IFI
Istituto Finanziario Industriale

Quarterly Report
March 31, 2006

QUARTERLY REPORT AT MARCH 31, 2006

This is an English translation of the Italian original document "Relazione Trimestrale al 31 Marzo 2006" approved by the IFI board of directors on May 12, 2006, which has been prepared solely for the convenience of the reader. The version in Italian takes precedence. For complete information about IFI S.p.A. and the Group, reference should be made to the full original report in Italian also available on the corporate website: http://www.gruppoifi.com.

IFI
Istituto Finanziario Industriale

Società per Azioni
Capital stock € 163,251,460, fully paid-in
Registered office in Turin, Corso Matteotti 26 – Turin Company Register No. 00470400011

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IFI
Istituto Finanziario Industriale

Board of directors

Chairman	Gianluigi Gabetti
Vice chairman	Pio Teodorani-Fabbri
Directors	Annibale Avogadro di Collobiano
	John Elkann
	Luca Ferrero Ventimiglia
	Gabriele Galateri di Genola
	Franzo Grande Stevens
	Andrea Nasi
	Lupo Rattazzi
Secretary to the board of directors	Pierluigi Bernasconi

General manager

Virgilio Marrone

Board of statutory auditors

Chairman	Cesare Ferrero
Standing auditors	Giorgio Giorgi
	Lionello Jona Celesia
Alternate auditors	Giorgio Ferrino
	Paolo Piccatti

Independent auditors

Deloitte & Touche S.p.A.

Expiry of the terms of office

The three-year terms of office of the board of directors and the board of statutory auditors, elected by the stockholders' meeting held on May 29, 2003, will expire concurrently with the stockholders' meeting called for the approval of the financial statements for the year ending December 31, 2005, as will the appointment of the independent auditors.

Corporate governance

The chairman, according to the bylaws (art. 21), may represent the Company, also before a court of law, and has signature powers.

Specific operating powers have been conferred to the vice chairman and the general manager.

IFI GROUP PROFILE

THE INVESTMENT PORTFOLIO

IFI – Istituto Finanziario Industriale S.p.A. is the controlling financial holding company of the Group headed by Giovanni Agnelli e C. S.a.p.az. The Company's assets are represented by the investment in IFIL Investments S.p.A., equal to 64.29% of ordinary capital stock.

IFIL Investments S.p.A. (IFIL) is the investment company of the Group commanding two distinctive areas of operations: the active management of the investment in Fiat and the dynamic management of the other holdings.

Fiat, in which IFIL has a holding of more than 30% of ordinary and preferred capital stock, operates in the national and international automotive market as a manufacturer and distributor of automobiles (Fiat, Lancia, Alfa Romeo, Ferrari and Maserati), agricultural and construction equipment (CNH Global), commercial vehicles (Iveco), automotive components for these vehicles and the supply of related services (Magneti Marelli, Comau and Teksid), as well as publishing and communications (Itedi) and services for corporations (Business Solutions).

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

Sequana Capital (52.78% holding) is a French-listed holding company with a portfolio comprising the following major investments:

- ArjoWiggins (100% holding), the world leader in the manufacture of high value-added paper products and, in Europe, leader in the manufacture of carbonless paper;
- Antalis (100% holding), the leading European group in the distribution of paper products for printing and writing;
- SGS (23.8% holding), a company listed on the Swiss stock exchange and leader in the verification, inspection and certification of product and service quality.

Sanpaolo IMI (5.86% holding of ordinary capital stock by IFIL) is a leading national banking group with over 3,000 branches throughout Italy.

