, including, without limitation, the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of the Company or of IFI; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company or IFI, or class of such persons in connection with the Transaction. We are not expressing any opinion as to the prices at which IFI Ordinary Shares, the IFI Saving Shares or the IFI Preference Shares will trade at any time. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof.

Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Transaction and such opinion does not constitute a "*perizia*" within the meaning of Annex 3A no. 1 of the Regolamento Emittenti no. 11971 dated May 14, 1999 as subsequently amended, nor a "*relazione di stima*" within the meaning of that statute, nor a recommendation as to how any holder of IFIL Ordinary Shares should vote with respect to the Transaction. This opinion has been approved by a fairness committee of Goldman Sachs.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio pursuant to the Merger Documents is fair from a financial point of view to the holders (other than IFI and its affiliates) of the IFIL Shares.

Very truly yours,

GOLDMAN SACHS INTERNATIONAL

By: ______________________
Managing Director

MORONE ETTORE DI REMO NOTAIO IN TORINO

APPENDIX C

Valuation Analysis dated September 23, 2008 provided by Goldman Sachs International

Goldman Sachs

Report to the Board of Directors of IFIL S.p.A.

Turin, September 23, 2008

Considerations on the Analysis of the Exchange Ratio in Connection with the Merger of IFIL Investments S.p.A. with and into Istituto Finanziario Industriale S.p.A.

investments IFIL

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I. Introduction

A. Important Notice

The Board of Directors of IFIL Investments S.p.A. (hereafter referred to as the "Board" and "IFIL", respectively), in connection with its engagement of Goldman Sachs International ("Goldman Sachs"), has requested that Goldman Sachs assist in the valuation of the exchange ratio to be determined by the Board in connection with the proposed merger (the "Merger") of IFIL with and into Istituto Finanziario Industriale S.p.A. ("IFI" and, together with IFIL, the "Companies"). This report (the "Report") has been prepared solely for the benefit of the Board of IFIL in connection with, and for the purposes of, its considerations in connection with determining the exchange ratio for the proposed Merger. The final determination of the exchange ratio is the sole responsibility of the Board, and may be determined only by the Board.

This Report was prepared solely for use of the members of the Board in their deliberations regarding the exchange ratio, and may not be used, circulated, quoted or otherwise referred to for any purpose without the prior written consent of Goldman Sachs. Notwithstanding the foregoing, the Report may be submitted to relevant authorities and used, for information purposes only, to prepare the Information Statement for the shareholders' meeting that will be held to consider the Merger. In any case, the Board will be fully and exclusively responsible for the use of the Report.

The Report is not addressed to IFIL's shareholders and it has not prepared with the purpose of providing them with any recommendation as to how to vote at the shareholders' meeting that will be held to consider the Merger. Therefore, IFIL's shareholders shall not rely on the Report and, if they deem appropriate, they will need to rely upon their own financial advisors.

Our analysis of the exchange ratio in connection with the Merger (the "Exchange Ratio Analysis") is based upon the methods described below, and lead to the conclusions presented in section II of this document.

In preparing the Report, we have relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by us and Goldman Sachs will have no liability for such information. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Companies or any of their respective subsidiaries. This report does not address any legal, tax or accounting matters.

The values attributed to the Companies and the conclusions set out in this Report have been derived for the sole purpose of the Exchange Ratio Analysis. Such values cannot be, and shall not be compared to merger prices which are, by definition, the result of a negotiation process nor shall they be deemed to constitute a separate valuation of each of the Companies. This Report does not express a view as to the prices at which the newly listed ordinary shares, the newly listed savings shares, or the preference shares of IFI will trade at any time.

The conclusions set forth in the present Report are based on all the analyses contained herein and therefore no part of this Report can be used separately from the Report as a whole. We accept no responsibility, either direct or indirect, for damages that may stem from an incorrect use of the Report and the information it contains.

Scott Charles Deaver

Goldman Sachs

No information presented in the Report may or shall be relied upon as guarantee or indication of future results achieved by the Companies, or any subsidiary or affiliate of the Companies, or an indication concerning prices at which the Companies' shares will be bought and sold on the market. This Report is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of the date hereof and we assume no responsibility for updating, revising or reaffirming this Report based on circumstances, developments or events occurring after such date.

B. Companies Involved in the Transaction

The Companies involved in the Merger, in relation to which this Report has been prepared, are:

- Istituto Finanziario Industriale S.p.A., with headquarters in Turin, Corso Matteotti 26, share capital of Euro 163,251,460 divided into 86,450,000 ordinary shares of par value Euro 1 each and 76,801,460 preference shares of par value Euro 1 each, as the surviving entity.

  IFI preference shares are publicly listed while IFI ordinary stock is privately held in its entirety by Giovanni Agnelli e C. S.a.p.az ("GA e C."), which also holds a 14.0% stake (net of treasury shares) of IFI preference capital.

- IFIL Investments S.p.A., with headquarters in Turin, Corso Matteotti 26, share capital of Euro 1,075,995,737 divided into 1,038,612,717 ordinary shares of par value Euro 1 each and 37,383,020 savings shares of par value Euro 1 each, as the entity to be absorbed.

  Both IFIL ordinary and savings shares are publicly listed securities. IFI currently owns a 72.4% stake (net of treasury shares) of the ordinary share capital of IFIL and a 5.1% stake (net of treasury shares) of the savings share capital of IFIL.

C. Transaction Overview

The proposed transaction is a merger of IFIL with and into IFI (surviving entity). Under the terms of the Merger, IFIL shareholders will receive 0.265 IFI ordinary shares for each ordinary share owned, and 0.265 IFI savings shares for each savings share owned. IFIL ordinary and savings shares currently held by IFI, as well as IFIL's treasury shares (including IFIL shares held by IFIL's subsidiaries), will be cancelled.

As only IFI preference shares are currently listed, IFI will have to issue and list ordinary shares in favour of IFIL's ordinary shareholders. IFI will also issue and list a new class of savings shares in favour of IFIL's savings shareholders, with the same privileges (adjusted for the exchange ratio) as of those of IFIL existing savings shares. At Merger closing, the surviving entity will therefore have three different classes of shares (savings, preference and ordinary), all publicly listed.

We have been advised that the shareholders of every class of each Company will not be entitled to withdrawal rights.

MARCA DA BOLLO
Ministero dell'Economia e delle Finanze
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D. Objectives of the Exchange Ratio Analysis

This Report is aimed at providing the Board of Directors of IFIL with certain information relevant for its determination of the exchange ratio to be proposed to IFIL's EGM. We understand that the Board of Directors of IFIL will make the same information available to the Court-appointed expert who, pursuant to art. 2501 sexies cod. civ., will have to provide an opinion on the fairness of the exchange ratio approved by the Board of Directors of IFIL and proposed at IFIL's EGM.

This Report, which is published for information purposes only, has been prepared solely for the benefit of the Board in connection with, and for the purposes of, their consideration of the Merger. This Report is not on behalf of, and shall not confer rights or remedies upon, any shareholder of the Companies, or any other person other than the Board, or be used for any other purpose.

E. Documents Used

In preparing the Report, Goldman Sachs used publicly available information as well as data obtained from management of each of IFIL and IFI. Goldman Sachs has reviewed, among other things, the following information:

- Board resolution of the Board of Directors of IFIL, dated September 8,2008;
- Annual reports of the Companies for the years ended December 31, 2005, December 31, 2006 and December 31, 2007;
- Quarterly reports of the Companies for the quarters ended March 31, 2007 and March 31, 2008;
- Interim reports of the Companies for the six month periods ended June 30, 2007 and June 30, 2008;
- By-laws of the Companies;
- Certain press releases issued by the Companies;
- Certain appraisals prepared by third parties for IFIL in relation to certain non-public assets held;
- Certain internal financial reports prepared by IFIL management;
- Certain research analyst reports related to the Companies;
- The reported price and trading activity for the IFIL ordinary and savings shares and IFI preference shares, as well as for the shares of the listed assets held by IFIL.

We have assumed and relied completely upon, without assuming any responsibility for independent verification, the truthfulness, accuracy and completeness of all publicly available data and all information provided to, discussed with or reviewed by us, both written and oral. We did not carry out any independent investigation, assessment or appraisal on any assets or liabilities of the Companies.

Scott Charles Deaver

F. Valuation Date

The valuation date is the same as the date of this Report. We have relied in the Report on the facts that as IFI and IFIL have not disclosed any events that could materially change the economic and financial condition, businesses, portfolios of participations and assets or financial position of either of the Companies in the period between the latest financial statements described above and the date of the Report, except for the following:

- On 24-Jul-2008, IFIL announced the sale of a 1.2% stake in Intesa Sanpaolo for a total consideration of €497m.
- On 25-Aug-2008, IFIL suspended its share buy-back program, having purchased additional ordinary shares for a value of €34.1m since 30-Jun-2008.

The net financial positions of the Companies – provided by the respective managements – have been updated as of the 31-Aug-2008 to reflect the aforementioned events and the changes in Companies' liquidity between the end of June 2008 and the end of August 2008 due to their ordinary course of business.

The analyses contained in the Report have been carried out – and they shall be therefore considered as valid and accurate – under the assumption that up to the date hereof no other significant changes in the economic and financial condition, businesses, portfolios of participations and assets or financial position of either company has occurred.

The market prices the Report refers to are updated as of 22-Aug-2008 included, last trading day prior to the announcement by GA e C. of the acquisition of 10 million of IFI's outstanding preference shares (14% of preference capital, excluding treasury shares) from Amber Capital and of GA e C.'s intention to review its strategic options in relation to IFIL and IFI in light of this purchase.

II. Exchange Ratio Analysis

A. Introduction

Goldman Sachs has performed valuation analyses of the Companies separately as independent entities, applying consistent methodologies, subject to the adjustments necessary to take into account the specific characteristics of each of the analysed Companies. The valuation analyses have been performed on a stand-alone basis without taking into account any potential synergies that might arise by merging the two Companies. The Companies were analysed as going concerns, under the assumption that the surviving entity will not liquidate any material assets currently held by IFIL.

Our valuation analyses contains estimates of the equity value per share of IFIL and IFI, for the sole purpose of the Exchange Ratio Analysis. As a result, such equity values per share cannot be, and shall not be, compared to merger prices which are, by definition, the result of a negotiation process, nor shall they be deemed to constitute a separate valuation of each of the Companies.

Since there is no universal and unique valuation methodology, Goldman Sachs has relied on various valuation criteria, commonly accepted and used both in Italy and internationally, for the valuation of holding companies. In particular, Goldman Sachs arrived at an equity value per share of each of the Companies adopting the following methodologies:

- Market Prices Analysis. This methodology is particularly relevant for publicly listed companies whose shares – like those of IFIL and IFI – are traded in significant volumes;
- Net Asset Value (NAV) Analysis. This methodology is particularly common for estimating the intrinsic value of holding companies which – as in IFIL and IFI case – manage a portfolio of equity investments in other companies and do not carry out significant operating activities directly.

B. Market Prices Analysis

In the Market Prices method, the equity value per share of a publicly-listed company is calculated as the average market price per share over a certain period. The market price method relies upon the assumption of efficiency of the stock exchange on which the company's equity securities are listed. Since prices of public stock (with adequate float and traded volumes) are the result of a systematic trading activity taking into account potential risks and returns of public companies, such prices typically represent reliable valuation indicators.

In order to assess the exchange ratio on the basis of the Market Prices Analysis, Goldman Sachs has examined the share prices of the Companies over various periods of time. In particular, we have compared the values expressed by the market prices of IFI's preference shares and IFIL's ordinary shares. Considering that IFI ordinary shares are not listed, a 1:1 ratio between IFI ordinary and IFI preference shares has been adopted, assuming no premium for IFI ordinary shares over preference shares.

Market prices were updated to 22-Aug-2008 included, last trading day prior to the announcement by GA e C. of the acquisition of 14% of IFI's preference capital, and were analysed over the following periods:

- Spot prices as of 22-Aug-2008;

- Average market prices of the last 3 months prior to 22-Aug-2008 (included);
- Average market prices of the last 6 months prior to 22-Aug-2008 (included);
- Average market prices of the last 12 months prior to 22-Aug-2008 (included);

Average market prices were calculated as simple averages of the market prices ("Prezzi di Riferimento") of each day over the considered periods.

C. Net Asset Value Analysis

The NAV methodology – commonly used for the valuation of holding companies – estimates the equity value of a holding company by calculating the intrinsic value of its investment portfolio and then subtracting (adding) its net financial debt (cash).

In relation to IFIL, NAV has been calculated (a) by using the intrinsic value of its investment portfolio (i) at market prices for listed investments and (ii) with reference to independent third party appraisals (where available) or book value, for non-public investments and (b) by adding IFIL's net cash position as of 31-Aug-2008. In particular:

- With reference to the listed investments, average market prices over different time horizons have been considered:
  - Spot price as of 22-Aug-2008;
  - Average trading prices of the last 3 months prior to 22-Aug-2008 (included);
  - Average trading prices of the last 6 months prior to 22-Aug-2008 (included);
  - Average trading prices of the last 12 months prior to 22-Aug-2008 (included);

  Since the valuation analysis adopted a going concern standpoint, no liquidation or control premia adjustments were made to market price indications.
- With reference to certain non listed assets (Alpitour S.p.A. ("Alpitour"), IFIL's 72.1% stake in Cushman & Wakefield Group, Inc. and IFIL's real estate assets), Goldman Sachs referred to third party appraisals where available. The other non listed investments and assets (including, among others, Vision Investment Management, Banijay, tax credits) were valued at their respective book values.
- IFIL's net cash position as of 31-Aug-2008, as indicated by IFIL's management, was adjusted for the book value of the liabilities related to the Alpitour stock options plan.
- IFIL's central holding costs (calculated as the present value of the normalised average central costs of the "Holding System[1]" over the 2005-2007 period, for 10 years) were then deducted from IFIL's NAV.

The NAV per IFIL share has been determined by dividing the estimated NAV by the total number of ordinary and savings shares (net of treasury shares), assuming a discount of the IFIL NAV per savings share to the IFIL NAV per ordinary share equal to the discount of market prices of IFIL savings shares to IFIL ordinary shares, consistently with the time horizon adopted.

IFI NAV was estimated on the basis of the prorata NAV-based valuation of IFIL, plus book value of tax credit as of 31-Aug-2008, less IFI's net financial debt as of 31-Aug-2008. Consistently with IFIL's valuation, IFI's central holding costs (calculated as the present value of the normalised average central costs, over the 2005-2007 period, for 10 years) were then deducted from IFI's NAV.