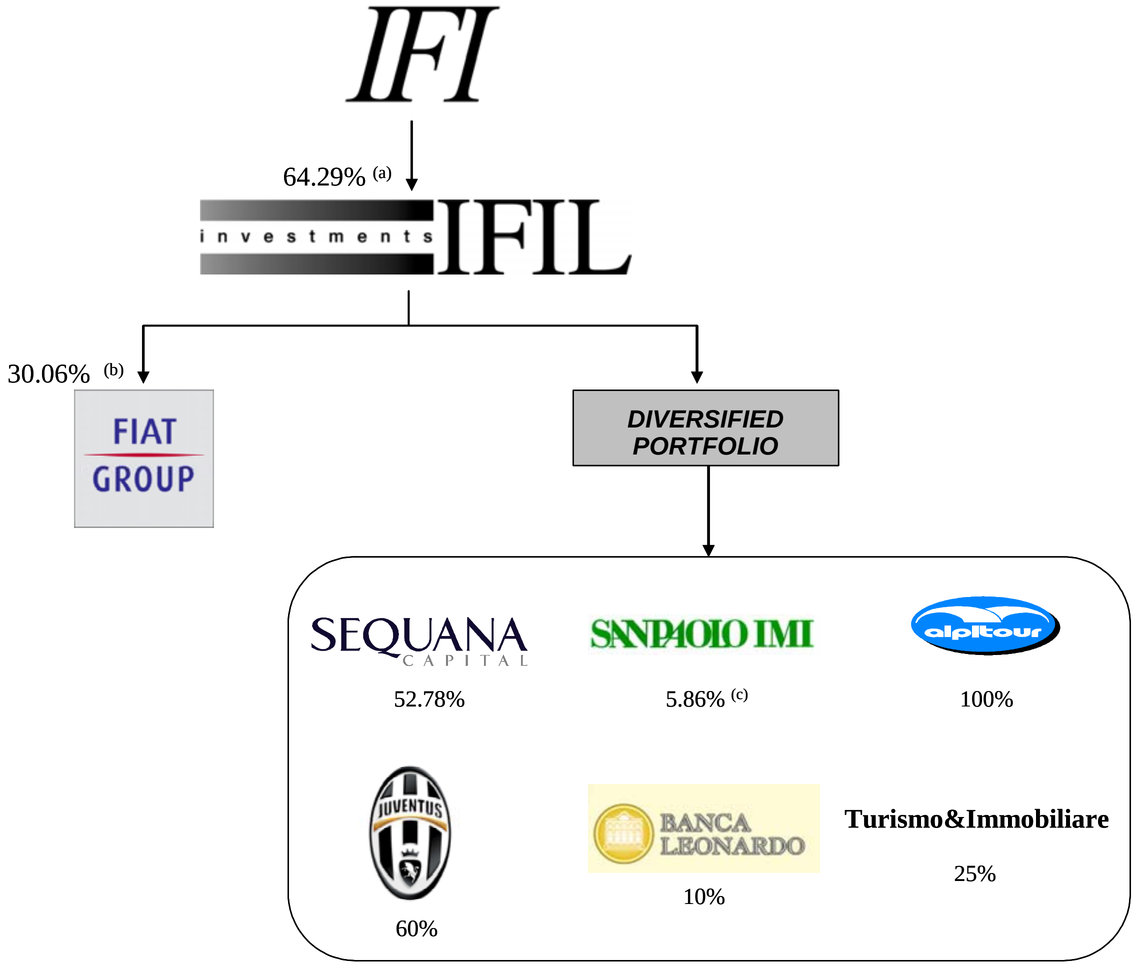
Alpitour (100% holding) is the leading group in the tourist sector in Italy.

Juventus Football Club (60% holding by IFIL) is a company with more than one hundred years of history and an enviable record gained at various national and international sports events.

Turismo&Immobiliare (25% holding) is a company with a 49% stake in Italia Turismo (ex-Sviluppo Italia Turismo), the largest Italian real estate company for tourist and hotel properties with important investments in Apulia, Calabria, Basilicata, Sicily and Sardinia.

Banca Leonardo (10% of capital stock) is an independent investment bank, currently in the process of being relaunched, which will concentrate its business on corporate finance advisory and asset management services, in addition to private equity services, under a joint venture with a leading European group.

The following chart is updated to May 2006 and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock.



(a) IFI also holds 4.99% of savings capital stock.
(b) IFIL also holds 30.09% of preferred capital stock.
(c) Equal to 4.97% of capital stock.

MAJOR EVENTS

Increase in the investment in IFIL

In February and March 2006, IFI purchased on the market 4,368,876 IFIL ordinary shares (0.42% of the class of stock) for an investment of € 18.4 million. At March 31, 2006, IFI held 664,860,716 IFIL ordinary shares, equal to approximately 64% of the class of stock, and 1,886,420 IFIL savings shares, equal to 4.99% of the class of stock.

During the period April 1 – May 12, 2006 (settlement date), IFI purchased another 2,875,000 IFIL ordinary shares (0.28% of the class of stock) on the market for an investment of € 14.2 million. IFI currently holds 667,735,716 IFIL ordinary shares, equal to 64.29% of the class of stock, and 1,866,420 IFIL savings shares, equal to 4.99% of the class of stock. The entire holding represents 62.23% of capital stock.

Sale of the investment in Exor Group

In its meeting of March 31, 2006, the IFI S.p.A. board of directors voted to sell the entire investment in Exor Group (3,418,242 shares, equal to 29.3% of capital stock) to the same Exor Group in order to reduce the company's debt. Given that the transaction was between related parties, Citigroup Global Markets was appointed an advisor and checked the fairness of the sales price, equal to € 206.8 million (€ 60.5 per share).
The transaction, finalized on April 7, 2006, allowed IFI S.p.A. to considerably reduce its debt (which currently amounts to approximately € 111 million) and realize a gain of € 104 million in the statutory financial statements (€ 7.5 million on consolidation).

On May 4, 2006, Exor Group proceeded to cancel the treasury stock thus purchased, with a consequent reduction in capital stock.

Additional information

On February 21, 2006, Virgilio Marrone (General Manager of IFI S.p.A.), as an individual with power of attorney in Giovanni Agnelli e C. S.a.p.az., was notified by Consob of its objections under art. 187-septies of Legislative Decree No. 58/1998 in relation to the content of the press release issued by Giovanni Agnelli e C. on August 24, 2005.

ACCOUNTING PRINCIPLES ADOPTED IN THE PREPARATION OF QUARTERLY REPORTS

The consolidated quarterly report of the IFI Group at March 31, 2006 has been prepared in accordance with Article 82 of the "Regulations for the Implementation of Legislative Decree No. 58 of February 24, 1998 on the Activities of Issuers of Securities", as amended by Consob Resolution No. 14990 of April 14, 2005, in compliance with Annex 3D of the Regulation.

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

In the preparation of the condensed consolidated balance sheet and income statement, the investment held in IFIL (62.82% of outstanding capital stock at March 31, 2006) is accounted for by the equity method.

The investment held in Exor Group was classified in "Assets held for sale" (the holding was previously accounted for by the equity method) since the board of directors' meeting held on March 31, 2006 approved its sale, which took place on April 7, 2006.

Lastly, it should be noted that certain valuation procedures, i.e. particularly complex procedures such as the determination of possible impairment losses on fixed assets, are generally completed only at the time of preparation of the annual consolidated financial statements, when all the necessary information is available, except those cases in which impairment indicators require a prompt assessment of possible impairments.

The consolidated quarterly report of the IFI Group at March 31, 2006 is unaudited.

ANALYSIS OF CONDENSED CONSOLIDATED RESULTS

The consolidated profit of the IFI Group for the first quarter of 2006 is € 41.5 million (€ 49.1 million in the first quarter of 2005).

The Group's share of the earnings (losses) of companies accounted for by the equity method is an earnings figure of € 45.2 million (€ 52.7 million in the first quarter of 2005). The negative change of € 7.5 million is mainly due to lower results posted by the IFIL Group (-€ 7.9 million).

The net financial position of IFI S.p.A. at March 31, 2006 shows a net debt position of € 303.1 million. This is an increase of € 25.4 million compared to the end of 2005 (-€ 277.7 million) and is mainly due to the investments made to increase the holding in the subsidiary IFIL (€ 18.4 million).