[1] *Defined as IFIL Investments S.p.A., plus a number of other investment vehicles controlled by IFIL.*

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The NAV per IFI share has been determined by dividing the estimated NAV by the total number of shares outstanding (net of treasury shares), assuming no discount of the IFI NAV per preference share to the IFI NAV per ordinary share.

Further details on IFIL and IFI NAV calculation are provided in Appendix I and II, respectively.

D. Difficulties and Limitations of the Valuation Analyses

The valuation analyses have been affected by the particular characteristics of the Companies and of the selected valuation methodologies. In particular:

- IFIL preference shares are publicly traded, while IFI ordinary shares are not publicly traded. As a result, it is not possible to estimate the value of IFI ordinary shares by reference to the market value of IFI preference shares. There are only two Italian companies with both ordinary and preference shares listed (Fiat S.p.A. and Unipol Gruppo Finanziario S.p.A.), and in both cases ordinary securities trade at a premium over preference securities. Given the lack of a statistically meaningful market benchmarks however, our analyses assumes a value for the IFI ordinary share equal to the value of any IFI preference share;

- Moreover, IFI does not currently have savings shares in issue. For the purposes of establishing an exchange ratio for the issuance of the IFI savings shares in exchange for the IFIL savings shares outstanding in the context of the Merger, we have used the same discount, which is observable in the market, between the IFIL savings shares and the IFIL ordinary shares;

- Market Prices Analysis poses certain valuation challenges, including:

  Certain securities may not be sufficiently liquid for their prices to accurately represent intrinsic valuations. For instance, IFIL savings shares, whose market capitalization represents only 3% of IFIL's total market cap as of 22-Aug, have limited liquidity and traded volumes. The discount between the IFIL ordinary shares and the IFIL savings shares is nevertheless in line with discounts observable in the Italian market for other companies that have both ordinary and savings shares issued. The fact that they have been trading at a discount vis-à-vis IFIL ordinary shares is however in line with trading patterns of most of the Italian listed savings shares;

  In addition, volatility driven by external events (such changes in the broader economy) may temporarily affect market prices, therefore limiting their ability to reflect intrinsic valuation. This effect may be partially addressed by taking into consideration longer time periods, which tend to have the effect of smoothing out abnormal price variations.

- Also with respect to our NAV Analysis, there a number of considerations, including:

  First, the valuation of IFIL's unlisted investments is complicated by the absence of direct public market benchmarks. As a result, we have used certain independent third-party appraisals – where available – and book values recorded on the financial statements of IFIL. Goldman Sachs did not conduct an independent verification of the accuracy of appraisals or of accounting values and relied entirely on the information provided by the Companies;

  Additionally, in relation to IFIL's listed investments, their market-based valuations are affected by the limitations of a Market Prices Analysis that are described above.

Scott Charles wever

Goldman Sachs

E. Results of the Valuation Analyses

In consideration of the valuation methodologies described in paragraphs II.(B) and II.(C), Goldman Sachs' analyses resulted in the implied exchange ratios below:

Market Prices Analysis

	IFIL Equity Value per Ord. Share (€)	IFI Equity Value per Ord./Pref. Share (€)	Implied Exchange Ratio (x)[2]
22-Aug-08 Spot Price	4.30	13.51	3.14
3 months average	4.51	14.31	3.17
6 months average	4.82	15.73	3.26
12 months average	5.77	19.85	3.44

NAV Analysis

	IFIL Equity Value per Ord. Share (€)	IFI Equity Value per Ord./Pref. Share (€)	Implied Exchange Ratio (x)[2]
22-Aug-08 Spot Price	6.39	27.17	4.25
3 months average	6.81	29.09	4.27
6 months average	7.31	31.44	4.30
12 months average	8.41	36.51	4.34

We have assigned an equal weighting to the Market Prices Analysis and NAV Analysis in the Exchange Ratio Analysis, as market prices reflect market's perception of the Companies' value while NAV valuation reflects the intrinsic value of the underlying assets. Six-month averages from the above tables are considered particularly relevant, as sufficiently extended not to be affected by short-term volatility but at the same time representative of recent market conditions.

The simple average between the 6 months Market Prices-based exchange ratio (3.26x) and the 6 months NAV-based exchange ratio (4.30x) is equal to 3.78x, which corresponds to 0.265 IFI ordinary share for each IFIL ordinary share.

We have used the same exchange ratio for the exchange of IFIL savings shares for newly issued IFI savings shares, as the latter will have the same features as IFIL savings shares currently in issue.

The approach described above results in the following exchange ratios:

0.265 newly issued IFI ordinary share for 1 IFIL ordinary share

0.265 newly issued IFI savings share for 1 IFIL savings share

[2] *Defined as number of IFIL shares for each newly issued IFI share.*

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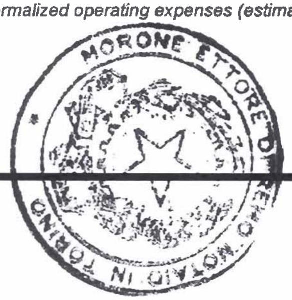
III. Appendices

Appendix A: IFIL NAV Calculation (6 Months Average Prices as of 22-Aug-2008)

Market Data as of 6M average (22-Aug)	NOSH (m)	% of NOSH Issued	Price per Share (€)	Market Value (€m)	% of Total Investm. Portfolio	Notes
Listed Investments - @ Market Value						
Fiat (ordinary shares)	332.6	30.4%	12.82	4,263.7	*57.8%*	As of 6M average (22-Aug)
Fiat (preferred Shares)	31.1	30.1%	9.44	293.6	*4.0%*	As of 6M average (22-Aug)
FIAT (total value)				**4,557.2**	*61.8%*	
Sequana Capital S.A. (ordinary)	13.2	26.6%	14.73	194.5	*2.6%*	As of 6M average (22-Aug)
Intesa Sanpaolo S.p.A. (ordinary shares)	148.2	1.3%	4.13	611.9	*8.3%*	As of 6M average (22-Aug)
Juventus Football Club S.p.A.	120.9	60.0%	0.95	115.4	*1.6%*	As of 6M average (22-Aug)
SGS S.A. (ordinary)	1.2	15.0%	903.09	1,059.7	*14.4%*	As of 6M average (22-Aug)
Ocean Mediterranee bonds	0.1		66.83	5.1	*0.1%*	As of 6M average (22-Aug)
Total Listed Inv. Portfolio				6,543.8	*88.7%*	
Non-Listed Investments						
Total Value Non-Listed Investments				834.0	*11.3%*	
Total Value Investment Portfolio				**7,377.8**	***100.0%***	
Financial Position of the Holding System						
Financial Assets / Cash & Equiv.				**808.5**		As of 30-Jun-2008 results
Bonds 2007-2017				**(744.4)**		As of 30-Jun-2008 results
Bonds 2006-2011				**(199.4)**		As of 30-Jun-2008 results
Bank debt and other fin. liabilities				**(4.7)**		As of 30-Jun-2008 results
Net Cash / (Debt)				**(140.0)**		As of 30-Jun-2008 results
Adjustments from 30-Jun To 28-Aug-2008						
Cash from Sale of Intesa Shares				497.0		Sale of Intesa shares on 24-Jul-2008
Share Buyback post H1 2008				(34.1)		Share buyback of 7.5m ordinary/0.07m preference shares
Other Cash Outflow				(8.7)		
Net Cash / (Debt)				**314.2**		As of end of Aug-2008
Other Adjustments						
PP&E / Tax assets / (Alpitour option liability)				40		Independent appraisal value for PP&E (as of Sep-2004)
Capitalized Holding Cost						
Yearly Holding Cost Base (1)				(155.4)		
Net Asset Value				**7,576.2**		
Market Capitalization				*4,995.3*		As of 6M average (22-Aug)
Discount to NAV				**-34.1%**		

(1) PV of 10Y normalized operating expenses (estimated as 2005-2007 average normalized operating expenses of the Holding System).