The consolidated equity of the Group at March 31, 2006 is € 3,199.9 million (€ 3,084 million at the end of 2005). The increase of € 115.9 million is due to the consolidated profit of the Group for the first quarter of 2006 (+€ 41.5 million), net changes in the measurement of hedging instruments (+€ 1.1 million) and IFI's share of negative translation differences (-€ 24.6 million) and other net changes (+€ 97.9 million) in the equity of the subsidiary IFIL.

The carrying amount of investments accounted for by the equity method at March 31, 2006 is € 3,290 million. The decrease of € 62.4 million compared to the figure at year-end 2005 (€ 3,352.4 million) stems from the reclassification of the investment in Exor Group to "Assets held for sale" (-€ 199.3 million), purchases of IFIL shares in the first quarter of 2006 (+€ 18.4 million) and IFI's share (+€ 118.5 million) of the positive changes in the equity of the subsidiary IFIL.

The condensed consolidated income statement and balance sheet and comments thereon are presented on the following pages.

IFI GROUP - CONDENSED CONSOLIDATED INCOME STATEMENT

Year 2005	€ in millions	Note	Quarter 1 2006	Quarter 1 2005	Change
693.0	Group's share of the earnings (losses) of companies accounted for by the equity method	1	45.2	52.7	(7.5)
0.1	Dividends from other holdings		0.0	0.0	0.0
(9.1)	Net financial expenses		(2.5)	(2.8)	0.3
(4.1)	Net general expenses		(1.2)	(0.8)	(0.4)
(5.6)	Other non-recurring expenses		0.0	0.0	0.0
1.3	Income taxes		0.0	0.0	0.0
675.6	Profit - Group		41.5	49.1	(7.6)

IFI GROUP - CONDENSED CONSOLIDATED BALANCE SHEET

3/31/2005 (a)	€ in millions	Note	3/31/2006	12/31/2005	Change
	Non-current assets				
2,606.1	Investments accounted for by the equity method	2	3,290.0	3,352.4	(62.4)
4.7	Other financial assets	3	0.5	0.5	0.0
2,610.8	Total non-current assets		3,290.5	3,352.9	(62.4)
	Current assets				
18.5	Current receivables and other assets	4	18.5	19.1	(0.6)
0.1	Cash and cash equivalents		0.1	0.1	0.0
18.6	Total current assets		18.6	19.2	(0.6)
0.0	Assets held for sale - Exor Group		199.3	0.0	199.3
2,629.4	Total assets		3,508.4	3,372.1	136.3
	Equity - Group				
2,390.5	Capital and reserves		3,270.4	3,154.5	115.9
(70.5)	Treasury stock		(70.5)	(70.5)	0.0
2,320.0	Equity - Group	5	3,199.9	3,084.0	115.9
	Non-current liabilities				
1.5	Provisions for employee benefits		1.7	1.6	0.1
3.7	Deferred tax liabilities		2.3	2.4	(0.1)
10.0	Financial debt	6	160.0	158.8	1.2
15.2	Total non-current liabilities		164.0	162.8	1.2
	Current liabilities				
293.0	Financial debt	6	143.2	119.0	24.2
1.2	Other liabilities		1.3	6.3	(5.0)
294.2	Total current liabilities		144.5	125.3	19.2
2,629.4	Total equity and liabilities		3,508.4	3,372.1	136.3

(a) Data restated as a result of the early adoption of the amendment to IAS 19.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Group's share of the earnings (losses) of companies accounted for by the equity method

Year		Earnings (losses)		IFI's share		
2005	€ in millions	QI 2006	QI 2005	QI 2006	QI 2005	Change
680.2	IFIL Group	67.3	81.4	42.2	50.1	(7.9)
10.6	Exor Group (a)	-	2.0	-	0.6	(0.6)
690.8				42.2	50.7	(8.5)
2.2	Consolidation adjustments			3.0	2.0	1.0
693.0	Total			45.2	52.7	(7.5)

(a) At March 31, 2006, the investment is classified in "Assets held for sale".

In the first quarter of 2006, the consolidation adjustments total € 3 million (€ 2 million in the first quarter of 2005) and represent the excess of the increase of IFI's share of the consolidated equity of the IFIL Group compared to the cost of IFIL stock purchased during the period.

The performance by the IFIL Group is described below.

2. Investments accounted for by the equity method

Details are as follows:

3/31/2005	€ in millions	3/31/2006	12/31/2005	Change
	IFIL Group			
2,409.6	- ordinary shares	3,208.8	3,144.2	64.6
0.0	- savings shares	9.2	8.9	0.3
2,409.6		3,218.0	3,153.1	64.9
196.5	Exor Group (a)	-	199.3	(199.3)
2,606.1	Total	3,218.0	3,352.4	(134.4)

(a) At March 31, 2006, the investment is classified in "Assets held for sale".

3. Other financial assets

Details are as follows:

3/31/2005	€ in millions	3/31/2006	12/31/2005	Change
	Other investments (valued at cost)			
0.2	Deutsche Morgan Grenfell Capital Italy - ordinary shares	0.2	0.2	0.0
0.3	Emittenti Titoli	0.3	0.3	0.0
4.2	Financial receivables - Receivables from Tlcom	0.0	0.0	0.0
4.7	Total	0.5	0.5	0.0

4. Current receivables and other assets

These include receivables from the tax authorities of € 18.2 million and other current assets of € 0.3 million.

5. Equity - Group

The changes during the period are analyzed as follows:

€ in millions	
Equity - Group at December 31, 2005	3,084.0
Share of translation differences (-€ 24.6 million) and other net changes (€ 97.9 million) shown in the equity of the subsidiary IFIL	73.3
Net change in the measurement of hedging instruments	1.1
Profit - Group	41.5
Net change during the period	115.9
Equity at March 31, 2006	3,199.9

6. Net financial position of IFI S.p.A.

The net financial position of IFI S.p.A. is composed as follows:

3/31/2005				3/31/2006			12/31/2005		
Current	Non-current	Total	€ in millions	Current	Non-current	Total	Current	Non-current	Total
0.1		0.1	Cash and cash equivalents	0.1		0.1	0.1		0.1
(24.8)		(24.8)	Payables to the parent company Giovanni Agnelli e C.	(14.0)		(14.0)	(13.9)		(13.9)
(268.2)	(10.0)	(278.2)	Bank debt	(129.2)	(160.0)	(289.2)	(105.1)	(158.8)	(263.9)
(293.0)	(10.0)	(303.0)	Total financial liabilities	(143.2)	(160.0)	(303.2)	(119.0)	(158.8)	(277.8)
(292.9)	(10.0)	(302.9)	Net financial position of IFI S.p.A.	(143.1)	(160.0)	(303.1)	(118.9)	(158.8)	(277.7)

At March 31, 2006, IFI S.p.A. has irrevocable credit lines for € 695 million, € 355 million of which is due beyond March 31, 2007.

The negative change of € 25.4 million compared to the balance at the end of 2005 is due to the following flows:

€ in millions	
Net financial position of IFI S.p.A. at December 31, 2005	(277.7)
Purchases of IFIL ordinary shares (0.42% of class of stock)	(18.4)
Net financial expenses	(2.5)
Net general expenses	(1.2)
Other net changes	(3.3)
Net change during the period	(25.4)
Net financial position of IFI S.p.A. at March 31, 2006	(303.1)

BUSINESS OUTLOOK

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

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

PERFORMANCE BY THE SUBSIDIARY IFIL INVESTMENTS S.p.A.

(64.29% of ordinary capital stock)

The consolidated data of the IFIL Group at March 31, 2006 commented on below is taken from the condensed consolidated balance sheet and income statement.

This data has been prepared by consolidating the holdings and services companies which constitute the "Holdings System" on a line-by-line basis and accounting for the other subsidiaries and associates (Fiat Group, Sequana Capital Group, Alpitour Group, Juventus F.C. and Turismo&Immobiliare) by the equity method.

The **consolidated profit of the IFIL Group** for the first quarter of 2006 is € 67.3 million (€ 81.4 million in the same period 2005). The decrease of € 14.1 million is basically due to the reduction in the Fiat Group's result (which in the first quarter of 2005 had included significant net unusual income). The decline was only partially compensated by an improvement in the results of the other operating subsidiaries and associates.