NAV per Share Calculation	
NOSH (m)	
Ordinary Shares Issued	1,038.6
Ordinary Treasury Shares (as of 29-Aug-2008)	34.0
Ordinary NOSH Outstanding	1,004.6
Savings Shares Issued (m)	37.4
Savings Treasury Shares (as of 29-Aug-2008)	0.9
Savings NOSH Outstanding	36.5
Share Price (€) 6M average (22-Aug)	
Ordinary Shares	4.82
Saving Shares	4.12
Implied NAV per Share (€)	
Discount Saving / Ordinary Shares	*-14.6%*
Implied Ordinary NOSH Outstanding	1,035.8
NAV per Ordinary Share Outstanding	7.31
NAV per Saving Share Outstanding	6.25
NAV Premium / Share Price	51.7%
Share Price Discount to NAV	**-34.1%**



Scott Charles Deaver

Goldman Sachs

Appendix B: IFI NAV Calculation (6 Months Average Prices as of 22-Aug-2008)

Market Data as of 6M average (22-Aug)	NOSH (m)	% of NOSH Outstd.	NAV per Share (€)	Value (€m) (1)	% of Total Investm. Portfolio	Notes
Listed Investments - @ NAV per Share for IFIL Stake						
IFIL Ordinary Shares	726.9	72.4%	7.31	5,317.0	*99.8%*	As of 6M average (22-Aug)
IFIL Saving Shares	1.9	5.1%	6.25	11.7	*0.2%*	As of 6M average (22-Aug)
Total Value of Listed Investment Portfolio				5,328.6	*100.0%*	
Non-Listed Investments						
Total Value Non-Listed Investments				0.3	*0.0%*	
Total Value Investment Portfolio				**5,329.0**	***100.0%***	
Financial Position of the Holding System						
Financial Assets / Cash & Equiv.				4.5		As of 30-Jun-2008 results
Debt				(349.7)		As of 30-Jun-2008 results
Net Cash / (Debt)				**(345.2)**		As of 30-Jun-2008 results
Adjustments from 30-Jun To 28-Aug-2008						
Adjustments post 30-Jun-2008				(5.4)		
Net Cash / (Debt)				**(350.6)**		As of end of Aug-2008
Other Adjustments				19.2		Tax assets as of 30-Jun-2008
Capitalized Holding Cost (2)				(34.2)		
Net Asset Value				4,963.3		
Market Capitalization (assumes 0% premium of ordinary over preferred shares)				*2,484.3*		As of 6M average (22-Aug)
Discount to NAV				**-49.9%**		

NAV per Share Calculation	
NOSH (m)	
Ordinary Shares Issued	86.5
Ordinary Treasury Shares	0.0
Ordinary NOSH Outstanding	86.5
Preference Shares Issued (m)	76.8
Preference Treasury Shares	5.4
Preference NOSH Outstanding	71.4
Share Price (€) 6M average (22-Aug)	
Ordinary Shares (0% premium on pref. shares)	15.73
Preference Shares	15.73
Implied NAV per Share (€)	
Discount Preference/ Ordinary Shares	*0.0%*
Implied Ordinary NOSH Outstanding	157.9
NAV per Ordinary Share Outstanding	31.44
NAV per Preference Share Outstanding	31.44
NAV Premium / Share Price	99.8%
Share Price Discount to NAV	**-49.9%**

(1) Value based on IFIL NAV per share.

(2) PV of 10Y normalized operating expenses (estimated as 2005-2007 average operating expenses).

APPENDIX D

Press releases of September 8, 2008, September 10, 2008 and September 23, 2008

IFI
Istituto Finanziario Industriale

investments IFIL

Turin, September 8, 2008

JOINT PRESS RELEASE

Simplification of Group structure through the merger by incorporation of IFIL into IFI

- **Boards unanimously approve the plan for the merger of the controlled company IFIL into the controlling company IFI**
- **All classes of shares to be listed (savings shares, preference shares and ordinary shares)**
- **Exchange ratios:**
    - **0.265 of a new IFI ordinary share for each IFIL ordinary share**
    - **0.265 of a new IFI savings share for each IFIL savings share**

The Boards of Directors of IFI S.p.A. and IFIL S.p.A., meeting in succession today in Turin under the Chairmanship of John Elkann, reviewed and unanimously approved the plan to simplify the structure of the Group by way of a merger by incorporation of the controlled company IFIL into the controlling company IFI.

The transaction will lead to an optimization of the current Group structure by making it simpler and clearer for shareholders in a manner consistent with the evolution of both statutory and market standards without reducing the Group's investment capabilities.

Under the merger plan, all classes of shares (savings, preference and ordinary) will be listed. It will therefore require the listing of the ordinary and savings shares of the surviving company.

There will not be any right of withdrawal for the shareholders in either company.

The exchange ratios, unanimously approved today by the Boards of Directors in this plan for the transaction, are as follows:

- 0.265 of a new IFI ordinary share for each existing IFIL ordinary share

- 0.265 of a new IFI savings share for each existing IFIL savings share

These exchange ratios will be included in the Project of Merger to be presented for approval at the next Boards of Directors’ meeting.

Such exchange ratios have been determined by taking into account two valuation methodologies: the NAV (Net Asset Value) and the market prices for both companies. IFIL's NAV has been calculated i) for the listed investments based upon their market value; ii) for the non listed investments and for the other assets and liabilities by reference to independent third party appraisals or using the book value on IFIL's balance sheet. The NAV of IFI has been calculated valuing IFIL's stake at its NAV in addition to the other assets and liabilities of IFI.

The market price methodology compared the relative trading prices of IFIL ordinary shares and IFI preference shares. For both methodologies, prices were calculated using the six month average trading prices prior to August 25, 2008. The exchange ratio has been determined as the average result of both methodologies. The exchange ratio calculation and the methodologies utilized will be further detailed in the Board of Directors reports prepared for the Extraordinary shareholders' meetings. These reports will be available in accordance with the timing required by the Law.

As a result of the merger, on the basis of the current holdings in IFI and IFIL and the above exchange ratios, Giovanni Agnelli e C. S.a.p.az. will hold 59.2 % of the ordinary shares, 45.2 % of the voting capital (ordinary plus preference shares) and 43.5 % of the total equity capital.

According to the proposed transaction timetable, approval of the Merger Project by the Boards of Directors of IFI and IFIL is expected by the end of September 2008. The Shareholder Meetings to approve the merger are expected to take place in November 2008. The conclusion of the transaction with the admission to trading of the IFI ordinary and savings shares to which completion of the merger will be subject, is expected to take place in early 2009.

John Elkann will be the Chairman of the resulting merged company and Carlo Sant'Albano will be Chief Executive Officer.

Leonardo & Co. acted as financial advisor to IFI in this transaction. Goldman Sachs International acted as financial advisor to IFIL. Both financial advisors have provided a fairness opinion from a financial point of view with respect to the exchange ratios.

Finally, the Board of Directors of IFIL S.p.A. has confirmed the suspension of the buy back programme.

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IFI
Istituto Finanziario Industriale

investments IFIL

Turin, September 10, 2008

JOINT PRESS RELEASE

pursuant to art. 114, paragraph 5, D.Lgs. 58/98

As per CONSOB requests received by IFI S.p.A. and IFIL S.p.A. pursuant to art. 114, paragraph 5, D.Lgs 58/1998, in connection with the press release dated September 8, 2008 on the approval of the simplification of the Group structure through the merger by incorporation of IFIL into its parent company IFI,

IFI and IFIL state as follows, having said that (i) the Board of Directors on September 8 approved the guidelines of the plan for the simplification of the Group structure and (ii) the Merger Project and the Board of Directors reports, including all relevant details, will be submitted for approval subsequently.

SUMMARY OVERVIEW OF THE RISKS IN CONNECTION WITH THE POTENTIAL CONFLICTS OF INTERESTS OF RELATED PARTIES INTERESTED BY THE MERGER

Within the simplification of its Group structure, the parent company Giovanni Agnelli e C. S.a.p.az. has interests as:

- controlling shareholder of IFI, directly holding 100% of the ordinary capital and 13,021% of the preference capital (in addition to treasury shares held by IFI representing 6,979% of the preference capital);
- controlling shareholder of IFIL, holding 72,988% of the ordinary capital and 4,993% of the savings capital (of which 69,988% of the ordinary capital and 4,993% of the savings capital indirectly through IFI and directly 3% of the ordinary capital), in addition to treasury shares held by IFIL representing 2,453% of the savings capital and, jointly with subsidiary SOIEM S.p.A., 3,273% of the ordinary capital.

The surviving entity IFI has interests as controlling shareholder of IFIL, holding 69,988% of the ordinary capital and 4,993% of the savings capital, in addition to treasury shares held by IFIL, as stated above.

Some of IFI and IFIL's directors have interests pursuant to art. 2391 cod. civ. as shareholders of the parent company Giovanni Agnelli e C. S.a.p.az. and/or as directors of both companies involved and/or as shareholders of one or both the companies involved. To this extent, within the Board of Directors of September 8 such directors made relevant statements according to applicable laws and in line with corporate governance regulations of their respective companies.

EXPLANATION OF THE ECONOMIC RATIONALE OF THE TRANSACTION AND RELATED IMPACTS ON INCOME STATEMENT, BALANCE SHEET AND CASH FLOWS.

The merger by incorporation of the controlled company IFIL into the controlling company IFI aims at simplifying the control structure of IFIL's current investment portfolio. This simplification is supposed to generate benefits for shareholders and for perspective investors, guarantee more market clarity and transparency, create a single company with a larger free float and will allow for further efficiency, control and focus.

The merger is expected to have substantially neutral consequences on the income statement, balance sheet and cash flow profiles of the resulting entity. In particular:

- The merger does not entail changes to the investment policy and management of IFIL's current investment portfolio;
- The merger's effects on the net financial debt of the resulting entity are not expected to alter significantly IFIL's current investment ability. The post-merger consolidated net financial position of the "holding system" for both IFI and IFIL will be substantially equal to the sum of their net financial debts (as of August 31, 2008 approximately equal to Euro 351 million of net financial debt for IFI and approximately equal to Euro 314 million of net financial cash for IFIL);
- The income statement of the resulting entity will not be significantly affected by the merger, as it will reflect IFIL's current profile, with reduced net interest income (or increased net interest expenses), due to the post-merger net financial position.

As a result of the merger, on the basis of the current holdings in IFI and IFIL and the approved exchange ratio, Giovanni Agnelli e C. S.a.p.az. will hold 59.2 % of the ordinary shares, 45.2 % of the voting capital (ordinary plus preference shares) and 43.5 % of the total equity capital.

DETERMINATION OF THE EXCHANGE RATIO, ASSESSEMENTS OF ITS FAIRNESS, AVAILABILITY OF OPINIONS BY INDEPENDENT EXPERTS SUPPORTING THE FAIRNESS OF THE EXCHANGE RATIO

In the merger guidelines, the Boards of Directors approved the exchange ratio, with the assistance of their respective financial advisors, consistently with the governance of the two Companies. The financial advisors provided a fairness opinion from a financial standpoint with respect to the exchange ratio approved by the Boards of Directors.

Pursuant to the applicable laws, the exchange ratio to be included in the Merger Project will be reviewed for the each of the Companies by a specific independent expert appointed by the Turin Court, who will prepare the report on the fairness of the exchange ratio of the shares as per art. 2501-sexies cod. civ.

In relation to the financial advisors, IFI has been assisted by Leonardo & Co., whose mandate was assigned by IFI Chief Executive Officer Virgilio Marrone, while IFIL has been assisted by Goldman Sachs International, whose mandate was assigned by IFIL Chief Executive Officer Carlo Sant'Albano.

These advisors were selected in consideration of their outstanding professional capabilities and of their excellent national and international reputation.

Leonardo & Co. is part of Gruppo Banca Leonardo S.p.A., which is participated by IFIL with a 9.76% stake. Moreover, IFIL Chairman, John Elkann, is a Director of Gruppo Banca Leonardo S.p.A.. Such relations are not relevant for the engagement and for the independence of the advisor Leonardo & Co.

The mandates assigned to the two financial advisors entail the assistance in the analysis of the financial aspects of the transaction, in the assessment of its financial impacts, in the execution of the transaction (including providing a fairness opinion, from a financial standpoint, of the exchange ratio). It is expected that the fairness opinion already provided will be confirmed again by the advisors upon the Board of Directors which will approve the Merger Project.

In determining the exchange ratio, the advisors have taken into account valuation indications provided by the market prices of IFIL ordinary shares and IFI preference shares, as well as fundamental valuations of the investment portfolio of IFIL and IFI, as estimated with the Net Asset Value ("NAV") methodology. In particular, the exchange ratio is equal to the arithmetic average between:

(i) the ratio between the average market prices of IFIL ordinary shares and IFI preference share over the 6 month period prior to August 25, 2008;

(ii) the ratio between the IFIL's NAV and the IFI's NAV.

IFIL's NAV has been calculated: i) for the listed investments based upon their market value; ii) for the non listed investments and for the other assets and liabilities by reference to independent third party appraisals or using the book value on IFIL's balance sheet. The NAV of IFI has been calculated valuing IFIL's stake at its NAV in addition to the other assets and liabilities of IFI.

The advisors deemed as appropriate:

(a) to refer to the arithmetic average between the results of the methodologies indicated under (i) and (ii) in order to take equally into account both the valuation indications implied by the market prices of IFIL ordinary shares and of IFI preference shares, and the indications of the fundamental valuation based on NAV and typically adopted to value holding companies such as IFI and IFIL; such approach was adopted also in consideration of the differences resulting from the application of the two methods described under (i) and (iii).

(b) to refer to the 6 months averages of market prices, as sufficiently long not to be affected by short-lived volatility but at the same time representative of market conditions. The press release announcing the purchase of IFI preference shares by Giovanni Agnelli e C. S.a.p.az. was issued on August 25, 2008.

The Board of Directors, having considered the work of the advisors and the rlelevant fairness opinions, having shared the performed analyses as well as the adopted methodologies and the obtained results, approved the exchange ratio that will be included in the Merger Project.