The condensed consolidated **income statement** and condensed consolidated **balance sheet** are presented together with comments on the principal captions in the following paragraphs.

IFIL Group - Condensed consolidated income statement

Year		Quarter I		
2005	€ in millions	2006	2005	Change
622.0	Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method	69.7	87.1	(17.4)
	Net financial income:			
43.7	- Dividends from other holdings	0.0	0.0	0.0
1.8	- Net gains	0.0	1.8	(1.8)
3.4	- Impairment (losses)/reversals of investments and securities	1.0	0.0	1.0
2.4	- Other financial income and expenses	1.3	(0.6)	1.9
51.3	Net financial income	2.3	1.2	1.1
	Profit (loss) from discontinued operations or assets held for sale:			
459.1	Net gains	0.0	0.0	0.0
0.5	Share of the earnings (losses) of discontinued operations or assets held for sale	0.0	0.0	0.0
459.6	Profit (loss) from discontinued operations or assets held for sale	0.0	0.0	0.0
(1.7)	Other income (expenses)	0.0	(0.4)	0.4
(41.1)	Net general expenses	(4.6)	(6.5)	1.9
(0.1)	Income taxes	(0.1)	0.0	(0.1)
1,090.0	**Profit - Group**	67.3	81.4	(14.1)

The Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method is as follows:

Year		Earnings (losses)		IFIL's share		
2005	€ in millions	QI 2006	QI 2005	QI 2006	QI 2005	Change
373.8	Fiat Group	138.0	295.0	39.1	81.8	(42.7)
183.7	Sequana Capital Group	63.7	32.9	33.7	17.4	16.3
(10.7)	Alpitour Group	(7.8) (a)	(14.7) (a)	(7.8)	(14.7)	6.9
(10.0)	Juventus Football Club	6.6 (b)	4.3 (b)	3.9	2.6	1.3
(0.4)	Turismo&Immobiliare	(0.4)	-	(0.1)	-	(0.1)
536.4				68.8	87.1	(18.3)
85.6	Consolidation adjustments			0.9	0.0	0.9
622.0	Total			69.7	87.1	(17.4)

(a) The quarter coincides with the period November 1 – January 31.
(b) Accounting data for the period January 1 – March 31 prepared in accordance with IFRS for purposes of consolidation in IFIL.

IFIL Group - Condensed consolidated balance sheet

		Balance at		
3/31/2005 (a)	€ in millions	3/31/2006	12/31/2005	Change
	Non-current assets			
13.5	Property, plant and equipment	13.4	13.5	(0.1)
2,317.7	Investments accounted for by the equity method	3,616.6	3,576.8	39.8
921.1	Other financial assets	1,383.5	1,238.0	145.5
3,252.3	Total non-current assets	5,013.5	4,828.3	185.2
	Current assets			
49.6	Trade receivables and other receivables	43.8	43.7	0.1
1,059.2	Financial assets	497.2	792.7	(295.5)
12.7	Cash and cash equivalents	3.9	4.2	(0.3)
1,121.5	Total current assets	544.9	840.6	(295.7)
72.3	Assets held for sale	0.0	0.0	0.0
4,446.1	TOTAL ASSETS	5,558.4	5,668.9	(110.5)
3,970.1	Equity - Group	5,370.0	5,186.0	184.0
	Non-current liabilities			
8.6	Provisions for employee benefits and provisions for other liabilities and charges	2.2	2.2	0.0
100.0	Bonds and other financial debt	0.0	0.0	0.0
0.2	Deferred tax liabilities and other non-current liabilities	1.1	1.2	(0.1)
108.8	Total non-current liabilities	3.3	3.4	(0.1)
	Current liabilities			
0.1	Provisions for employee benefits and provisions for other liabilities and charges	7.8	7.8	0.0
358.0	Bonds and other financial debt	163.9	448.6	(284.7)
9.1	Trade payables and other current liabilities	13.4	23.1	(9.7)
367.2	Total current liabilities	185.1	479.5	(294.4)
4,446.1	TOTAL EQUITY AND LIABILITIES	5,558.4	5,668.9	(110.5)

(a) Data restated as a result of the early adoption of the amendment to IAS 19.