INFORMATION ON CHANGES TO COMPENSATION

The compensation to the members of board of directors of IFI, IFIL and/or their subsidiaries is not going to change as a result of the transaction described in the press release dated September 8, 2008.

CORPORATE BODIES OR DIRECTORS INVOLVED IN THE NEGOTIATIONS

From IFI standpoint the transaction has been supervised by IFI Chief Executive Officer dott. Virgilio Marrone, assisted by Leonardo e Co. as financial advisor, and from IFIL standpoint by IFIL Chief Executive Officer dott. Carlo Sant'Albano, assisted by Goldman Sachs International as financial advisor. IFI and IFIL Chairman ing. John Elkann was also involved in the definition of the transaction. Dott. Gianluigi Gabetti, director of IFI and IFIL, attended certain meetings.

The exchange ratio was submitted for approval to the Board of Directors on September 8, 2008. All the companies' directors attended such board meetings and the resolutions were unanimously approved, thus including the positive votes of the independent directors, 4 for IFIL and 1 for IFI.

NO ENTITLEMENT TO WITHDRAWAL RIGHTS

The shareholders of both companies will not be entitled to withdrawal rights for the following reasons:

- as far as the corporate object is concerned, IFI's corporate object is substantially the same of IFIL, no change is envisaged and therefore the merger will not result in any material change of the group business (both companies are investment holdings and IFI controls IFIL);
- as far as art. 2437-quinquies cod. civ. is concerned, newly issued IFI ordinary and savings shares assigned to IFIL ordinary and savings shareholders respectively will be listed (merger completion is subject to the condition precedent of the admission to listing of the IFI ordinary and savings shares) and thus there is no entitlement to withdrawal rights pursuant to art. 2437-quinquies cod. civ.;
- as far as art. 2437 lett. g) cod. civ. is concerned, there is no entitlement to withdrawal rights as voting rights and dividend rights of each category of shares will not be affected and remain the same of the existing ones (the privileges of the savings shares will be adjusted to reflect the exchange ratio).

According to IFI S.p.A. bylaws resolutions for the issues of savings shares do not require the vote of a special meeting of the IFI preference shareholders.

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IFI
Istituto Finanziario Industriale

investments IFIL

Turin, September 23, 2008

JOINT PRESS RELEASE

IFI and IFIL approved the Merger Project

- **Boards unanimously approve the Merger Project aiming at the simplification of the Group structure**
- **Transaction to be executed through a merger by incorporation of the controlled company IFIL into controlling company IFI and listing of IFI's ordinary shares and savings shares. Following the transaction, all classes of shares to be listed (savings shares, preference shares and ordinary shares)**
- **Exchange ratios confirmed:**

  - 0.265 of a new IFI ordinary share for each IFIL ordinary share

  - 0.265 of a new IFI savings share for each IFIL savings share
- **Closing of the transaction expected to take place in early 2009**
- **Following the transaction, surviving entity to be renamed EXOR S.p.A.**
- **EXOR corporate governance will be based upon IFIL's current governance**

As anticipated in the press releases dated September 8 and 10, 2008, the Boards of Directors of IFI S.p.A. and IFIL S.p.A., meeting in succession today in Turin under the Chairmanship of John Elkann, unanimously approved the Merger Project for the merger by incorporation of the controlled company IFIL into the controlling company IFI, and mandated the respective Chairmen and/or CEOs to call the respective Extraordinary Shareholders' Meetings which will be asked to approve the Merger Project. The Extraordinary Shareholders' Meetings are expected to take place in November 2008.

The Boards of Directors have also approved the reference balance sheets of the two companies at June 30, 2008, pursuant to art. 2501-quarter c.c..

The Experts' Reports on the fairness of the exchange ratios pursuant to art. 2501-sexies c.c. will be delivered for IFI by the audit firm KPMG and for IFIL by the audit firm Reconta Ernst & Young, both appointed by the Turin Court on September 17, 2008.

The Merger Project (which is going to include the bylaws of the surviving entity), the Directors' Reports pursuant to art. 2501-quinquies c.c., the Experts' Reports and any other documentation related to the transaction will be made publicly available within the timeframe set by the applicable law. No later than 10 days prior to the shareholders' meetings, the information document (*Documento Informativo*) concerning the merger will be made publicly available in accordance with *Regolamento Emittenti*.

The closing of the transaction is expected to take place in early 2009.

Rationale

The merger by incorporation of the controlled company IFIL into the controlling company IFI aims at simplifying the control structure of IFIL's current investment portfolio. This simplification is supposed to generate benefits for shareholders and for perspective investors, guarantee more market clarity, create a single company with a larger free float and will allow for further efficiency, control and focus.

The merger is expected to have substantially neutral consequences on the income statement, balance sheet and cash flow profiles of the resulting entity. In particular:

- The merger does not entail changes to the investment policy and management of IFIL's current investment portfolio;
- The merger's effects on the net financial debt of the resulting entity are not expected to alter IFIL's current investment ability. The post-merger consolidated net financial position of the "holding system" for both IFI and IFIL will be equal to the sum of their net financial debts (as of August 31, 2008 approximately equal to Euro 351 million of net financial debt for IFI and approximately equal to Euro 314 million of net financial cash for IFIL);
- The income statement of the resulting entity will not be affected by the merger, as it will reflect IFIL's current profile, with reduced net interest income (or increased net interest expenses), due to the post-merger net financial position.

Exchange ratios

The Boards of Directors in today's meetings confirmed the exchange ratios approved in the merger guidelines on September 8, 2008: 0.265 of a new IFI ordinary share for each IFIL ordinary share and 0.265 of a new IFI savings share for each IFIL savings share. The Boards of Directors have been supported by their respective financial advisors, consistently with the governance of the two companies. In relation to the financial advisors, IFI has been assisted by Leonardo & Co., while IFIL has been assisted by Goldman Sachs International.

The financial advisors, consistently with the fairness opinion released on September 8, 2008, confirmed the fairness from a financial standpoint with respect to the exchange ratios approved by the Boards of Directors. The financial advisors also presented to their respective Board of Directors their valuation of the exchange ratio in connection with the merger.

In determining the exchange ratio, the advisors have taken into account valuation indications provided by the market prices of IFIL ordinary shares and IFI preference shares, as well as fundamental valuations of the investment portfolio of IFIL and IFI, as estimated with the Net Asset

Value (“NAV”) methodology. In particular, the exchange ratio is equal to the arithmetic average between:

(i) the ratio between the average market prices of IFIL ordinary shares and IFI preference shares over the 6 month period prior to August 25, 2008;

(ii) the ratio between the IFIL’s NAV and the IFI’s NAV.

IFIL’s NAV has been calculated: i) for the listed investments based upon their market value, referring to the 6-month averages of market prices prior to August 25, 2008; ii) for the non listed investments and for the other assets and liabilities by reference to independent third party appraisals (where available) or using the book value on IFIL’s balance sheet. The NAV of IFI has been calculated valuing IFIL’s stake at its NAV in addition to the other assets and liabilities of IFI. Leonardo & Co. has valued IFIL’s NAV at € 7,517 million and IFI’s NAV at € 4,909 million; Goldman Sachs International has valued IFIL’s NAV at € 7,576 million and IFI’s NAV at € 4,963 million.