The carrying amount of **investments** at March 31, 2006 is € 4,993.7 million. The increase of € 187.2 million compared to investments at year-end 2005 (€ 4,806.5 million) is due to the fair value adjustment of the investment in Sanpaolo IMI (+€ 148.4 million), IFIL's share of the changes in the equity of the operating subsidiaries and associates (+€ 39.8 million) and other net changes (-€ 1 million).

The **consolidated equity of the Group** at March 31, 2006 is € 5,370 million (€ 5,186 million at the end of 2005). The increase of € 184 million is due to the fair value adjustment of the investment in Sanpaolo IMI (+€ 148.4 million), consolidated profit of the Group for the first quarter of 2006 (+€ 67.3 million), negative translation differences (-€ 39.1 million) and other net changes (+€ 7.4 million).

The **consolidated net financial position of the "Holdings System"** at March 31, 2006 is a positive € 337.2 million. This is a reduction of € 11.1 million compared to the balance at the end of 2005 (€ 348.3 million) originating from the change in the flows from ordinary activities.

The most important transactions by the IFIL Group during the first few months of 2006 are described below.

Investigations by Consob and the Judicial Authorities

On February 21, 2006, Consob notified IFIL S.p.A. of its objections under art. 187-septies of Legislative Decree No. 58/1998 in relation to the content of the press release dated August 24, 2005.

Analogous objections were also notified to Giovanni Agnelli e C. S.a.p.az. regarding the content of its press release on the same date.

Furthermore, Gianluigi Gabetti, Franzo Grande Stevens and Virgilio Marrone received notification of the objection regarding the violation of art. 187-ter of Legislative Decree No. 58/1998, with Consob assuming that each of those individuals participated in the decisional process relating to the above press releases.

Exor Group S.A. and its legal representatives, instead, received notification of the violation of the obligations of communication as regards significant investments under art. 120 of Legislative Decree No. 58/1998 beginning with Consob's notice from August 30, 2005.

On March 9, 2006, the company's offices were searched under the orders of the Turin district attorney's office with regard to the same facts raised in the objections by Consob. At the same time, IFIL was notified of the inquiry into its administrative responsibility under Legislative Decree No. 231/2001.

The parties that received notifications from Consob lodged their objections in accordance with the law and will take advantage of every other opportunity of defense.

Investment in Banca Leonardo

On April 24, 2006, after receiving authorization from the pertinent authority, the subsidiary Ifil Investissements purchased 14,200,000 Banca Leonardo S.p.A. shares (class A stock), equal to 10% of the capital of the bank, for an investment of € 46.6 million.

Non-convertible bond issue

On May 12, 2006, the board of directors of IFIL S.p.A. approved the issue of non-convertible bonds by July 31, 2006, in one or more tranches, to Italian and/or foreign investment professionals, for an amount of between € 150 million and € 250 million. The issue price, the term and the interest rate will be decided on the basis of market conditions as well as the requirements of the company, in addition to bond issues being arranged by other issuers that have a substantially similar rating.

The bonds are eventually expected to be listed on the Luxembourg stock exchange with filing of the relative listing prospectus. The bonds will be repaid at face value in a one-time payment at maturity, except in cases of early repayment.

Update on the K Capital dispute

On May 9, 2006, the Turin Court rejected the request to cancel the resolution to increase IFIL capital stock reserved for Istituto Finanziario Industriale S.p.A. passed by the extraordinary stockholders' meeting of IFIL held on June 23, 2003, as well as the request for compensation of damages presented by K Capital, ordering K Capital to reimburse IFIL S.p.A. for all legal fees.

For the year 2006, IFIL S.p.A. is expected to report a profit.

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

Turin, May 12, 2006

For the board of directors
The chairman
Gianluigi Gabetti