The advisors deemed as appropriate:

(a) to refer to the arithmetic average between the results of the methodologies indicated under (i) and (ii) in order to take equally into account both the valuation indications implied by the market prices of IFIL ordinary shares and of IFI preference shares, and the indications of the fundamental valuation based on NAV and typically adopted to value holding companies such as IFI and IFIL;

(b) to refer to the 6-month averages of market prices, as sufficiently long not to be affected by short-lived volatility but at the same time representative of market conditions. On August 25, 2008 Giovanni Agnelli e C. S.a.p.az. issued the press release announcing the purchase of IFI preference shares and that the company was evaluating options and alternatives in connection with such purchase. On February 18, 2008 IFIL announced the start of an own shares purchase (buy back) programme, subsequently suspended on August 25, 2008. During the programme period, IFIL purchased a total number of 20,783,200 IFIL ordinary shares and 917,000 IFIL savings shares, equal to approximately 2% of the total number of IFIL shares. The purchases were carried out on Italian regulated markets and the maximum number of shares purchased daily has never exceeded 25% of the daily average market trading volume, in accordance with European Commission EC Regulation N. 2273/2003. The choice for the reference time period for the valuation methodologies (Market Prices methodology and NAV methodology) used for the determination of the exchange ratios was not affected by the aforementioned purchases;

(c) to align the valuation of IFI preference shares with that of IFI ordinary shares when determining the exchange ratio, in absence of adequate market benchmarks. IFI ordinary shares are not traded on regulated stock markets. Consequently, financial markets do not offer direct evidence of the value of IFI ordinary shares compared to that of IFI preference shares, which are listed on the Italian Stock Exchange (*Borsa Italiana*). Moreover, admission to trading of IFI ordinary shares will be asked to the Italian Stock Exchange, and completion of the merger will be subject to such admission.

The application of the selected valuation methodologies has been affected by certain difficulties and limitations:

- the use of the Market Prices Methodology presents difficulties and limitations originating from the underlying assumption that the financial market on which the company's shares are traded is adequately efficient and liquid. Furthermore, volatility may significantly impact market prices, especially in the short term. As indicated above, potential volatility of market prices has been mitigated by taking into consideration the 6-month period prior to August 25, 2008;

- with reference to the NAV methodology, the main difficulties concern the valuation of the participations in non-listed companies, although the impact of such issue on IFIL is limited (85% of IFIL's NAV is related to listed investments) and practically non meaningful for IFI (whose NAV depends almost entirely on IFIL's one). As indicated above, IFIL's non-listed investments have been valued by reference to appraisals (where available) or using the book value on IFIL's balance sheet at June 30, 2008;

- always with respect to the NAV methodology, it exhibits the same difficulties and limitations of the Market Prices methodology when participations in listed companies are valued;

- for the purpose of determining the exchange ratio for IFIL savings shares in the context of the merger, it has been taken into account that the newly issued IFI savings shares will have the same features as those of the existing IFIL saving shares (with dividend privileges adjusted for the exchange ratio) and that the Italian Stock Exchange will be asked to admit the newly issued IFI savings shares to public trading, with transaction completion subject to such admission; consequently, the same exchange ratio determined for IFIL ordinary shares has been applied also to IFIL savings shares.

The illustration of the exchange ratios and of the methodologies used for the definition are included in the Director's Reports pursuant to art. 2501-quinquies c.c. that will be filed according to the law.

The Boards of Directors, having considered (also taking into account that the merger is a related-party transaction) the work of the advisors, the relevant fairness opinions and the valuation reports of the exchange ratios in connection with the merger provided by each advisor, having shared the performed analyses as well as the adopted methodologies and the obtained results, approved the exchange ratios that will be included in the Merger Project. All the Directors of the two companies participated to the Board of Directors meetings and the resolutions were unanimously approved, thus including the positive votes of the independent directors, four at IFIL and one at IFI.

Pursuant to the applicable laws, the exchange ratios will be reviewed for the each of the companies by a specific independent expert appointed by the Turin Court (the audit firm KPMG for IFI and the audit firm Reconta Ernst & Young for IFIL), who will prepare the report on the fairness of the exchange ratios pursuant to art. 2501-sexies c.c..

Effects and conditions

The IFI ordinary and savings shares issued in exchange of the IFIL ordinary and savings shares will be entitled to the same dividends of the outstanding IFIL shares as of the effective date of the merger.

The effective date of the merger will be determined in the merger deed. The effective date of the merger could be subsequent to the last filing of the merger deed pursuant to art. 2504 c.c..

With reference to art. 2501-ter, number 6, c.c., the transactions effected by IFIL will be recorded in IFI's accounts as of 1 January of the year in which the merger becomes effective. The same date will apply to the tax effects.

The completion of the merger is subject to the admission to trading on the Italian Stock Exchange (*Mercato Telematico di Borsa Italiana*) of the IFI ordinary and savings shares.

Ownership structure

As a result of the merger, on the basis of the current holdings in IFI (including treasury shares) and IFIL and the approved exchange ratios, Giovanni Agnelli e C. S.a.p.az. will hold 59.2% of the ordinary shares, 45.2% of the voting capital (ordinary plus preference shares) and 43.5% of the total equity capital of the surviving entity.

Corporate governance

Following the transaction, the surviving entity will be renamed EXOR S.p.A.. The choice of the name reflects the intention to expand the future development programs on an international basis, leveraging on the experience accumulated by Exor over many years of international investments. Moreover, such name simplifies further the market perception of the Group, defining a single focus for the whole investment activity of the Agnelli Family.

EXOR corporate governance will be in line with IFIL's current governance and will be achieved as follows.

The Extraordinary Shareholders' Meeting of the surviving entity approving the merger will also amend the company bylaws, increasing the maximum numbers of directors to 19. The Ordinary Shareholders' Meeting of the surviving entity, to be held immediately after the Extraordinary Shareholders' Meeting, will appoint as directors certain IFIL's directors (Carlo Sant'Albano and others independent directors). The integration will be effective starting from the effective date of the merger. The Board of Directors of the surviving entity will be in charge until its natural expiry date, i.e. that of the Shareholders' Meeting approving the 2008 annual report.

The Board of Directors of EXOR, in its first meeting following the merger, is expected to appoint Carlo Sant'Albano as new CEO of EXOR. John Elkann will be Chairman.

The IFI Ordinary Shareholders' Meeting, pursuant to the law, will integrate the Statutory Auditors (*Collegio Sindacale*), by confirming the two new auditors replacing the auditors suspended on May 15 2008 due to incompatibility, and will also appoint the two alternate auditors; IFI Statutory Auditors (two members of which are in common with IFIL) will be in charge until their natural expiry date (the approval of the 2008 annual report).

EXOR Shareholders' Meeting approving the 2008 annual report will appoint the new Board of Directors through a slate voting system and therefore with a member appointed by minority shareholders, the Statutory Auditors, with one member appointed by minority shareholders as Chairman pursuant to applicable laws.

Furthermore, the surviving entity will set up the committees (audit committee and compensation and nominating committee) already existing in IFIL and will make all the necessary amendments to the Corporate Governance Code already adopted by in IFIL but not yet by IFI.

Potential conflicts of interests of related parties interested by the merger

Within the simplification of its Group structure, the parent company Giovanni Agnelli e C. S.a.p.az. has interests as:

- controlling shareholder of IFI, directly holding 100% of the ordinary capital and 13,021% of the preference capital (in addition to treasury shares held by IFI representing 6,979% of the preference capital);

- controlling shareholder of IFIL, holding 72,988% of the ordinary capital and 4,993% of the savings capital (of which 69,988% of the ordinary capital and 4,993% of the savings capital indirectly through IFI and directly 3% of the ordinary capital), in addition to treasury shares held by IFIL representing 2,453% of the savings capital and, jointly with subsidiary SOIEM S.p.A., 3,273% of the ordinary capital.

The surviving entity IFI has interests as controlling shareholder of IFIL, holding 69,988% of the ordinary capital and 4,993% of the savings capital, in addition to treasury shares held by IFIL, as stated above.

Some of IFI and IFIL's directors have interests pursuant to art. 2391 cod. civ. as shareholders of the parent company Giovanni Agnelli e C. S.a.p.az. and/or as directors of both companies involved and/or as shareholders of one or both the companies involved. To this extent, within the Board of Directors of September 8 such directors made relevant statements according to applicable laws and in line with corporate governance regulations of their respective companies.

Withdrawal rights

The shareholders of both companies will not be entitled to withdrawal rights for the following reasons:

- as far as the corporate object is concerned, IFI's corporate object is substantially the same of IFIL, no change is envisaged and therefore the merger will not result in any material change of the group business (both companies are investment holdings and IFI controls IFIL);

- as far as art. 2437-quinquies c.c. is concerned, newly issued IFI ordinary and savings shares assigned to IFIL ordinary and savings shareholders respectively will be listed (merger completion is subject to the condition precedent of the admission to listing of the IFI ordinary and savings shares) and thus there is no entitlement to withdrawal rights pursuant to art. 2437-quinquies c.c.;

- as far as art. 2437 lett. g) c.c. is concerned, there is no entitlement to withdrawal rights as voting rights and dividend rights of each category of shares will not be affected and remain the same of the existing ones (the privileges of the savings shares will be adjusted to reflect the exchange ratio). In relation to the IFI preference shares, the preference dividend will be maintained as per current IFI bylaws, with an extra dividend vis-à-vis ordinary shares equal to 5.17% of par value, not cumulative over subsequent fiscal years.

According to IFI bylaws, resolutions for issues of savings shares do not require the vote of a special meeting of the IFI preference shareholders.

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Report of the Board of Directors of IFIL Investments S.p.A. on the Plan for the Merger by incorporation of IFIL Investments S.p.A. into Società per Azioni Istituto Finanziario Industriale – IFI S.p.A.

APPENDICES SUPPLEMENTARY

In addition to the Report above, and in order to facilitate the consultation, please find attached the press releases of IFI S.p.A. dated 25 September and 27 October, 2008.

IFI
Istituto Finanziario Industriale

Turin, September 25, 2008

NOTICE OF CALL OF THE SPECIAL MEETING OF THE PREFERENCE SHAREHOLDERS

The Common Representative of the Preference Shareholders determined to convene the Special Meeting of the Preference Shareholders on 27 October 2008, at 11.30 a.m., to resolve upon the following

Agenda

1. Common Representative's report on the terms of the merger of IFIL S.p.A. with IFI S.p.A.
2. Evaluation of the effects of the aforesaid merger operation with respect to the IFI S.p.A. Preference Shares.
3. Consequent resolutions.
4. Any other business.

The Special Meeting will be held at the Centro Congressi di Torino Incontra – Turin, Via Nino Costa 8.

Only the Holders of Preference Shares, to whom the communication has been made, pursuant to Art. 2370, second paragraph of the Italian Civil Code, by an authorized intermediary adherent to the concentrated management system of Monte Titoli S.p.A. are entitled to attend the Meeting.

For the purpose of an easier access to the Meeting, Holders of Preference Shares are requested to deliver a copy of the aforementioned communication.

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IFI
Istituto Finanziario Industriale

Turin, October 27, 2008

PRESS RELEASE

IFI Special Meeting - Preferred Stockholders

IFI and IFIL special stockholders' meetings convened to vote on the merger on December 1, 2008

Today, the special meeting of IFI preferred stockholders met under the chairmanship of the common representative, Mr Luigi Santa Maria.

There were 36,622,123 preferred shares present in person or by proxy, equivalent to 47.68% of the class of stock. At the beginning of the special meeting, one shareholder took exception to the fact that there was not a quorum representing at least one-half of the stockholders pursuant to art. 2376, paragraph 2 of the Italian Civil Code and other shareholders, making reference to both art. 146 and 147-bis of TUF, challenged the application of the above mentioned quorum since they considered applicable the 20% quorum of the class of the stock as stated in paragraph 3 art. 146 of TUF. The meeting nevertheless continued and resolved:

1. to express its dissent with the position taken by the company which does not deem it necessary for the proposed merger of IFIL in IFI to be approved by the special preferred stockholders' meeting (64.61% of the voting preferred stockholders or 30.78% of the class of stock expressed a yea vote to the dissent; 35.08% of the voting preferred stockholders or 16.71% of the class of stock expressed a nay vote taking the company's position; 0.30% abstained from voting;
2. to deem that prejudice regarding the preferred stockholders exists as a result of the proposed merger especially in respect of the bylaws which state that IFI savings shares (post EXOR merger) precede IFI preferred shares (post EXOR merger) in both the distribution of profits and the distribution of assets in the event of a wind-up (55.58% of the voting preferred stockholders or 26.43% of the class of stock expressed a yea vote on the existence of prejudice; 44.21% of the voting preferred stockholders or 21.06% of the class of stock expressed a nay vote on the existence of prejudice: 0.30% abstained from voting:
3. to confer a mandate to the common representative so that he undertakes talks with IFI S.p.A. and its stockholders of reference in order to reach a possible agreement aimed at eliminating or subordinately to attenuate the prejudice toward the preferred stockholders and consequently to give a mandate to the common representative to call a new special preferred stockholders' meeting after the outcome of the above talks to vote on the ratification of any agreements reached or to pass any other different resolution to protect the class of stock (55.48% of the voting preferred stockholders or 26.43% of the class of stock expressed a yea

vote on conferring the mandate; 44.21% of the voting preferred stockholders or 21.06% of the class of stock expressed a nay vote on conferring the mandate: 0.30% abstained from voting);

4. to set up a common fund of € 1 million, temporarily to be borne by the company. The common representative will have the right to use this fund for every initiative to protect the interests of the preferred stockholders, also by appointing a group of consultants (56.40% of the voting preferred stockholders or 23.73% of the class of stock expressed a yea vote on setting up a fund; 38.45% of the voting preferred stockholders or 16.18% of the class of stock expressed a nay vote on setting up a fund; 5.13% abstained from voting).

With reference to the above resolutions and all exceptions regarding the validity of today's special meeting and its resolutions being understood, the company reiterated, through its managing director, Mr Virgilio Marrone, what was already announced in its September 8, 10 and 23 press releases and, specifically, that the second paragraph of art. 7 of IFI's bylaws does not require the vote of a special meeting of IFI preferred stockholders in order to issue savings shares following the merger of IFIL in IFI.

Tomorrow, on October 28, 2008, notifications will be published for convening the IFI and IFIL special meetings to vote on the merger, on **December 1, 2008** **in first call** (December 2, 2008 in second call). Again tomorrow, the Merger Project and the remaining documentation regarding the operation will be filed at the head offices and at the stock exchange and will be published on the web site.

PRESS RELEASE

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